



**Annual General Meeting  
of Shareholders to be held on  
May 31, 2017**

**NOTICE OF MEETING  
and  
INFORMATION CIRCULAR**

**April 28, 2017**

**Serinus Energy Inc. is a public company listed on the Toronto Stock Exchange and on the  
Warsaw Stock Exchange under the trading symbol "SEN".**

**A Polish translation of this Notice of Meeting and Information Circular  
is posted on the website of the Corporation ([www.serinusenergy.com](http://www.serinusenergy.com))**

**Tłumaczenie niniejszego zawiadomienia o zwołaniu Walnego Zgromadzenia  
kcjonariuszy oraz tłumaczenie Dokumentu Informacyjnego zostało zamieszczone  
na stronie internetowej Spółki ([www.serinusenergy.com](http://www.serinusenergy.com))**



SERINUS ENERGY INC.

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 31, 2017**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Shares**”) of Serinus Energy Inc. (the “**Corporation**”) will be held at the Warsaw Marriott Hotel, Wisła Conference Room, 3<sup>rd</sup> Floor, Al. Jerozolimskie 65/79, 00-697 Warszawa, Poland, on Wednesday, May 31, 2017 at 2:00 PM (Central European Summer Time). The purpose of the Meeting is to:

1. receive the audited financial statements of the Corporation for the year ended December 31, 2016, 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; and
4. 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 April 24, 2017 (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, 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1. 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 9:00 AM Eastern Time, on Monday, May 29, 2017 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 28<sup>th</sup> day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) “Jeffrey Auld”*

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Jeffrey Auld  
Chief Executive Officer

## TABLE OF CONTENTS

	Page
GENERAL PROXY INFORMATION .....	1
Solicitation of Proxies by Management.....	1
Record Date.....	1
Appointment and Revocation of Proxies.....	1
Exercise of Discretion by Proxyholders.....	2
Signing of Proxy.....	2
Notice to Beneficial Holders of Shares .....	2
Quorum for the Meeting.....	4
VOTING SECURITIES AND PRINCIPAL HOLDERS.....	4
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON.....	4
APPROVAL REQUIREMENTS .....	4
MATTERS TO BE ACTED UPON AT THE MEETING .....	4
1. Presentation of Financial Statements .....	4
2. Election of Directors .....	5
3. Appointment of Auditor.....	9
4. Other Matters .....	9
EXECUTIVE COMPENSATION.....	9
Compensation Discussion and Analysis.....	10
Performance Graph .....	12
Option-based Awards.....	13
Summary Compensation Table .....	13
Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2016 – NEOs.....	16
Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year.....	17
Termination of Employment and Change of Control Arrangements.....	18
Retirement Plans .....	19
Financial Instruments .....	19
COMPENSATION OF DIRECTORS.....	20
Director Compensation Table .....	20
Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2016 - Directors .....	21
Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year.....	21
SECURITIES AUTHORIZED FOR ISSUANCE UNDER SECURITIES COMPENSATION PLANS.....	21
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	22
Aggregate Indebtedness to the Corporation .....	22
Indebtedness of Directors and Officers to the Corporation.....	22
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	22
DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES .....	23
Board of Directors.....	23
Directorships .....	23
Independence of Directors.....	23
Attendance Record .....	24
Board Mandate .....	24
Position Descriptions.....	24
Orientation and Continuing Education.....	24
Ethical Business Conduct.....	25
Audit Committee .....	25
Nomination of Directors.....	25

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Mandatory Retirement Age or Term Limits.....	25
Diversity.....	25
Compensation.....	26
Other Board Committees.....	26
Assessments .....	26
AUDITOR .....	27
MANAGEMENT CONTRACTS.....	27
ADDITIONAL INFORMATION.....	27
 APPENDIX “I” MANDATE OF THE BOARD OF DIRECTORS	

**INFORMATION CIRCULAR  
ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 31, 2017**

**GENERAL PROXY INFORMATION**

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Serinus Energy Inc. (the “**Corporation**”) for use at the annual general 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 General Meeting of Shareholders (“**Notice of Meeting**”) and in this Information Circular. The Meeting will be held on Wednesday, May 31, 2017 at 2:00 PM Central European Summer Time at the Warsaw Marriott Hotel, Wisła Conference Room, 3<sup>rd</sup> Floor, Al. Jerozolimskie 65/79, 00-697 Warszawa, Poland. Unless otherwise stated, information contained in this Information Circular is given as of April 28, 2017 and all dollar amounts are in United States dollars.

**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 April 24, 2017 (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, 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, by 9:00 AM Eastern Time, Monday, May 29, 2017 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 1500, 700 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3J4. The Corporation maintains management offices in Calgary at the registered office address and in Poland at Al. Jerozolimskie 65/79, Lim Center, 16th floor, room 16.15, 00-697 Warszawa, Poland.

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](http://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 send proxy-related materials directly to non-objecting Beneficial Shareholders. 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 the date of this Information Circular, 150,652,138 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 78,602,655 Shares, representing approximately 52.17% 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 by KI and by Pala Assets Holdings Limited, the second largest shareholder of the Corporation, is 89,894,351 Shares, representing approximately 59.67% 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 except as disclosed in this Information Circular.

### **APPROVAL REQUIREMENTS**

All of the resolutions to be considered and voted upon at the Meeting are ordinary resolutions, requiring approval by more than 50% 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, 2016 and 2015, 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.serinusenergy.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 (“**Board**”) of the Corporation.

## 2. Election of Directors

The current six directors of the Corporation are Jeffrey D. Auld, Evgenij Iorich, Sebastian T. Kulczyk, Helmut J. Langanger, Dominik G. Libicki and Łukasz A. Rędziniak.

The Board has determined to fix the number of directors at eight.

