



**NOTICE OF MEETING
AND INFORMATION CIRCULAR**

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held on June 8, 2011



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Shares**”) in the capital of ShaMaran Petroleum Corp. (the “**Corporation**”) will be held at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia on Wednesday, June 8, 2011, at 8:00 a.m. (Vancouver time), for the following purposes:

1. to receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2010, together with the report of the auditors thereon;
2. to appoint PricewaterhouseCoopers LLP, as auditors of the Corporation for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditors;
3. to fix the number of directors at six (6);
4. to elect directors for the ensuing year;
5. to confirm the approval of the Corporation’s stock option plan;
6. to consider amendments to or variations of any matter identified in this Notice of Meeting.

Accompanying this Notice of Meeting are: (i) a Management Information Circular (the “**Circular**”); (ii) an Instrument of Proxy and Notes thereto; and (iii) a reply card for use by shareholders who wish to receive the Corporation’s interim financial statements. Reference is made to the Circular for details of the matters to be considered at the Meeting.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253, by fax at 1-866-249-7775 or by e-mail at service@computershare.com.

DATED at Vancouver, British Columbia, the 6th day of May, 2011.

ON BEHALF OF THE BOARD OF

Pradeep Kabra (signed)
President and CEO

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MANAGEMENT INFORMATION CIRCULAR

(all information as of May 6, 2011, unless otherwise noted)

PERSONS MAKING THE SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies being made by the management of ShaMaran Petroleum Corp. (“ShaMaran” or the “Corporation”) for use at the Annual General Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Wednesday, June 8, 2011 at 8:00 a.m. (Pacific Standard Time) at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

It is anticipated that this Circular, together with the accompanying Notice of Meeting and form of proxy will first be mailed to shareholders of the Corporation on or about May 13, 2011.

Unless otherwise indicated, all monetary amounts referred to herein are stated in United States dollars, the Corporation’s reporting currency.

APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Corporation (the “Management Proxyholders”). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder’s behalf at the meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person’s or company’s name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”), at Proxy Department, at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week. For telephone voting call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 312-588-4290 to place their vote. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to www.investorvote.com and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a beneficial shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name. Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depositary for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their voting securities are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation and is commonly referred to as a "**voting instruction form**". However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada (formerly, ADP Investor Communications, Canada)("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their securities directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of securities held through a broker or other intermediary, please contact that broker or other intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting securities registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the securities in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities 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 the broker's agent) in accordance with the instructions provided by such broker.**

REVOCATION OF PROXIES

A registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at Suite 2610 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 (Attention: Kevin Hisko, Corporate Secretary) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Secretary of the Corporation or the chairman of the Meeting prior to the time of voting at the Meeting. Only registered shareholders have the right to revoke a proxy. **Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

EXERCISE OF DISCRETION

The enclosed Proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

RECORD DATE

Shareholders registered as at May 4, 2011 (the "Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

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

Except as may be disclosed herein, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and confirmation of the Corporation's stock option plan.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares of which 680,483,860 common shares are issued and outstanding as at the date hereof. Each common share is entitled to one vote.

To the knowledge of the directors and executive officers of the Corporation, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding Shares of the Corporation:

Name of Shareholder	Number of Shares	Percentage of Issued Capital
Zebra Holdings and Investments S.à.r.l. ("Zebra") ⁽¹⁾ Luxembourg	84,500,000	12.4%
Lorito Holdings S.à.r.l. ("Lorito") ⁽¹⁾ Luxembourg	42,941,300	6.3%

Note:

⁽¹⁾ Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settler is the Estate of the late Adolf H. Lundin. Together, Lorito and Zebra hold a total of 127,441,300 Common Shares, which represents 18.7% of the current outstanding Common Shares.

BUSINESS OF THE ANNUAL GENERAL MEETING

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Corporation's consolidated financial statements for the year ended December 31, 2010 and the report of the auditors thereon will be placed before the Meeting. Copies of the consolidated financial statements, the auditors' report and management's discussion and analysis have been mailed to all registered shareholders and non-registered shareholder (or

beneficial) shareholders who have opted to receive such materials. These documents can also be found on the Corporation's website at www.shamaranpetroleum.com and are also available on SEDAR at www.sedar.com. No vote by the shareholders is required to be taken with respect to the consolidated financial statements.

ELECTION OF DIRECTORS

Directors are elected annually. During the recently-completed financial year ended December 31, 2010, the board of directors of the Corporation (the "Board of Directors" or the "Board") accepted a recommendation of the Corporate Governance and Nominating Committee to increase the size of the Board from five to six directors. At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors at six and the six persons named hereunder will be proposed for election as directors of the Corporation (the "Nominees"). Unless authority to vote is withheld, the shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the Nominees whose names are set forth below. All of the Nominees are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

The following table and notes state the name of each person proposed to be nominated by management for election as a director, all other positions and offices with the Corporation and any significant affiliate now held by each such person, if any, his or her principal occupation or employment, the period or periods of service as a director of the Corporation and the approximate number of Shares of the Corporation beneficially owned directly or indirectly, by each such person, or over which he or she exercises control or direction.

