

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the proposals referred to in this document or what action you should take, you are recommended to seek your own personal financial advice from a stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser.

If you have sold or transferred all of your common shares in Caracal Energy Inc., please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



CARACAL
ENERGY INC.

Notice of Meeting of Shareholders

and

Proxy Statement and Information Circular

in respect of the

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on May 15, 2014

CARACAL ENERGY INC.

NOTICE OF MEETING OF SHAREHOLDERS

to be held on May 15, 2014

TO THE SHAREHOLDERS OF CARACAL ENERGY INC.

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Caracal Energy Inc. (the “**Corporation**”) will be held at 200 Aldersgate, Aldersgate Street, London EC1A 4HD, UK at 10:00 a.m. (London time) on May 15, 2014 for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2013 and the auditor’s reports thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and authorize the board of directors to fix the remuneration of the auditor;
4. to consider and, if deemed advisable, approve an ordinary resolution in the form set out in the accompanying proxy statement and information circular (the “**Circular**”) authorizing annual amounts regarding the allotment of equity securities;
5. to consider and, if deemed advisable, approve a special resolution in the form set out in the Circular authorizing the limits regarding the dis-application of pre-emption rights;
6. to consider and, if deemed advisable, approve an ordinary resolution in the form set out in the Circular approving the long-term incentive plan for the Corporation with certain amendments thereto, all as more particularly described in the Circular; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof as ordinary business.

Shareholders should refer to the accompanying Circular for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder who is unable to attend the Meeting in person please complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail to Proxy Department, 135 West Beaver Creek Road, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, or (ii) by hand delivery to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. A registered Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-VOTE (8683). In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 10:30 a.m. (Calgary time) on the second business day before the date of the Meeting or any adjournment(s) thereof or be deposited with the Chairman of the Meeting prior to its commencement.

If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or form of instruction in accordance with the instructions provided to you by your broker or by the other intermediary.

CREST members who wish to give voting instructions by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual, available at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s (“EUI”) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Corporation’s agent (ID 3RA50) not less than 72 hours (excluding weekends and holidays) before the commencement of the Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Corporation’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Corporation may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the *Uncertificated Securities Regulations 2001*.

Shareholders of record at the close of business on April 14, 2014 are entitled to notice of the Meeting and to attend and vote thereat or at any adjournment(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the record date, being the close of business on April 14, 2014; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

Recommendation

The directors of the Corporation consider that all the proposals to be considered at the Meeting are in the best interests of the Corporation and unanimously recommend that Shareholders vote in favor of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*Gary S. Guidry*”

Gary S. Guidry
President, Chief Executive Officer and Director
April 14, 2014

CARACAL ENERGY INC.

PROXY STATEMENT AND INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 15, 2014

PURPOSE OF SOLICITATION

This Proxy Statement and Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Caracal Energy Inc. ("Caracal" or the "Corporation") for use at the annual and special meeting (the "Meeting") of the holders ("Shareholders") of common shares (the "Common Shares") of Caracal to be held at 200 Aldersgate, Aldersgate Street, London EC1A 4HD, UK, at 10:00 a.m. (London time) on May 15, 2014, and at any adjournments thereof, for the purposes set forth in the Notice of Meeting of Shareholders (the "Notice of Meeting") accompanying this Circular. Information contained herein is given as of April 14, 2014, unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of Caracal who will not be additionally compensated thereof. The costs of soliciting proxies will be borne by Caracal.

APPOINTMENT AND REVOCATION OF PROXIES

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or executive officers of Caracal. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent him or her at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of his or her chosen nominee in the space provided for that purpose on the form and by striking out the printed names.**

If you are a registered Shareholder who is unable to attend the Meeting in person please complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail to Proxy Department, 135 West Beaver Creek Road, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, or (ii) by hand delivery to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. A registered Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-VOTE (8683). In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 10:30 a.m. (Calgary time) on the second business day before the date of the Meeting or any adjournment(s) thereof or be deposited with the Chairman of the Meeting prior to its commencement.

A Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney thereof, and deposited at the registered office of the Corporation at any time before 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many Shareholders, as a number of Shareholders do not hold Common Shares or depositary interests representing the underlying Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name or who hold depositary interests representing Common Shares (collectively, "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Caracal as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or the Shareholder holds depositary interests, then in almost all cases the Common Shares will not be registered in the Shareholder's name on the records of Caracal. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker, or, in the case

of depositary interests, in a nominee account of Computershare. Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a 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 (or agent), well in advance of the Meeting.

Holders of depositary interests shall be invited to attend the Meeting by Computershare Company Nominees Limited in its capacity as custodian for the depositary interests and on behalf of the Corporation. Holders of depositary interests in the Corporation should fill in the form of instruction provided and return such form of instruction to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, not less than 72 hours (excluding weekends and holidays) before the time for holding the Meeting or any adjournment thereof. The completion and return of the form of instruction will not preclude a holder of depositary interests from attending the Meeting and voting in person. Holders of depositary interests expecting to attend the Meeting and/or vote at the Meeting should notify Computershare Investor Services PLC in writing at the address above or email [!UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk).

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted in accordance with such instructions. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the relevant resolution. **In the absence of any instruction, the persons whose names appear on the printed form of proxy will exercise such person's discretion as to whether, and if so how, such person votes. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other ordinary business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting then discretionary authority is conferred upon the person appointed in the proxy as to whether and, if so how, to vote.**

As at the date hereof, the management of Caracal knew of no such other ordinary business, amendment or variation to matters identified in the Notice of Meeting.

ELECTRONIC VOTING INSTRUCTIONS THROUGH THE CREST VOTING SYSTEM

CREST members who wish to give voting instructions by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual, available at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUP") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Corporation's agent (ID 3RA50) not less than 72 hours (excluding weekends and holidays) before the commencement of the Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Corporation's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Corporation may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the *Uncertificated Securities Regulations 2001*.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at April 14, 2014, the Corporation's issued and outstanding shares with voting rights consist of 146,733,856 Common Shares. Each Common Share carries the right to one vote at a general meeting of the Corporation. Shareholders and holders of depositary interests at the close of business on April 14, 2014 (the "Record Date") are entitled to receive notice of the Meeting and to attend and vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

To the knowledge of the directors and executive officers of Caracal, as of the date hereof, no person, firm or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all of the Common Shares.

As of the date hereof, the directors and executive officers of Caracal, as a group, beneficially own, directly or indirectly, 5,013,076 Common Shares. As of the date hereof, no proposed director or his associates or affiliates, beneficially owned, controlled or directed, directly or indirectly, securities carrying more than 10% of the voting rights attached to all voting securities of Caracal or of a subsidiary of Caracal.

CURRENCY

Unless otherwise indicated, all references in this Circular to:

- "Canadian dollars" or "C\$" is to the lawful currency of Canada; and
- "pounds sterling" or "£" is to the lawful currency of the United Kingdom.

The following table sets forth, for the periods indicated, the high, low, average and period end noon (Eastern Standard Time (North America)) spot rates of exchange for one pound sterling, expressed in Canadian dollars, published by the Bank of Canada.

	Three months ended March 31	Year ended December 31		
	2014	2013	2012	2011
			(C\$)	
Highest noon rate during the period.....	1.8594	1.7639	1.6187	1.6332
Lowest noon rate during the period	1.7432	1.5263	1.5502	1.5297
Average noon spot rate for the period.....	1.8256	1.6113	1.5840	1.5861

	Three months ended March 31	Year ended December 31		
	2014	2013	2012	2011
			(C\$)	
Noon rate at the end of the period.....	1.8430	1.7627	1.6178	1.5799

On April 14, 2014 (being the latest practicable date prior to the publication of this Circular), the noon (Eastern Standard Time (North America)) buying rate for one pound sterling, expressed in Canadian dollars, as published by the Bank of Canada was C\$1.8364.