The Corporation proposes to nominate Jeffrey D. Auld, Sebastian T. Kulczyk, Helmut J. Langanger, Dominik G. Libicki, Łukasz A. Rędziniak, Evgenij Iorich, Eleanor Barker and Duncan Nightingale, 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. Voting for the election of directors will be conducted on an individual, and not a slate, basis. 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** Jeffrey D. Auld, Sebastian T. Kulczyk, Helmut J. Langanger, Dominik G. Libicki, Łukasz A. Rędziniak, Evgenij Iorich, Eleanor Barker and Duncan Nightingale 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.”

All of the nominees have indicated their willingness to serve on the Board. 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 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.

Jeffrey D. Auld London, United Kingdom	Director since September 1, 2016	Beneficially owns, controls or directs 22,197 Shares
Principal Occupation During the Past Five Years		
Mr. Auld is a seasoned oil and gas professional with experience both as an executive in oil and gas companies as well as experience as an investment banker. Mr. Auld began his career in Canada prior to moving to the UK. He was the Commercial Manager, New Ventures for Premier Oil plc. before moving to Goldman, Sachs & Co. After leaving Goldman Sachs & Co, Mr. Auld was a Vice President of PetroKazakhstan Inc. PetroKazakhstan was sold to CNPC for US\$4.2 billion. After PetroKazakhstan Mr. Auld led the Energy investment banking practice for Canaccord Genuity and latterly was Head of EMEA Oil and Gas for Macquarie Capital. Mr. Auld has an undergraduate degree in Economics and Political Sciences from the University of Calgary and an MBA with distinction from Imperial College London.		
Committee membership: None		
Sebastian T. Kulczyk	Director since May 14, 2014	Beneficially owns, controls or directs nil Shares <sup>(1)</sup>
Principal Occupation During the Past Five Years		
Mr. Kulczyk is the Chief Executive Officer of Kulczyk Investments S.A. since January 2014. Mr. Kulczyk worked at Kulczyk Investments since 2010 overseeing the group’s natural resources sector, and was appointed a member of the Management Board in December 2011, responsible for business development. From 2008 to 2010 he worked for		

Lazard, an independent advisory and asset management firm, in London. He graduated from the Adam Mickiewicz University in Poznań, majoring in management and marketing and has studied at the London School of Economics.

Committee membership: None.

Note:

- (1) Mr. Kulczyk holds a senior executive position with KI. KI owns 78,602,655 Shares. See “*Voting Securities and Principal Holders*” above. By virtue of his position with KI, Mr. Kulczyk is deemed to have direction over such Shares in addition to those Shares that are shown above.

Helmut J. Langanger Strasshof, Austria	Director since November 9, 2011	Beneficially owns, controls or directs nil Shares
Principal Occupation During the Past Five Years		
<p>Mr. Langanger, the Chairman of the Board of the Corporation, 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 the Group Executive Vice President EP, a member of the Executive Board and Managing Director Upstream.</p> <p>Committee membership: Audit Committee, Compensation &amp; Corporate Governance Committee and Reserves Committee</p>		

Dominik Libicki Warsaw, Poland	Director since September 1, 2016	Beneficially owns, controls or directs nil Shares <sup>(1)</sup>
Principal Occupation During the Past Five Years		
<p>Mr. Libicki is Chief Investment Officer and member of the Management Board of Kulczyk Investments S.A. Before joining the Kulczyk group, between 2001-2015 Mr. Libicki was the President and CEO of Cyfrowy Polsat S.A. the largest media-telecommunication group in Poland. He was also the Vice-President of the board of Polkomtel and a member of the supervisory board of Polsat Television.</p> <p>Committee membership: Audit Committee</p>		

Note:

- (1) Mr. Libicki holds a senior executive position with KI. KI owns 78,602,655 Shares. See “*Voting Securities and Principal Holders*” above. By virtue of his position with KI, Mr. Libicki is deemed to have direction over such Shares in addition to those Shares that are shown above.

Łukasz A. Rędziniak Warsaw, Poland	Director since March 16, 2016	Beneficially owns, controls or directs nil Shares <sup>(1)</sup>
Principal Occupation During the Past Five Years		
<p>Mr. Rędziniak is General Counsel and a member of the Management Board at Kulczyk Investments S.A. Before joining the Kulczyk group in January 2013, Mr. Rędziniak was the managing partner of T. Studnicki K. Pleszka Z. Cwiąkalski J. Górski Warsaw law office. From 2007-2009, he served as the Undersecretary of State at the Ministry of Justice, Government of Poland. Mr. Rędziniak received his LLM law degree from the Jagiellonian University in Krakow, Poland in 1991.</p> <p>Committee membership: Compensation &amp; Corporate Governance</p>		

Note:

- (1) Mr. Rędziniak holds a senior position with KI. KI owns 78,602,655 Shares. See “*Voting Securities and Principal Holders*” above. By virtue of his position with KI, Mr. Rędziniak is deemed to have direction over such Shares in addition to those Shares that are shown above.

Evgenij Iorich Zug, Switzerland	Director since June 24, 2013	Beneficially owns, controls or directs 3,415 Shares <sup>(1)</sup>
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Iorich is a Portfolio Manager at Pala Investments AG, a multi-strategy investment company dedicated to investing in, and creating value across the mining sector in both developed and emerging markets. Mr. Iorich has been with Pala Investments since 2006 and his investment experience extends across oil and gas, base metal and bulk commodity investments. Mr. Iorich graduated from the University of Zurich with a Masters of Arts degree.</p> <p>Committee membership: Audit Committee, Compensation &amp; Corporate Governance Committee and Reserves Committee</p>		