Name, residence and current position(s) held in the Company	Period of Service as a Director	Security Holding	Principal Occupation within the Preceding Five Years
Keith C. Hill British Columbia, Canada Chairman	Director since Feb 19/07	2,604,000	President and CEO of Africa Oil Corp.; Chairman of BlackPearl Resources Ltd., ShaMaran Petroleum Corp., Petrovista Energy Corp. and Tyner Resources Ltd.
Pradeep Kabra Geneva, Switzerland President and CEO	Director since May 27/10	524,300	Mr. Kabra is a Chartered Accountant and has a Bachelors degree in Law from the University of Delhi and a Masters degree in Petroleum Law and Policy from the University of Dundee, U.K. He has over 24 years experience in the oil industry having held senior operational and management positions at Addax Petroleum, Lundin Oil and International Petroleum. Prior to being appointed President and CEO of the Corporation, Mr. Kabra was Chief Operating Officer of the Corporation. Prior thereto, Mr. Kabra was General Manager Kurdistan for Addax Petroleum and was also a director of Taq Taq Operating Company Limited, the operator of the Taq Taq/Kewa Chirmila production sharing contract, Kurdistan.
Brian D. Edgar British Columbia, Canada	Director since Mar 27/07	100,000	Executive Chairman of Silver Bull Resources Inc. (formerly, Metalline Mining Company); director of a number of other publicly traded companies.
Gary S. Guidry Alberta, Canada	Director since Feb 19/07	200,000	President and Chief Executive Officer of Orion Oil & Gas Corporation. Previously, Mr. Guidry was President and CEO of Tanganyika Oil Company Ltd.
Alexandre Schneider Anieres, Switzerland	Director since Sept 10/09	150,000	Executive Vice President and Chief Operating Officer of Lundin Petroleum AB since 2001.
J. Cameron Bailey Alberta, Canada	Director since Sept 10/09	Nil	Mr. Bailey is currently the President and CEO of Fortress Energy Inc. Mr. Bailey was previously a Managing Director of Network Capital Inc. and is a Chartered Financial Analyst.

Notes:

- ⁽¹⁾ The information as to the province and country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors.

It is intended that on any ballot that may be called for relating to the election of directors, the Shares represented by proxies in favour of management nominees will be voted in favour of the election of each of the persons named above as directors of the Corporation, unless a Shareholder has specified in its proxy that the Shareholder's Shares are to be withheld from voting in the election of directors. **Although management does not contemplate that any of the above nominees will be unavailable to stand for election or will decline to serve if elected, in the event of any vacancy among the nominees occasioned by an unexpected occurrence, the proxies given pursuant to this solicitation will be voted in favour of the remaining nominees and for such other substitute nominees as the Board of Directors may designate in such event, unless the Shareholder has specified in the proxy that its Shares are to be withheld from voting in the election of directors.**

The Board of Directors does not have an executive committee. There are presently four standing committees of the Board; namely, the Audit Committee, the Compensation Committee, the Reserves Committee and the Corporate Governance/Nominating Committee. The following table sets out the members of such Committees:

Audit Committee	Compensation Committee	Reserves Committee	Corporate Governance/ Nominating Committee
J. Cameron Bailey (Chair)	Gary S. Guidry (Chair)	Gary S. Guidry (Chair)	Brian D. Edgar (Chair)
Brian D. Edgar	Keith C. Hill	Alexandre Schneiter	Alexandre Schneiter
Alexandre Schneiter	Alexandre Schneiter	J. Cameron Bailey	J. Cameron Bailey

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

Other than as disclosed below, no director or officer or person holding a sufficient number of securities of the Corporation to affect materially the control of the Company, is, or within the past ten years before the date of this Circular has been, a director or officer of any other issuer that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer; (iii) 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 (iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity.

Mr. J. Cameron Bailey is a director of Fortress Energy Inc. ("Fortress"). On March 2, 2011, the Court of Queen's Bench of Alberta granted an order (the "Order") under the *Companies' Creditors Arrangement Act* (Canada) staying all claims and actions against Fortress and its assets and allowing Fortress to prepare a plan of arrangement for its creditors if necessary. Fortress took such steps in order to enable Fortress to challenge a reassessment issued by the Canada Revenue Agency ("CRA"), which reassessment is in the amount of approximately \$18 million. As a result of the reassessment, if Fortress took no action, it would be compelled to immediately remit \$9 million to the CRA and Fortress does not have the necessary funds to remit, although Fortress has \$18 million of assets in excess of its liabilities with sufficient liquid assets to pay all other liabilities and trade payables. Fortress believes that the CRA's position is not sustainable and intends to vigorously dispute the CRA's claim. On March 3, 2011 the TSX suspended trading in the securities of Fortress due to Fortress having been granted a stay under the *Companies' Creditors Arrangement Act* (Canada).

Mr. Edgar was a Director of New West Energy Services Inc. (formerly, Lexacal Investment Corp.) (TSX-V) when on September 5, 2006, a cease trade order was issued by the British Columbia Securities Commission for failure to file financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

Personal Bankruptcies

During the ten years preceding the date of this Circular, no director, officer or shareholder holding a sufficient number of shares of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to

or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective directors, officers and any control shareholder of the Corporation individually.

Penalties or Sanctions

No director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to materially affect control of the Corporation, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Corporation's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and the financial position at that time.

The directors and officers of the Corporation are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (*British Columbia*) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of the Corporation are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Corporation.

AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110, *AUDIT COMMITTEES* ("NI 52-110") DISCLOSURE

The Audit Committee of the Corporation oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the Audit Committee. The Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, the Corporation's internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the Shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee's Charter is attached as Exhibit II to this Circular.

Composition of the Audit Committee

Below are the details of each Audit Committee member, including his name, whether he is independent and financially literate as such terms are defined under NI 52-110.

Member Name	Independent⁽¹⁾	Financially Literate⁽²⁾	Education & Experience relevant to performance of audit committee duties
J. Cameron Bailey	Yes	Yes	Mr. Bailey is a Chartered Financial Analyst and has 22 year experience in the natural resource sector. Mr. Bailey has served as an executive officer, director and audit committee chair for a number of public resource companies and service companies.
Brian D. Edgar	Yes	Yes	Mr. Edgar is a retired corporate and securities lawyer and mining executive with a Law Degree from the University of British Columbia with approximately 35 years of public company experience. Mr. Edgar practiced in the area of corporate/securities law in private practice for 16 years and is co-owner of a private investment and venture capital firm and as such, has been involved in the financial analysis of many projects and companies. Mr. Edgar has served as an executive officer, director and audit committee chair of several other public resource-based companies. Through his education and experience, Mr. Edgar has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements.
Alexandre Schneider	Yes	Yes	Mr. Schneider is a graduate of the University of Geneva where he obtained a degree in Geology and a Masters degree in Geophysics. Mr. Schneider has been with the Lundin Group of Companies since 1993 and has been the Executive Vice President and Chief Operating Officer of Lundin Petroleum AB since 2001. As such, Mr. Schneider possesses the relevant skills and experience necessary to provide objective oversight of audit related matters.