Eleanor Barker Toronto, Canada	Proposed Director	Beneficially owns, controls or directs nil Shares
<p>Principal Occupation During the Past Five Years</p> <p>Eleanor Barker is President of Barker Oil Strategies and since 2014 has been a Director of Sterling Resources Ltd. Since 1995, Ms. Barker has focused on international oil research. From 2012 to 2014 she was an international oil analyst with Toll Cross Securities Inc.. From 2007 to 2012 she was President of Barker Oil Strategies Inc.. Ms. Barker is a past Director of the US National Association of Petroleum Investment Analysts and a former President of the Canadian Association of Investment Analysts. From 1993 to 1995 Ms. Barker was a director of Gordon Capital. Prior to work in financial markets, she held various positions with Esso and Gulf Canada.</p>		

Duncan Nightingale Calgary, Canada	Proposed Director	Beneficially owns, controls or directs nil Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr Nightingale is the Chief Operating Officer of Oronova Energy Inc., a recently founded E&amp;P company with assets in Guatemala. Previously Mr Nightingale was President and interim CEO at Gran Tierra Energy Inc.. Mr. Nightingale joined Gran Tierra in September 2009, where he served in the Calgary office as Vice President of Exploration from September 2009 to January 2011. He then served in Gran Tierra’s Bogotá, Colombia office as the Senior Manager Project Planning and Exploration from January 2011 until August 2011, and was promoted to President of Gran Tierra Energy Colombia in August 2011. In August 2014, he returned to Gran Tierra’s head office in Calgary and was promoted to Chief Operating Officer. In February 2015, he was made President and interim CEO. Mr. Nightingale has more than 30 years of corporate head office and resident in-country international operating experience, spanning all aspects of managing exploration programs, development and production operations, new business ventures, portfolio management and strategic planning. Mr. Nightingale graduated from the University of Nottingham in the U.K. with a Bachelor of Science degree with honors in Geology.</p>		

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 Information Related to Voting Practices**

The Toronto Stock Exchange (“TSX”) has adopted a policy which requires listed companies to disclose whether they have adopted a majority voting policy for the election of directors for non-contested meetings and, if not, explain (i) their practices for electing directors, and (ii) why they have not adopted such a policy. As at the date hereof, the Corporation does not have a majority voting policy for the election of directors for non-contested meetings, whereby if the number of securities withheld from voting for a particular director nominee exceeds the number of securities voted for the election of that director nominee, then such elected director would be expected to tender his or her resignation. Listed companies that are majority controlled are exempted from this policy. The Corporation is majority controlled given that KI owns approximately 52.17% of the issued and outstanding Shares of the Corporation. The Corporation is relying on this exemption for the 2016 year.

The Board, through its Compensation & Corporate Governance Committee, annually reviews as part of its mandate the Corporation’s governance systems and elects to adopt the policies and practices that are determined to be in the best interest of the Corporation and its Shareholders. The practice of the Corporation is to consider the directors elected in accordance with the applicable corporate law and securities law requirements to be duly elected directors. The Compensation & Corporate Governance Committee, in addition to its compensation and governance role, assumes a nominating function. For details regarding the committee’s nomination function, see “*Disclosure of Corporate Governance Practices – Nomination of Directors*”. In addition, the Corporation considers that its director nominees represent the appropriate set of individuals who are suitable for a well-balanced and competent Board. Given that the directors that were nominated at the July 18, 2016 annual meeting of shareholders received a significant majority of the votes cast at such meeting, the Compensation & Corporate Governance Committee has not elected to adopt a majority voting policy at the present time.

#### **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; 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; 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 .

#### *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**

The Board and the Audit Committee 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. 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 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 the Corporation.**

### **4. 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 Jeffrey D. Auld, President and Chief Executive Officer, Timothy M. Elliott, former President and Chief Executive Officer, Tracy H. Heck, Chief Financial Officer and the three most highly compensated Executive Officers of the Corporation whose total compensation for the year ended December 31, 2016, individually, was more than CAD\$150,000: namely, Jock M. Graham, former Executive Vice President and Chief Operating Officer, Aaron LeBlanc, former Vice President Exploration and Jakub Korczak, former Vice President Investor Relations and Managing Director CEE (collectively, the “**Named Executive Officers**” or the “**NEOs**”). Mr. Auld was appointed as President and Chief Executive Officer effective September 1, 2016. Mr. Elliott and Mr. Graham retired from the Corporation effective August 31, 2016. Mr. LeBlanc resigned effective

October 21, 2016 and Mr. Korczak resigned effective January 9, 2017. 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, 2016 and 2015. 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 the Corporation, with recommendations from the Compensation & Corporate Governance Committee, which is appointed by the Board of the Corporation. Included within the Compensation & Corporate Governance Committee’s mandate is a requirement to assist the Board 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 on December 21, 2006 and amended November 12, 2009, which is available on the Corporation’s website. For the year ended December 31, 2016, the Compensation & Corporate Governance Committee consisted of the following individuals:

Helmut Langanger (Chair)  
Evgenij Iorich  
Łukasz Rędziniak

#### Helmut Langanger

Mr. Langanger, the Chairman of the Board of the Corporation, 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 as Group Executive Vice President EP, a member of the Executive Board and Managing Director Upstream.

#### Evgenij Iorich

Mr. Iorich is a Portfolio Manager at Pala Investments AG, a multi-strategy investment company dedicated to investing in, and creating value across the mining sector in both developed and emerging markets. Mr. Iorich has been with Pala Investments since 2006 and his investment experience extends across oil and gas, base metal and bulk commodity investments. Mr. Iorich graduated from the University of Zurich with a Masters of Arts degree.

#### Łukasz Rędziniak

Mr. Rędziniak is General Counsel and a member of the Management Board at Kulczyk Investments S.A. Before joining the Kulczyk group in January 2013, Mr. Rędziniak was the managing partner of T. Studnicki K. Płaszka Z. Cwiąkałski J. Górski Warsaw law office. From 2007-2009, he served as the Undersecretary of State at the Ministry of Justice, Government of Poland. Mr. Rędziniak received his LLM law degree from the Jagiellonian University in Krakow, Poland in 1991.

The Compensation & Corporate Governance Committee met three times during 2016 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. During all of 2016 two of the three members of the Compensation & Corporate Governance Committee were independent directors being Mr. Langanger and Mr. King up to August 31, 2016 and Mr. Langanger and Mr. Iorich subsequent to August 31, 2016. The third member, being Mr. Vanja Baros until March 16, 2016 and Mr. Rędziniak since March 16, 2016, are both senior management personnel of KI, which owns approximately 52.17% of the issued and outstanding Shares, and, as such, is not considered to be independent for the purposes of Form 51-102F6. Mr. Rędziniak is not an employee

of the Corporation. As such, he is considered by the Board to be independent of the management of the Corporation for the purposes of compensation related decisions.

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 base salaries and long term incentive plans, but in 2014 adopted a formal cash bonus plan, discussed below under the heading "*Annual Incentive Awards*". The Compensation & Corporate Governance Committee's process for determining executive compensation, other than the formal cash bonus plan, 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.

Although reports produced by compensation consultants retained by the Corporation have, from time to time, compared the Corporation's positioning with respect to compensation against peer groups of companies, such peer groups have been considered by the Compensation & Corporate Governance Committee only on an informal basis and the Corporation's compensation program, including the compensation program for NEOs, has not formally adopted any benchmark of peer companies against which the Corporation's compensation is compared.

The Corporation's executive compensation for 2016 could have 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, consisting of grants of stock options.

During 2016 stock options were granted to Mr. Auld. Any cash bonus paid to an NEO during 2016 relates to performance during the 2015 fiscal year.

#### *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 Short Term Incentive Plan ("**STIP**") is designed to reward current year performance against annual objectives. Payout is determined based on a corporate performance factor and a personal performance factor, which are applied to an established percentage of salary. The target percentage of salary for Mr. Auld was 50%, and for Ms. Heck and Mr. Korczak was 40%. The maximum payout per year under the STIP is two times the target percentage amount. Assessment of performance is weighted 70% to corporate metrics and 30% to personal metrics.

The corporate performance factor ranges from zero to a multiple of two times target and is based on quantitative measures. For 2016, the quantitative measures related to the achievement of cash flow per share, operating costs per boe, G&A per boe and production targets, as established in the 2016 Corporation budgets, in addition to strategic objectives. Personal performance factors range between zero and a multiple of two times target and are dependent on the individual's performance against personal objectives.

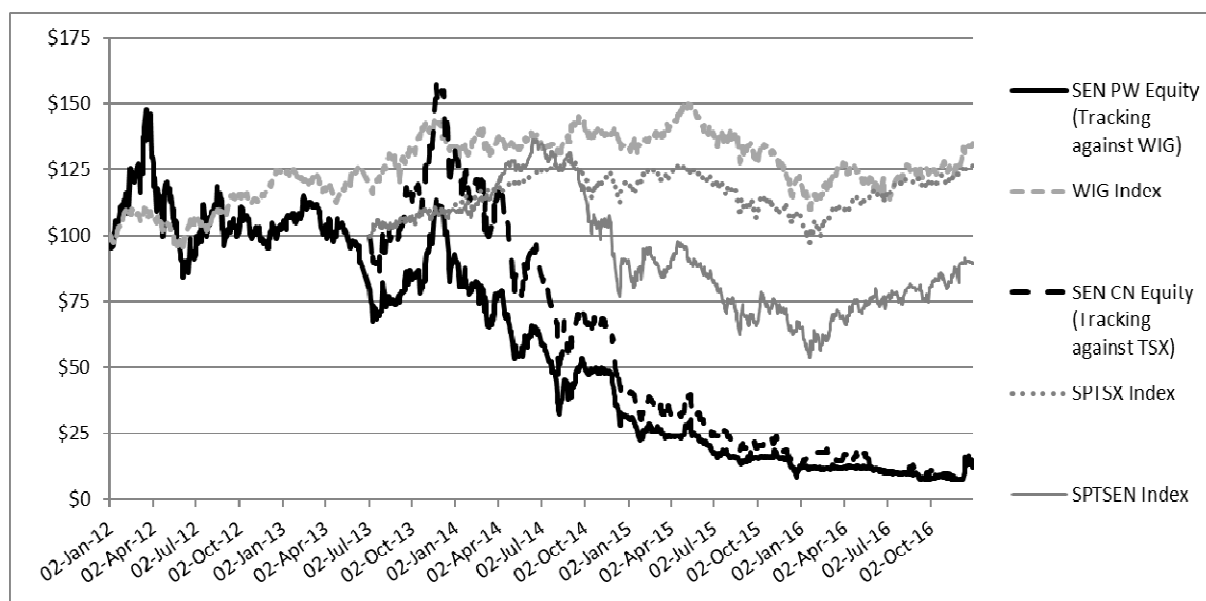
No bonuses have been paid related to performance in 2016. In May 2016 bonuses related to performance in 2015 were paid to two NEO's, Ms. Heck and Mr. LeBlanc.

### 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 2016, stock options were awarded to Mr. Jeffrey D. Auld. See "Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2016 – NEOs" below.

### Performance Graph

On June 27, 2013, the Shares began trading on the Toronto Stock Exchange ("TSX") under the symbol "SEN". The Shares are also listed on the Warsaw Stock Exchange ("WSE"), also under the symbol "SEN", where they have been trading since May 25, 2010. The following graph compares the cumulative total shareholder return on an initial investment of CAD\$100 in the Shares to relevant stock exchange indices (i) from January 1, 2012 to December 31, 2016 when the Shares traded on the WSE as compared to the Warsaw Stock Exchange Index ("**WIG Index**"); and (ii) June 27, 2013 until December 31, 2016 when the Shares also traded on the TSX as compared to the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index (the "**TSX Index**").