Notes:

- ⁽¹⁾ To be considered independent, a member of the committee must not have any direct or indirect "material relationship" with the Corporation. A material relationship is a relationship which could, in the view of the Board of Directors of the Corporation, reasonably interfere with the exercise of a member's independent judgement.
- ⁽²⁾ To be considered financially literate, a member of the committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of the Corporation's recently completed financial year, the Corporation has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2010 and December 31, 2009.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2010	\$87,623	Nil	\$45,435	Nil
2009	\$109,031	Nil	\$19,351	Nil

Notes:
⁽¹⁾ The aggregate fees billed for audit services.
⁽²⁾ The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the audit fees column.
⁽³⁾ The aggregate fees billed for tax compliance, tax advice, and tax planning services.
⁽⁴⁾ The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (as such term is defined in NI 52-110) the Corporation is exempt from the requirements of Part 3, Composition of the Audit Committee, and Part 5, Reporting Obligations, of NI 52-110.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officer ("NEO") means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2010, the Corporation had three NEOs of the Corporation, being: Mr. Pradeep Kabra, President and Chief Executive Officer, Mr. John Ashbridge, Chief Operating Officer, and Mr. Brenden Johnstone, Chief Financial Officer.

COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis describes the Corporation's practices with respect to the compensation of its NEOs.

Overview of Compensation Philosophy

The Corporation's compensation philosophy is to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate the kind of executives who will be instrumental in helping the Corporation achieve its short and long-term objectives, to provide executives with compensation that is in accordance with existing market standards generally, to align the interests of executive officers with those of the Corporation's Shareholders and to link individual executive compensation to the performance of both the Corporation and the individual executive.

During 2010, the Corporation implemented a compensation structure based on the European model that takes into account inflation (cost of living), and that provides for merit increases (only to the extent that an individual's job description or

duties have been substantially altered), and cash bonuses which are based on a number of factors, including base salary, length of service and specific performance, rather than on the previous model which placed more emphasis on the incentive stock option component of executive and key personnel compensation packages.

Elements of Compensation

Executive compensation is comprised of three elements:

- base salaries, which are set at levels which are competitive with the base salaries paid by corporations of a comparable size within the oil and gas exploration industry and with operations at approximately the same stage of development, thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success;
- bonuses, which are considered from time to time, based on individual and corporate performance criteria; and
- share ownership opportunities through a stock option plan, which provides additional incentive and aligns the interests of executive officers with the longer term interests of shareholders.

Each element of the Corporation's executive compensation program is described in more detail below.

Base Salaries

An NEO's base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive's performance over time. Individual salary adjustments take into account performance contributions in connection with their specific duties. The base salary of each executive officer is determined by the Compensation Committee based on an assessment of his sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its recommendations to the Board, the Compensation Committee also considers the particular skills and experience of the individual. The base salaries of executive officers are reviewed annually.

Short Term Incentive Compensation – Cash Bonuses

The Corporation may award discretionary cash bonuses to executive officers and employees of Corporation from time to time. The amount of the bonus that each individual may be eligible for is not set in relation to any formula or specific criteria, but is the result of a subjective determination of the Corporation's performance, overall industry conditions, as well as the individual's performance and his or her contribution to overall corporate goals. The payment of bonuses is subject to the final approval of the Board and the Board has the discretion to amend or veto bonuses in its sole discretion.

Long Term Incentive Compensation – Stock Options

The stock option component of an NEO's compensation, which includes a vesting element to ensure retention, serves to both motivate the executive toward increasing share value and to enable the executive to share in the future success of the Corporation. Individual stock options are granted by the Board on the recommendation of senior management, in the case of employees, and by the Compensation Committee, in the case of executive officers, including the Chief Executive Officer. Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically to ensure that the number of stock options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered, including, the role the individual plays in the Corporation, the number of stock options an individual has been granted, the exercise price and the value of the options and the term remaining on those options. During 2010, the NEO's were awarded stock an aggregate of 650,000 stock options. These grants are reflected in the Summary Compensation Table below under the heading "Option-based Awards".

Composition of the Compensation Committee

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. The Compensation Committee currently consists of three members; namely, Messrs. Gary S. Guidry, Alexandre Schneider and Keith C. Hill, a majority of whom are considered to be independent. Since April 2008 the

Compensation Committee has maintained a mandate and meets as frequently as necessary in order to fulfill its responsibilities and in any event, at least annually.

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- to review and approve corporate goals and objectives relevant to NEO compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to NEO compensation levels (including the award of any cash bonuses or share ownership opportunities);
- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

The Compensation Committee's recommendations for base salaries, and bonuses or option grants, if any, are submitted to the Board for approval.

Performance Factors

At this stage of the Corporation's development, no formal criteria have been established to evaluate corporate and individual performance; however, a number of factors are considered by the Compensation Committee in making recommendations for executive compensation including, but not limited to:

- the progression of the Corporation's projects framed around budget forecasts presented to and approved by the Board;
- the Corporation's overall financial and operating performance;
- objective factors such as the NEO's level of responsibility, experience and expertise
- subjective factors such as leadership and such NEOs specific contribution to the benefit of the Corporation, including maintaining good government relations;
- compensation data of peer group companies;
- the Corporation's market capitalization; and
- the long-term interests of the Corporation and its shareholders.

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the Compensation Committee; however, management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO and other senior members of the Corporation's management team provide a source of external data and analysis.