The following table compares the change in the cumulative Shareholder return on the Shares to (i) the cumulative total return of the WIG Index for the period beginning January 1, 2012 and ended December 31, 2016, assuming a \$100 investment was made on January 1, 2012, and (ii) the cumulative total return of the S&P TSX Composite Index and the S&P/TSX Capped Energy Index for the period beginning June 27, 2013 and ended December 31, 2016, assuming a \$100 investment was made on June 27, 2013.



	Cumulative Total Return	
	January 1, 2012	December 31, 2016
Serinus Energy Inc.	CAD\$100	CAD\$14.77
WIG Index	CAD\$100	CAD\$135.06

	Cumulative Total Return	
	January 1, 2012	December 31, 2016
Serinus Energy Inc.	CAD\$100	CAD\$12.30
S&P TSX Composite Index	CAD\$100	CAD\$125.65
S&P Capped Energy Index	CAD\$100	CAD\$89.27

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 NEO's is indirect.

#### **Option-based Awards**

As noted above under "*Long-Term Incentive Plans*", stock options represent the Corporation's 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 Compensation & Corporate Governance Committee. Options may be 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, 2016, 2015 and 2014, respectively.

Name and principal position	Year	Salary	Share-based awards	Option-based awards <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value	All other compensation <sup>(2)</sup>	Total compensation
					Annual incentive plans <sup>(3)</sup>	Long-term incentive plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jeffrey D. Auld <i>President and Chief Executive Officer</i> <sup>(4)(6)</sup>	2016	69,192	N/A	61,994	-	N/A	N/A	-	131,186
Timothy M. Elliott <i>President and Chief Executive Officer</i> <sup>(4)(6)</sup>	2016	312,000	N/A	-	-	-	N/A	1,412,347	1,724,347
	2015	468,000	N/A	203,950	-	N/A	N/A	217,338	889,288
	2014	468,000	N/A	613,996	320,814	N/A	N/A	236,664	1,639,474
Tracy H. Heck <i>Chief Financial Officer</i> <sup>(6)</sup>	2016	192,481	N/A	-	68,141	N/A	N/A	-	260,622
	2015	199,419	N/A	13,369	-	N/A	N/A	-	212,788
	2014	230,978	N/A	70,815	84,941	N/A	N/A	-	386,734
Jock M. Graham <i>Executive Vice President</i> <sup>(4)</sup>	2016	240,000	N/A	-	-	N/A	N/A	1,086,855	1,326,855
	2015	360,000	N/A	166,768	-	N/A	N/A	135,697	662,465
	2014	360,000	N/A	513,687	246,780	N/A	N/A	157,562	1,278,029
Aaron LeBlanc <i>Vice President Exploration</i> <sup>(5)(6)</sup>	2016	138,804	N/A	-	45,835	N/A	N/A	-	184,639
	2015	172,048	N/A	6,389	-	N/A	N/A	-	178,437
	2014	199,275	N/A	24,242	72,527	N/A	N/A	-	296,044
Jakub Korczak <i>Vice President Investor Relations and Managing Director CEE</i> <sup>(7)(8)</sup>	2016	201,600	N/A	-	-	N/A	N/A	-	201,600
	2015	203,340	N/A	-	-	N/A	N/A	-	203,340
	2014	210,360	N/A	-	99,348	N/A	N/A	-	309,708

Notes:

- (1) Comprised of options issued pursuant to the Corporation's existing stock option plan. Options issued in 2016 vest 1/3 annually in each of the three subsequent years following the grant date. Options issued prior to 2016 vest 1/3 upon grant and 1/3 annually for each of the two subsequent years following the grant date. Options issued prior to 2016 for NEO's were voluntarily cancelled in January 2016, with the exception of Mr. Elliott's which were cancelled in May 2016. 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, using inputs as noted below. During 2016, 3,500,000 options were issued to Mr. Auld, no further options were granted. The expense noted in the table above for NEO's other than Mr. Auld relates to expensing the remaining fair value prior to cancellation of the options.

	Year ended December 31, 2016	Year ended December 31, 2014 <sup>(A)</sup>
Weighted average fair value per option	CAD\$0.23	\$1.78/CAD\$1.19
Exercise Price	CAD\$0.32	\$3.54/CAD2.35
Volatility	79%	66%/CAD 61%
Interest rate	0.85%	1.49%/CAD 1.37%
Expected life (years)	7	4.00/CAD 4.79
Forfeiture rate	0%	3.33%/CAD 0%
Dividends	Nil	Nil

(A) In 2014 options were issued denominated in USD and CAD, therefore assumptions for both are presented above

- (2) "All other compensation" for Mr. Elliott and Mr. Graham includes termination allowances and other amounts paid in accordance with their respective employment agreements and may include amounts for housing costs, school fees for certain of the Named Executive Officer's children, return annual airfare to Canada for certain Named Executive Officers and their family members, medical coverage for the Named Executive Officer's family members and life and disability insurance.
- (3) Amounts for 2016 reflect bonuses approved by the Board in May 2016, based upon the recommendation of the Compensation & Corporate Governance Committee, to compensate for performance in 2015. Amounts for 2014 reflect bonuses approved by the Board in August 2014, based upon the recommendation of the Compensation & Corporate Governance Committee, to compensate for performance in 2013.
- (4) Mr. Jeffrey Auld was appointed President and Chief Executive Officer effective September 1, 2016. Mr. Timothy Elliott and Mr. Jock Graham retired effective August 31, 2016.
- (5) Mr. Aaron LeBlanc was appointed Vice President Exploration effective March 26, 2014 and resigned effective October 21, 2016.
- (6) Compensation of Ms. Heck, Mr. Auld and Mr. LeBlanc is awarded and paid in Canadian dollars. This compensation is translated to the above stated US dollar equivalent using the average exchange rate for the year (2016 CAD/USD 0.7548, 2015 CAD/USD 0.7820; 2014 CAD/USD 0.9058).
- (7) Mr. Korczak resigned effective January 9, 2017.
- (8) Compensation of Mr. Korczak was awarded and paid in Polish zloty's. This compensation is translated to the above stated US dollar equivalent using the average exchange rate of the year (2016 PLN/USD 0.336, 2015 PLN/USD 0.3389, 2014 PLN/USD 0.3506).

## Incentive Plan Awards

### Stock Option Plan

The Corporation has in place a stock option plan providing for the granting of stock options to directors, employees (including officers) and consultants of the Corporation or of any of its subsidiaries ("**Participants**"). The stock option plan is intended to afford Participants an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Corporation. The stock option plan shall be administered by the board of the directors or, if appointed, a special committee of directors appointed from time to time by the Board of the Corporation (such committee, or if no such committee is appointed, the Board of the Corporation, is hereinafter referred to as the "**Committee**").

Under the stock option plan, the Committee may from time to time grant options to any Participant and shall designate the number of Shares to be optioned to each Participant. The aggregate number of Shares to be delivered upon the exercise of all options granted under the stock option plan shall not exceed the maximum number of Shares permitted under the rules of the TSX or the WSE or any regulatory body having jurisdiction being 10% of the Shares admitted to trading on the TSX or the WSE, as the case may be in the previous 12 months. In addition, the total number of Participants shall not be more than 100 in total.

The number of Shares subject to an option granted to a Participant shall be determined by the Committee subject to the following limitations:

- o no Participant shall, within any 12 month period, be granted Options that are exercisable in the aggregate for a number of Shares that exceeds 5% of the issued and outstanding Shares (on a non-diluted basis) or exceeds the maximum number of Shares permitted by the TSX or the WSE, as the case may be, or any regulatory body having jurisdiction; and

- o the aggregate number of Shares issued to “insiders” (as such term is defined in the TSX Company Manual) of the Corporation, within any 12 month period, and issuable to insiders of the Corporation, at any time, under the stock option plan or when combined with any of the Corporation’s other security based compensation arrangements including the stock option plan, shall not exceed 10% of the Corporation’s total issued and outstanding securities, respectively.

The exercise price of the Shares purchased pursuant to each option shall be determined by the Committee. The exercise price shall not be (i) less than the price permitted by the TSX or the WSE or any regulatory body having jurisdiction, or (ii) less than the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the date of grant. The Committee may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The term of an option shall be a period of time fixed by the Committee, not to exceed ten years from the date the option is granted or such other maximum period permitted by the TSX or the WSE or any regulatory body having jurisdiction, provided that the option term shall be reduced with respect to any option regarding cessation as a director, employee or consultant of the Corporation or its subsidiary, or death of the Participant. Historically the Committee has fixed the term of options at five years from the date of grant, except the options issued in 2016 to Mr. Auld which have a seven year term. If applicable and if a Participant ceases to be a director, employee or consultant of the Corporation or its subsidiary for any reason (other than death), the Participant may, but only within 90 days after the Participant’s ceasing to be a director, employee or consultant, exercise the Participant’s option, but only to the extent that the Participant was entitled to exercise it at the date of such cessation. For greater certainty, any Participant who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the stock option plan. All rights, benefits and options accruing to any Participant in accordance with the terms and conditions of the stock option plan are not transferable or assignable except in the case of the death of a Participant. In the event of the death of a Participant, the option(s) previously granted to such Participant shall be exercisable only within six months following the date of the death of the Participant or prior to the time of expiry of such option, whichever is earlier, and then only (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and (b) if and to the extent that the Participant was entitled to exercise the option at the date of the Participant's death.

The stock option plan provides that appropriate adjustments in the number of Shares optioned and in the option price per Share, regarding options granted or to be granted, may be made by the Committee in its discretion to give effect to adjustments in the number of Shares resulting subsequent to the approval of the stock option plan by the Committee from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation. No financial assistance is provided by the Corporation to Participants to exercise options granted pursuant to the stock option plan. The stock option plan does not currently grant the Corporation the right to transform an option into a stock appreciation right involving an issuance of securities from the Corporation’s treasury.

Subject to the rules of the TSX and the WSE and any regulatory body having jurisdiction, the Board of the Corporation shall have the unfettered right at any time and from time to time to amend, rescind or terminate the stock option plan as it shall deem advisable, without Shareholder approval, provided, however, that no such amendment, rescission or termination shall impair or change the rights and options theretofore granted under the stock option plan without the prior written consent of the Participant or Participants affected.

As at the date hereof, options to acquire an aggregate of 3,650,000 Shares are currently outstanding, representing approximately 2.4% of the issued and outstanding Shares. Options to acquire an aggregate of 11,415,214 Shares are available to be granted under the stock option plan representing approximately 7.6% of the issued and outstanding Shares.

#### **Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2016 – NEOs**

The Shares began trading on the WSE on May 25, 2010 and on the TSX on June 27, 2013. The value of the unexercised in-the-money options as at December 31, 2016 has been determined based on the excess of the trading price on the TSX over the exercise price of such options. The closing price of the Shares on the TSX on the last day of trading prior to the end of the 2016 fiscal year was CAD\$0.38 per Share, or USD\$0.28 per Share based on a currency exchange rate of 0.7448.

The following table sets forth all awards outstanding as at December 31, 2016 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 expiration date	Value of unexercised in-the-money options	Number of share or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$) <sup>(1)</sup>	(D-M-Y)	(\$) <sup>(2)</sup>	(#)	(\$)	
Jeffrey D. Auld <i>President and Chief Executive Officer</i>	3,500,000	0.24	22-09-23	156,408	-	-	-
Tracy H. Heck <i>Chief Financial Officer</i>	-	-		-	-	-	-

Notes:

(1) Options issued with an exercise price of CAD\$0.32.