Recruiting and Retention

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market.

The structure of the remuneration package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation. This balance is achieved by providing base salary at a reasonable median level as an anchor which makes the Corporation a realistic prospect for talented candidates. However, the short term incentive (discretionary bonuses) provides recruits with the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward

element (stock option grants), which provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

Fiscal 2010 Compensation Review

On November 27, 2010, the Compensation Committee carried out its annual review of NEO salaries and recommended that the base salaries of the Corporation's CEO, Mr. Pradeep Kabra, and CFO, Mr. Brenden Johnstone, be increased by 5% and 6%, respectively, taking into account inflation (2%) and merit (3%, in the case of Mr. Kabra, and 4% in the case of Mr. Johnstone). The Compensation Committee also recommended that each of Messrs. Kabra and Johnstone receive cash bonuses which are reflected in the Summary Compensation Table below under the heading "All Other Compensation".

In making its recommendations, the Compensation Committee considered, among other things, the Corporation's 2010 corporate objectives and exploration and development campaign which resulted in the conclusion of agreements to amend the Pulkhana Block 10 and the Arbat Block production sharing contracts to relieve the Corporation of its previous contractual requirement to issue 150 million common shares to the Kurdistan Regional Government of Iraq ("KRG"), the completion of a seismic campaign on the Pulkana Block, which was completed on schedule and under budget, the spudding of the first exploration well on the Atrush Block, following the Corporation's acquisition of a 33.5% stake in General Exploration Partners Inc., the acquisition of seismic on the Arbat and K42 Blocks and completion of a \$47.8 million financing. The Committee also considered the overall increase in the Corporation's share price of approximately 200% which translated into an increase in the market capitalization to nearly \$685 million, up from about \$174 million at the beginning of 2010. Additionally, to assist the Committee in determining salaries, bonuses and long-term incentives, the Committee had access to the HayGROUP (UK) report which evaluates salaries and benefits for every category of management in the oil industry (Europe) and compares them with the Corporation's peer groups within Europe, including large, medium and small cap companies.

The Board accepted the recommendations of the Compensation Committee and approved the salary adjustments for Messrs. Kabra and Johnstone effective January 1, 2011 and their respective cash bonuses.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended December 31	Salary (\$)	Option-based Awards ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)		
Pradeep Kabra ⁽²⁾ President and Chief Executive Officer (former Chief Operating Officer)	2010	402,712	111,221	201,362	63,390	778,695
	2009	66,038	303,336	Nil	7,674	377,048
	2008	Nil	Nil	Nil	Nil	Nil
Brenden Johnstone ⁽³⁾ Chief Financial Officer (former Financial Controller)	2010	230,128	121,032	76,709	9,612	437,481
	2009	31,510	Nil	Nil	1,576	33,086
	2008	Nil	Nil	Nil	Nil	Nil
John Ashbridge ⁽⁴⁾ (former Chief Operating Officer and Vice President of Exploration)	2010	144,353	Nil	Nil	7,894	152,247
	2009	37,736	224,963	Nil	74,633	337,333
	2008	Nil	Nil	Nil	Nil	Nil

Notes:

- ⁽¹⁾ The value of the stock option grants has been determined using the Black-Scholes models on the date of grant and is consistent with the determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2010 consolidated financial statements. The amount presented in the table represents the fair value of the vested and unvested portion of the options granted for the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Options fair values were calculated in Canadian dollars and translated into United States currency using an exchange rate of 0.9872 for the January 4, 2010 and September 23, 2010 option grants, 0.9279 for the September 11, 2009 option grants and 0.9321 for the September 30, 2009 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized.
- ⁽²⁾ During the period from November 1, 2009 to December 14, 2009 Mr. Kabra was the Chief Operating Officer of the Corporation and was employed under contract with an annual salary payable in Swiss Francs of 420'000. Upon his resignation as Chief Operating Officer and subsequent

appointment as President of the Corporation no change in salary occurred, and all other terms remain intact. Mr. Kabra's salary has been translated into United States currency using an average exchange rate of 0.9434 per Swiss Franc for 2009 and an average rate of 0.9589 per Swiss Franc for 2010. Mr. Kabra's salary was paid by the Swiss branch office of the Corporation's Netherlands subsidiary, ShaMaran Petroleum B.V. Mr. Kabra's 2010 performance bonus in the amount of \$201,362 is reflected under the column "Non-Equity Incentive Plan Compensation". While this bonus was awarded in respect of the financial year ended December 31, 2010, it was not paid to Mr. Kabra until 2011.

- (3) During the period from November 1, 2009 to December 14, 2009 Mr. Johnstone was employed as the Financial Controller of the Corporation. Mr. Johnstone was appointed the Chief Financial Officer of the Corporation on December 14, 2009 and his salary was increased effective January 1, 2010 from 200'400 Swiss Francs per annum to 240'000 Swiss Francs per annum. Mr. Johnstone's salary has been translated into United States currency using an average exchange rate of 0.9434 per Swiss Franc for 2009 and an average rate of 0.9589 per Swiss Franc for 2010. Mr. Johnstone's salary is paid by the Swiss branch office of the Corporation's Netherlands subsidiary, ShaMaran Petroleum B.V.
- (4) During the period from November 1 to December 14, 2009 Mr. Ashbridge was employed by the Corporation as Vice President of Exploration under contract with an annual salary payable in Swiss Francs of 240,000. Upon his resignation as Vice President of Exploration and subsequent appointment to Chief Operating Officer of the Corporation Mr. Ashbridge's salary was increased effective January 1, 2010 to 288,000 Swiss Francs per annum with all other terms remaining intact. Mr. Ashbridge served as Chief Operating Officer of the Corporation during the period December 14, 2009 to April 9, 2010. Mr. Ashbridge's salary has been translated into United States currency using an average exchange rate of 0.9434 per Swiss Franc and an average rate of 0.9239 per Swiss Franc for 2010. Mr. Ashbridge's salary was paid by the Swiss branch office of the Corporation's Netherlands subsidiary, ShaMaran Petroleum B.V.

INCENTIVE PLAN AWARDS

Outstanding share-based awards and option-based awards – Named Executive Officers

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$) ⁽¹⁾
Pradeep Kabra President and Chief Executive Officer	700,000	\$0.64	September 29, 2014	504,000
	100,000	\$0.47	January 3, 2015	89,000
	200,000	\$0.54	September 23, 2015	164,000
Brenden Johnstone Chief Financial Officer	300,000	\$0.47	January 3, 2015	267,000
	50,000	\$0.54	September 22, 2015	41,000

Notes:

- ⁽¹⁾ The market price for the Corporation's common shares on December 31, 2010 was CAD\$1.36. No value has been given to unexercised options that were out-of-the-money on December 31, 2010.

Incentive Plan Awards – Value vested or earned during the year – Named Executive Officers

Name	Option-based awards – Value vested during the year (\$)
Pradeep Kabra President and Chief Executive Officer	138,186
Brenden Johnstone Chief Financial Officer	40,344

Notes:

- ⁽¹⁾ The options granted to Named Executive Officers were vested as follows 1/3 upon grant, 1/3 one year from the date of grant and the remaining 1/3 two years from the date of grant.
- ⁽²⁾ Calculated using the closing price of the common shares as traded on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2010, and subtracting the exercise price of in-the-money stock options.
- ⁽³⁾ Converted to United States dollars using the exchange rate in effect as at the date options vested.

Pension Plan Benefits

The Corporation does not have any defined benefit or actuarial plans.

Termination and Change of Control Benefits

Other than as set forth above, and as set out below under Employment Agreements, the Corporation and its subsidiaries have no other compensatory plan, contract or arrangement where a NEO is entitled to receive more than CAD\$100,000

(including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the NEO's employment with the Corporation or its subsidiaries, a change of control of the Corporation or its subsidiaries, or a change in responsibilities of the NEO, with or without a change in control.

Employment Agreements

Employment Agreement - Pradeep Kabra, President and Chief Executive Officer

Pursuant to an employment agreement entered into with Mr. Pradeep Kabra dated November 1, 2009, (the "Kabra Agreement"), Mr. Kabra was engaged by the Corporation in the capacity of Chief Operating Officer, for a fixed term of two years with an automatic extension thereafter for an indefinite term, at an annual base salary of 420,000 Swiss Francs per annum, exclusive of bonuses, benefits and other compensation. Further, upon termination of his employment with the Corporation within the two years following a change of control, Mr. Kabra shall receive a lump sum payment of 24 month's base salary. The Kabra Agreement was subsequently amended to reflect Mr. Kabra's appointment as the President and Chief Executive Officer of the Corporation effective December 14, 2009 on the same terms and conditions.

Employment Agreement – Brenden Johnstone, Chief Financial Officer

Pursuant to an employment agreement entered into with Mr. Brenden Johnstone dated November 1, 2009, (the "Johnstone Agreement"), Mr. Johnstone was engaged by the Corporation in the capacity of Financial Controller for an indefinite term, at an annual base salary of 200,400 Swiss Francs per annum, exclusive of bonuses, benefits and other compensation. The Johnstone Agreement was subsequently amended to reflect Mr. Johnstone's appointment as the Chief Financial Officer of the Corporation effective December 14, 2009 which resulted in an increase in salary to Swiss Francs 240,000 per annum, effective January 1, 2010. All other terms and conditions of the Johnstone Agreement remained unchanged.

DIRECTORS' COMPENSATION

Certain compensation was earned by directors of the Corporation in their capacity as members of the Board or of a committee of the Board of the Corporation or its subsidiaries, or as consultants or experts, during the Corporation's most recently completed financial year.

To encourage the directors to align their interests with Shareholders, directors are granted incentive stock options pursuant to the Corporation's Stock Option Plan, from time to time. During the Corporation's most recently completed financial year, apart from the stock options granted to Mr. Kabra as set out above, no directors were granted incentive stock options. The following table sets forth the details of compensation provided to directors, other than the Named Executive Officers, during the Corporation's most recently completed financial year:

Name	Fees Earned (CAD\$)	Option-based Awards ⁽¹⁾ (CAD\$)	All Other Compensation (CAD\$)	Total (CAD\$)
Keith C. Hill	25,000	Nil	Nil	25,000
Gary S. Guidry	25,000	Nil	Nil	25,000
Brian D. Edgar	25,000	Nil	Nil	25,000
Alexandre Schneider	25,000	Nil	Nil	25,000
J. Cameron Bailey	30,000	Nil	Nil	30,000

Notes:

- (1) The fair value of option-based awards which vested during 2010 is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Corporation's common shares and expected life of the options.
- (2) Information pertaining to Mr. Kabra is included under "Statement of Executive Compensation – Summary Compensation Table".

Outstanding share-based awards and option-based awards

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$) ⁽¹⁾
Keith C. Hill	150,000	1.20	January 18, 2012	24,000
	500,000	0.67	September 10, 2014	345,000
Gary S. Guidry	150,000	1.20	January 18, 2012	24,000
Brian D. Edgar	150,000	2.15	March 27, 2012	Nil
Alexandre Schneider	100,000	0.67	September 10, 2014	69,000
J. Cameron Bailey	100,000	0.67	September 10, 2014	69,000

Notes:

⁽¹⁾ The market price for the Corporation's common shares on December 31, 2010 was CAD\$1.36. No value has been given to unexercised options that were out-of-the-money on December 31, 2010.

⁽²⁾ Information pertaining to Mr. Kabra is included under "Statement of Executive Compensation – Summary Compensation Table".