(2) Calculated based on the difference between the closing price of the Shares of \$0.28 on the TSX as at December 31, 2016 (based on a closing price of CAD\$0.38 per share and a currency exchange rate of 0.7448) and the exercise price 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 2016, as well as non-equity incentive plan compensation earned during the financial year ended December 31, 2016.

	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
	(\$)	(\$)	(\$)
Jeffrey D. Auld <i>President and Chief Executive Officer</i> <sup>(1)</sup>	-	N/A	-
Timothy M. Elliott <i>President and Chief Executive Officer</i> <sup>(2)</sup>	-	N/A	-
Tracy H. Heck <i>Chief Financial Officer</i>	-	N/A	68,141
Jock M. Graham <i>Executive Vice President</i> <sup>(2)</sup>	-	N/A	-
Aaron LeBlanc <i>Vice President Exploration</i> <sup>(2)</sup>	-	N/A	45,835
Jakub Korczak <i>Vice President Investor Relations and Managing Director CEE</i> <sup>(2)</sup>	-	N/A	-

Notes:

(1) Mr. Jeffrey Auld was appointed effective September 1, 2016.

(2) Mr. Timothy Elliott and Mr. Jock Graham retired effective August 31, 2016. Mr. Aaron LeBlanc resigned effective October 21, 2016 and Mr. Korczak resigned effective January 9, 2017.

**Termination of Employment and Change of Control Arrangements**

*Employment Agreements*

Jeffrey Auld, President and Chief Executive Officer of the Corporation, based in London, England has an executive employment agreement with the Corporation which provides for compensation in the event of termination of employment from the Corporation without lawful cause. Under the termination provisions of the contract, Mr. Auld 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 the average of the two most recent annual bonuses paid. In addition, Mr. Auld's employment contract provides for the above termination benefits to be payable on a change in control of the Corporation.

Tracy Heck, Chief Financial Officer of the Corporation, based in Calgary, Alberta, Canada has an executive employment agreement with the Corporation which provides for compensation in the event of termination of employment from the Corporation without lawful cause. Under the termination provisions of the contract, Ms. Heck 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 100% of the bonus received by the executive in the previous bonus year. Furthermore, the executive will be entitled to continue in the benefit plans of the Corporation for 12 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 12 months in lieu of participation in the Corporation's benefit plans.

*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
			Bonus <sup>(1)</sup>	Pro-Rata Portion of Current Year Bonus to Termination Date		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jeffrey D. Auld <i>President and Chief Executive Officer</i>	207,576	-	-	-	-	207,576
Tracy H. Heck <i>Chief Financial Officer</i>	192,481	-	68,141	-	-	260,622

Notes:

(1) In the case of Mr. Auld and Ms. Heck, the bonus is as defined in their employment contracts.

The NEO employment contracts do not provide for payments or benefits in connection with a voluntary termination, resignation or retirement.

**Retirement Plans**

The Corporation has no formal pension, retirement or other such 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, collars 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 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 and the Compensation & Corporate Governance Committee with the ability to reward individual and corporate performance and individual behaviour that the Board and the Compensation & Corporate Governance Committee consider to be aligned with the best interest 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. Auld) do not receive any compensation for acting as directors of the Corporation or for attending board or 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\$15,000,000 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, 2016.



Name and principal position	Fees Earned	Share-based awards	Option-based awards <sup>(1)</sup>	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
	(\$) <sup>(2)</sup>	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Helmut J. Langanger	20,380	N/A	-	N/A	N/A	-	20,380
Sebastian T. Kulczyk	16,606	N/A	-	N/A	N/A	-	16,606
Łukasz Rędziniak <sup>(3)</sup>	15,851	N/A	-	N/A	N/A	-	15,851
Dominik Libicki <sup>(3)</sup>	6,793	N/A	-	N/A	N/A	-	6,793
Evgenij Iorich	20,192	N/A	-	N/A	N/A	-	20,192
Stephen C. Akerfeldt <sup>(3)</sup>	14,342	N/A	-	N/A	N/A	-	14,342
Michael A. McVea <sup>(3)</sup>	13,209	N/A	-	N/A	N/A	-	13,209
Gary R. King <sup>(3)</sup>	17,361	N/A	-	N/A	N/A	-	17,361
Norman Holton <sup>(3)</sup>	17,361	N/A	-	N/A	N/A	-	17,361
Vanja Baros <sup>(3)</sup>	5,284	N/A	-	N/A	N/A	-	5,284

Notes:

- (1) Comprised of options issued pursuant to the Corporation's stock option plan. All options were voluntarily canceled in January 2015. During 2016 no options were issued to the above named directors.
- (2) Consistent with the presentation used elsewhere in this Information Circular, fees are reported in U.S. dollars. However fees are earned by and paid to directors in Canadian dollars. The currency exchange rate used to translate the compensation from Canadian dollars into U.S. dollars is 0.7548 being the average rate for 2016 per the Bank of Canada.
- (3) Mr. King and Mr. Holton resigned from the Board on August 31, 2016, and Mr. Akerfeldt, and Mr. McVea resigned on September 1, 2016. Mr. Baros resigned from the Board on March 16, 2016. Mr. Rędziniak was appointed to the Board effective March 16, 2016 and Mr. Libicki was appointed to the Board effective September 1, 2016.

**Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2016 - Directors**

As at December 31, 2016, there were no outstanding option-based awards or share-base awards held by the non-executive directors of the Corporation. Awards under the stock option plan are considered "option-based awards" under applicable securities laws.

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

During the financial year ended December 31, 2016, no option based awards vested to non-executive directors of the Corporation and no non-equity incentive plan compensation were 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, 2016. The compensation plan of the Corporation in effect as of December 31, 2016 under which Shares are authorized for issuance is the stock option plan.