Incentive Plan Awards – Value vested or earned during the year

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾⁽³⁾ (\$)
Keith C. Hill	74,988
Gary S. Guidry	Nil
Brian D. Edgar	Nil
Alexandre Schneider	14,998
J. Cameron Bailey	14,998

Notes:

⁽¹⁾ 1/3 of the options granted to directors vest on the date of grant, an additional 1/3 vest one year from the date of grant and the remaining 1/3 two years from the date of grant.

⁽²⁾ Calculated using the closing price of the common shares on the TSX Venture Exchange on the dates on which stock options vested during the financial year ended December 31, 2010, and subtracting the exercise price of in-the-money stock options.

⁽³⁾ Converted to United States dollars using the exchange rate in effect as at the date options vested.

⁽⁴⁾ Information pertaining to Mr. Kabra is included under "Statement of Executive Compensation – Summary Compensation Table".

Directors' and Officers' Liability Insurance

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, as a group, in respect of the performance of them of the duties of their offices. The total amount of insurance coverage available is up to \$10,000,000, depending on the type of claim, with a deductible of up to \$25,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's Stock Option Plan, has been approved by the Shareholders and is the only compensation plan under which equity securities of the Corporation are authorize for issuance.

The information in the following table is presented as of the fiscal year end December 31, 2010.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	4,560,000	\$CAD 0.62	57,758,219
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,560,000	\$CAD 0.62	57,758,219

10% Rolling Stock Option Plan

The Corporations' current 10% Rolling Incentive Stock Option Plan (the "Plan") governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 21, 2004 and most recently ratified and approved by shareholders on May 27, 2010. In order to bring the Plan in compliance with the current rules and policies set forth for such plans by the TSX Venture Exchange (the "Exchange"), and to reflect changes to the treatment of stock option exercises brought about by recently enacted tax legislation on April 15, 2011, the Board approved certain housekeeping amendments to the Plan.

The material terms of the Plan remain unchanged and can be summarized as follows:

1. The maximum number of Shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Corporation's Shares traded through the facilities of the Exchange on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange or, if the Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Shares are listed or quoted for trading.
2. The board of directors shall not grant options to any one person in any one year which will, when exercised, exceed 5% of the issued and outstanding Shares of the Corporation, or to any consultant in any one year which will, when exercised, exceed 2% of the issued and outstanding Shares of the Corporation or in any one year period to those persons employed by the Corporation who perform investor relations services which will, when exercised, in aggregate, exceed 2% of the issued and outstanding Shares of the Corporation.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of Shares in respect of the expired or terminated option shall again be available for the purposes of the Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.
4. If the option holder ceases to be a director of the Corporation or ceases to be employed by the Corporation (other than by reason of death), or ceases to be a consultant of the Corporation as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Corporation or ceases to be a consultant of the Corporation, subject to the terms and conditions set out in the Stock Option Plan. Options granted to an option holder who is engaged in investor relations activities must also expire within 30 days after the option holder ceases to be so engaged.
5. The options may be subject to such vesting schedule over time as the board of directors may, in their discretion, implement or as may be required by the Exchange.

The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of Common Shares under the Stock Option Plan. As at December 31, 2010, there were options outstanding under the Plan to acquire 4,560,000 Common Shares, representing approximately 0.7% of the Corporation's current issued and outstanding shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for directorship, or associates or affiliates of the said person, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time during the Corporation's last financial year, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Shares of the Corporation, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

APPOINTMENT AND REMUNERATION OF AUDITORS

Management has recommended a change of auditors from KPMG LLP, Chartered Accountants, (who served as auditors of the Corporation since March 27, 2007). Accordingly, the Corporation's Audit Committee requested the resignation of KPMG LLP, Chartered Accountants as the Corporation's auditors and appointed PricewaterhouseCoopers LLP ("PwC") as the new auditors of the Corporation effective September 6, 2010. No "reportable event" within the meaning of NI 51-102 - *Continuous Disclosure Obligations* occurred prior to or in connection with the change of auditors. A notice of change of auditors and response letter from each of the former and successor auditors are attached as Exhibit I, *Reporting Package*, to this Circular pursuant to the requirements of NI 51-102. The notice and response letters have been reviewed and approved by the Audit Committee and ratified by the Board of Directors.

The Directors of the Corporation recommend the appointment of PwC as auditors of the Corporation to hold office until the termination of the next annual meeting of the Corporation. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted in favour of the appointment of PwC as auditors of the Corporation to hold office until the close of the next annual meeting of the Corporation, at a remuneration to be determined by the Board.

MANAGEMENT CONTRACTS

No management functions of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICE

The Corporation's Board of Directors and management have established certain corporate governance practices which, in the opinion of the Board, are consistent with the overall business of the Corporation and its stage of development. The following represents the disclosure required by National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**").

Corporate Governance Practices

National Policy 58-201 - Corporate Governance Guidelines ("**NP 58-201**") sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. NI 58-101 requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Board of Directors has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its Shareholders. The following is a description of the Corporation's corporate governance practices which have been approved by the Board.

The Board of Directors

The Board of Directors is currently comprised of Keith C. Hill, Pradeep Kabra, Gary S. Guidry, Alexandre Schneider, J. Cameron Bailey and Brian D. Edgar. With the exception of Messrs. Hill and Kabra, all members of the Board of Directors are independent within the meaning of NI 58-101.

Directorships

Several of the current directors of the Corporation serve as directors of other reporting issuers. Currently, the following directors serve on the boards of directors of other public companies as listed below:

Director	Public Company Board Membership
Keith C. Hill	<ul style="list-style-type: none"> • Africa Oil Corp. • BlackPearl Resources Inc. • Petro Vista Energy Corp. • Tyner Resources Ltd.
Alexandre Schneider	<ul style="list-style-type: none"> • Enquest PLC
Brian D. Edgar	<ul style="list-style-type: none"> • Denison Mines Corp. • Silver Bull Resources Inc. (formerly, Metalline Mining Company) • Lundin Mining Corporation • BlackPearl Resources Inc. • Lucara Diamond Corp.
Gary S. Guidry	<ul style="list-style-type: none"> • Africa Oil Corp. • TransGlobe Energy Corporation • Orion Oil & Gas Corporation • Zodiac Exploration Inc.
J. Cameron Bailey	<ul style="list-style-type: none"> • Fortress Energy Inc. • Phoenix Technology Income Fund • Phoenix Technology Services Inc. (formerly, Nevis Energy Services Ltd.) • PHX Energy Services Corp. • Africa Oil Corp.

During fiscal year ended December 31, 2010, the Board and its committees held the following number of meetings:

Director	BOARD/STANDING COMMITTEES OF THE BOARD									
	Board of Directors (4 meetings) ⁽¹⁾		Audit Committee (4 meetings) ⁽¹⁾		Compensation Committee (3 meetings) ⁽¹⁾		Reserves Committee (1 meeting) ⁽¹⁾		Corporate Governance/ Nominating Committee (1 meeting) ⁽¹⁾	
Brian D. Edgar	3	75%	3	75%	-	-	-	-	1	100%
Pradeep Kabra	4	100%	-	-	2	-	-	-	-	-
Gary S. Guidry	2	50%	-	-	1	100%	1	100%	1	100%
Keith C. Hill	4	100%	-	-	3	100%	-	-	-	-
J. Cameron Bailey	3	75%	4	100%	-	-	1	100%	1	100%
Alexandre Schneider	4	100%	3	75%	3	100%	1	100%	-	-

⁽¹⁾ Represents number of meetings the director/committee member was eligible to attend.

The measures that the Board of Directors takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Corporation's business include providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Corporation's operations.

The Corporation encourages continued education for its directors. The Board ensures that all directors are kept apprised of changes in the Corporation's operations and business and changes in the regulatory environment affecting the Corporation's day to day business.

Ethical Business Conduct

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to directors, officers and all employees of the Corporation. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporation's legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation's legal counsel will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation's legal counsel. The Corporation does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Corporation's most recently completed financial year.

All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee's personal interests and the interests of the Corporation are to be reported to the Corporation's legal counsel.

The Code is available on the Corporation's website and is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com.

The Corporation has also established an Internal Employee Alert Policy to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

Nomination of Directors

The Corporate Governance and Nominating Committee is currently comprised of three directors: Messrs. Brian D. Edgar (Chair), Alexandre Schneiter and J. Cameron Bailey. All members are considered independent within the meaning of the NI 58-101. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new Board members and recommends to the Board the director nominees at each annual meeting of shareholders and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions. The Corporate Governance and Nominating Committee meets at least once annually.

Compensation Committee

As of the fiscal year ended December 31, 2010 the Compensation Committee was comprised of three directors, Alexandre Schneiter, Gary S. Guidry and Keith C. Hill, a majority of whom are considered independent directors. The Compensation Committee evaluates the CEO's performance and establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in

incentive programs in conjunction with the Board, and delivers an annual report to shareholders on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee meets at least annually.

Reserves Committee

During 2010, the Corporation established a Reserves Committee of the Board. The Reserves Committee is comprised of three independent directors; namely, Gary S. Guidry, J. Cameron Bailey and Alexandre Schneider. The Reserves Committee has the responsibility in general for developing the Corporation's approach to the reporting of oil and gas reserves and other oil and gas information required to be publicly disclosed. The Committee's mandate prescribes the methodology that the Corporation and the independent evaluator selected by management and approved by the Reserves Committee will adhere to in the calculation of oil and gas reserves and the valuation of those reserves. The Reserves Committee must meet at least annually.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of 10% Rolling Stock Option Plan

The Corporations' current 10% Rolling Stock Option Plan (the "Plan") governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 23, 2008 and most recently ratified and confirmed by shareholders on May 27, 2010. In order to bring the Plan in compliance with the current rules and policies set forth for such plans by the TSX Venture Exchange (the "Exchange"), and to reflect changes to the treatment of stock option exercises brought about by recently enacted tax legislation on April 15, 2011, the Board approved certain housekeeping amendments to the Plan. The full text of the Plan will be available for review at the Meeting.

The policies of the Exchange require that rolling plans be approved by shareholders on a yearly basis. Accordingly, shareholders are being asked to pass an ordinary resolution to ratify and confirm the Plan as adopted by the Board which permits the issuance of up to 10% of the issued and outstanding common shares of the Corporation from time to time. To be effective, the resolution must be passed by a simple majority of the votes cast thereon by shareholders present in person or by proxy at the Meeting. If the resolution to approve the Plan is not approved by shareholders of the Corporation, all unallocated stock options will be cancelled and the Corporation will not be permitted to make any further grants until shareholder approval is obtained. The following is the text of the ordinary resolution to be considered at the Meeting:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (a) the 10% Rolling Stock Option Plan of the Corporation, as adopted by the Board of Directors, be and is hereby approved and ratified, and the Corporation be and is hereby authorized to reserve for issuance pursuant to the 10% Rolling Stock Option Plan up to 10% of the issued and outstanding common shares of the Corporation from time to time;
- (b) the Board of Directors be and is hereby authorized on behalf of the Corporation to make any amendments to the 10% Rolling Option Plan as may be required by regulatory authorities or otherwise made necessary by applicable legislation, without further approval of the shareholders of the Corporation, in order to ensure the adoption and efficient function of the 10% Rolling Stock Option Plan; and
- (c) any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the 10% Rolling Stock Option Plan."

The directors of the Corporation believe the passing of the foregoing ordinary resolution is in the best interests of the Corporation and recommend that shareholders of the Corporation vote in favour of the resolution.

The persons named as proxies in the enclosed Proxy intend to cast the votes represented by proxy in favour of the foregoing resolution unless the holder of common shares who has given such proxy has directed that the votes be otherwise cast.

OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR under the Corporation's profile at www.sedar.com. Financial information regarding the Corporation is provided in the consolidated annual financial statements and related management's discussion and analysis ("MD&A") for its most recently completed financial year.

Copies of the consolidated financial statements and related MD&A, as well as a copy of the Corporation's Annual Information Form ("AIF") for the fiscal year ended December 31, 2010, may be accessed on the Corporation's website at www.shamaranpetroleum.com or shareholders may contact the Corporation to request copies of the consolidated financial statements, MD&A and AIF, as follows:

- (i) e-mail: info@shamaranpetroleum.com
- (ii) telephone: 604-689-7842
- (iii) mail: ShaMaran Petroleum Corp.
Suite 2101, 885 West Georgia Street
Vancouver, B.C., V6C 3E8
Attn: Investor Relations

CERTIFICATE

The contents and the distribution of this Circular have been approved by the Board.

DATED the 6th day of May, 2011.

BY ORDER OF THE BOARD

(Signed) Pradeep Kabra

President and CEO

EXHIBIT I

NOTICE OF CHANGE OF AUDITOR

SHAMARAN PETROLEUM CORP.
(the "Company")

Please be advised that the Company has asked its auditor, KPMG LLP of 777 Dunsmuir Street, Vancouver, B.C. V7Y 1K3 (the "Former Auditor") to resign from office effective September 6, 2010, and that PricewaterhouseCoopers LLP of 1 Embankment Place, London, United Kingdom, WC2N 6RH (the "Successor Auditor") has agreed to act as the Company's auditor commencing on September 6, 2010. The Company reports that there have been no reservations and no reportable events (as such term is defined by National Instrument 51-102) in the auditor's report of the Former Auditor on the Company's financial statements for the completed fiscal year ended December 31, 2009.

The resignation of the Former Auditor and the appointment of the Successor Auditor were considered and approved by the Company's audit committee and board of directors.

DATED as of the 14th day of September 2010.

SHAMARAN PETROLEUM CORP.



Brenden Johnstone, Chief Financial Officer



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

September 14, 2010

Dear Sirs

Re Notice of Change of Auditors of ShaMaran Petroleum Corp.

We have read the Notice of ShaMaran Petroleum Corp. dated September 14, 2010 and are in agreement with the statements contained in such Notice.

Yours very truly

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

N.J. (Norm) Mayr
Partner
604 691-3060

September 16, 2010

To:

BRITISH COLUMBIA SECURITIES COMMISSION

ALBERTA SECURITIES COMMISSION

ONTARIO SECURITIES COMMISSION

Dear Sirs:

Re: ShaMaran Petroleum Corp. (the "Company")

As required by National Instrument 51-102, we have reviewed the information contained in the Company's Notice of Change of Auditor dated September 14, 2010 and, as the successor auditor for the Company, we agree with all the statements contained in such notice and also confirm that such notice does not have to be updated.

Our understanding is that the Notice of Change of Auditor will read as follows:

"Please be advised that the Company has asked its auditor, KPMG LLP of 777 Dunsmuir Street, Vancouver, B.C. V7Y 1K3 (the "Former Auditor") to resign from office effective September 6, 2010, and that PricewaterhouseCoopers LLP of 1 Embankment Place, London, United Kingdom, WC2N 6RH (the "Successor Auditor") has agreed to act as the Company's auditor commencing on September 6, 2010."

The Company reports that there have been no reservations and no reportable events (as such term is defined by National Instrument 51-102) in the auditor's report of the Former Auditor on the Company's financial statements for the completed fiscal year ended December 31, 2009.

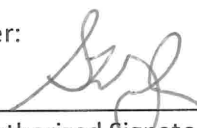
The resignation of the Former Auditor and the appointment of the Successor Auditor were considered and approved by the Company's audit committee and board of directors.



We understand that the Notice of Change of Auditor, along with this letter and a similar letter from the Former Auditor will be filed with securities regulators and provided to the Company's registered shareholders with the meeting materials relating to the Company's next general meeting of shareholders.

Yours very truly,

PRICEWATERHOUSECOOPERS LLP

Per:  *PriceWaterhouseCoopers LLP*

Authorized Signatory

EXHIBIT II AUDIT COMMITTEE CHARTER

I. MANDATE

The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of ShaMaran Petroleum Corp. (the “**Corporation**”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Corporation’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Corporation’s independent external auditor (the “**Auditor**”); and
4. The performance of the Corporation’s internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Corporation or of an affiliate of the Corporation.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-laws of the Corporation, the members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Corporation’s annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Corporation.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Corporation or of an affiliate of the Corporation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Corporation's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Corporation, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Corporation's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Corporation, consistent with Independence Standards Board Standard 1.
2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
3. Require the Auditor to report directly to the Committee.
4. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Corporation.

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Corporation's shareholders of the existing, Auditor.
7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Corporation by the Auditor unless such non-audit services:

- (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Corporation to the Auditor during the fiscal year in which the non-audit services are provided;
- (b) were not recognized by the Corporation at the time of the engagement to be non-audit services; and
- (c) are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Corporation

- 8. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

- 9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
- 10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- 11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
- 12. Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.
- 13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - (a) The adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
 - (b) The management inquiry letter provided by the Auditor and the Corporation's response to that letter.
 - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Corporation

- 14. Review the Corporation's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Corporation publicly discloses this information.
- 15. Review the Corporation's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
- 16. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process of the Corporation's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

Manner of Carrying Out its Mandate

- 17. Consult with the Auditor, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.

18. Request any officer or employee of the Corporation or the Corporation's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
 19. Meet with management, any internal auditor and the Auditor in separate executive sessions at least quarterly.
 20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
 21. Make regular reports to the Board.
 22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
 23. Annually review the Committee's own performance.
 24. Provide an open avenue of communication among the Auditor, the Corporation's financial and senior management and the Board.
 25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.
- C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

Dated: April 20, 2010
Ratified on April 7, 2011