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 <sup>(1)</sup>	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans <sup>(2)</sup>
Equity compensation plans approved by securityholders.	3,650,000	\$0.33 per Share	11,415,214
Equity compensation plans not approved by securityholders.	Nil	N/A	N/A
<b>Total</b>	3,650,000	\$0.33 per Share	11,415,214

Notes:

(1) Exercise price stated in CAD\$, translated at the December 31, 2016 effective exchange rate of 0.7448.

(2) Reflects securities available for future issuance under the stock option plan based on the outstanding shares of the Company as at the date of this Information Circular.

There were no treasury issuances of shares in 2016 as a result of stock option exercises.

### **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**

No informed person of the Corporation, proposed director of the Corporation, or any associate or affiliate (as such terms are defined in applicable Canadian securities law and securities instruments) 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.

## DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

### Board of Directors

The Board of the Corporation is currently comprised of six directors. Two of the Corporation's six directors, being Mr. Iorich and Mr. Langanger, are "independent" (as defined in National Instrument 58-101 – *Corporate Governance Disclosure*). The board has concluded that Mr. Auld, as an Executive Officer of the Corporation, and Mr. Kulczyk, Mr. Rędziniak and Mr. Libicki, as executive officers of KI (which owns approximately 52.17% of the issued and outstanding Shares of the Corporation), are not independent. As of the date of this Information Circular, the number of independent directors (2) is less than the number of non-independent directors (4). Subsequent to the Meeting, if the director nominees proposed by the Corporation are elected, the Board will continue to have a majority number of non independent directors.

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. Rędziniak's membership on the Compensation & Corporate Governance Committee and Mr. Libicki's membership on the Audit Committee, that they are 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, the exchange upon which it trades and its trading symbol:

Director	Issuer
Jeffrey D. Auld	Lansdowne Oil and Gas PLC (LOGP: AIM LSE )
Dominik G. Libicki	Ciech SA (WSE:CIE) Polenergia SA (WSE:PEP)
Helmut J. Langanger	Schoeller-Bleckmann Oilfield Equipment AG (VSE:SBO) EnQuest plc (LSE:ENQ)
Sebastian T. Kulczyk	Ciech S.A. (WSE:CIE)
Evgenij Iorich	Peninsula Energy Limited (ASX:PEN)
Łukasz A. Rędziniak	TC Dębica (WSE:DBC) Polenergia SA (WSE:PEP)

ASX: Australian Securities Exchange

LSE: London Stock Exchange

VSE: Vienna Stock Exchange

WSE: Warsaw 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 their experience with corporate governance and they actively participate in board discussions and decisions. The board meets and each of the committees of the board meet on a regular basis 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 current Chairman of the board, Mr. Langanger, is an independent director.

### 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, 2016 up to the date of this Information Circular.

Name	Committees <sup>(1)</sup>			
	Board (14 meetings)	Audit (4 meetings)	Reserves (2 meeting)	Compensation & Corporate Governance (6 meetings)
Jeffrey D. Auld <sup>(4)</sup>	6	2	1	2
Helmut J. Langanger	14	2	2	3
Sebastian Kulczyk	10	-	-	-
Evgenij Iorich	14	2	1	3
Dominik Libicki <sup>(3)</sup>	6	1	-	-
Łukasz A. Rędziniak <sup>(2)</sup>	10	-	-	5

Notes:

- (1) Mr. Auld is an executive director of the Corporation who attends most committee meetings but is not a member of the committees.
- (2) Mr. Redziniak was appointed to the Board on March 16, 2016 and to the Compensation & Corporate Governance Committee on May 12, 2016.
- (3) Mr. Libicki was appointed to the Board on September 1, 2016 and to the Audit Committee on February 7, 2017.
- (4) Mr. Auld was appointed to the Board on September 1, 2016.

### Board Mandate

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

### Position Descriptions

In addition to the general position descriptions respecting the 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 2013, the Board adopted an Anti-Corruption Compliance Policy, which is intended to ensure that the Corporation and its majority owned subsidiaries do not receive an improper advantage in its business dealings and to ensure that all payments and expenses are properly recorded in the Corporation’s financial books and records. The Anti-Corruption Compliance Policy confirms the Corporation’s commitment to a zero tolerance of bribery or any other form of corrupt behaviour on the part of any member, director, officer or employee of the Corporation and any third party which conducts business with or on behalf of the Corporation.

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.

## **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, 2016 under the heading “Audit Committee”, as filed on the SEDAR website at [www.sedar.com](http://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.

## **Mandatory Retirement Age or Term Limits**

While the Board does not have a policy which provides for a mandatory retirement age or limits the time in which a director can serve, the Board does regularly review its composition and expertise.

## **Diversity**

Each year, the Compensation & Corporate Governance Committee reviews the general and specific criteria applicable to candidates to be considered for nomination to the Board. The Committee aims to maintain the composition of the Board in a way that provides the best mix of skill and experience to guide the Corporation’s long-term strategy and ongoing business operations.

The Board has not adopted a written policy or set targets for identifying and nominating female directors or executive officers. When considering candidates to fill vacancies, the review takes into account diversity and personal characteristics such as age, gender, cultural and educational background in addition to ensuring the Board and executive management have the proper skills and experience to be effective.

Currently the Corporation has no female board members and 25% of executive officers (1 of 4 executive officers) are female.

## **Compensation**

The Corporation has established a Compensation & Corporate Governance Committee, of which two of the three members, being Mr. Langanger and Mr. Iorich, are independent directors. The third member, Mr. Rędziniak, is a member of the Management Board of KI, which owns approximately 52.17% 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. Mr. Iorich and Mr. 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, 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 3100, 205 – 5<sup>th</sup> 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](http://www.sedar.com) and on the Corporation's website at [www.serinusenergy.com](http://www.serinusenergy.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 Chief Financial Officer, Ms. Tracy H. Heck, at Suite 1500, 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.