ANNUAL AND SPECIAL MEETING MATTERS

Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2013 and the auditor’s reports thereon (collectively, the “**Financial Statements**”) will be received at the Meeting. The Financial Statements were provided to each Shareholder who is entitled to (and who has not informed the Corporation in writing that they do not want a copy) receive a copy of the Notice of Meeting and the Circular.

Election of Directors

At the Meeting, Shareholders will be asked to elect seven (7) directors to the board of directors of the Corporation (the “**Board**”) until the close of the next annual meeting or until his or her successor is elected or appointed. If, prior to the Meeting, any vacancies occur in the slate of proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote “FOR” the election of any substitute nominee or nominees recommended by management of Caracal and “FOR” the remaining proposed nominees. Management of Caracal has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

Name and Residence	Office(s) held with Caracal	Director Since	Principal Occupation(s)	Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly
Carol Bell ⁽¹⁾⁽²⁾ London, UK	Non-Executive Director	December 2012	Independent businesswoman since January 2003. Ms. Bell is currently non-executive Director of Salamander Energy plc (oil and gas exploration and production company) and Petroleum GeoServices ASA (oilfield services company).	10,256
John Bentley ⁽¹⁾⁽⁴⁾⁽⁵⁾ Fife, UK	Non-Executive Director	September 2012	Company Director since September 2004. Mr. Bentley has been the Chairman of Faroe Petroleum plc since September 2007, Chairman of Scotgold Resources Ltd. since February 2009, and Deputy Chairman of Wentworth Resources Ltd. since September 2007.	9,837
Peter J. Dey ⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada	Non-Executive Director	March 2013	Chairman of Paradigm Capital Inc., an independent investment dealer, since November 2005. From 2001 to 2005, he was a Partner of Osler, Hoskin & Harcourt, a major Canadian law firm. Mr. Dey is a director of Goldcorp Inc. and Granite REIT Inc He is also a director of the Massachusetts Museum of Contemporary Art. He is a former Chairman of the Ontario Securities Commission and former Chairman of Morgan Stanley Canada.	5,903

<u>Name and Residence</u>	<u>Office(s) held with Caracal</u>	<u>Director Since</u>	<u>Principal Occupation(s)</u>	<u>Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly</u>
Gary S. Guidry Calgary, Alberta, Canada	President, Chief Executive Officer, and Executive Director	July 2011	President and Chief Executive Officer of the Corporation since July 2011. Formerly, President and Chief Executive Officer, Orion Oil & Gas Corporation (June 2009 to June 2011). Prior thereto he was President and Chief Executive Officer, Tanganyika Oil Company Ltd. (May 2005 to June 2009).	1,674,173
Robert B. Hodgins ⁽²⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada	Non-Executive Chairman	September 2011	Private investor and corporate director since 2004. Prior thereto he was Chief Financial Officer of Pengrowth Energy Trust (a public oil and gas trust) from 2002 to 2004; prior thereto from 1998 to 2002, Vice President and Treasurer of Canadian Pacific Limited (a public company managing oil and gas, railroad, mining, hotel and shipping interests); and prior thereto, Chief Financial Officer of TransCanada PipeLines Limited (a public pipeline and transportation company) from 1993 to 1998 and held various other senior positions at TransCanada commencing in 1981.	195,000
Ronald W. Royal ⁽¹⁾⁽³⁾⁽⁵⁾ Abbotsford, British Columbia, Canada	Non-Executive Director	July 2011	Corporate Director since April 2007. Prior thereto President and Production Manager of Esso Exploration and Production Chad Inc. from March 2002 to April 2007.	218,636
Brooke Wade ⁽¹⁾⁽³⁾⁽⁴⁾ Vancouver, British Columbia, Canada	Non-Executive Director	September 2011	President of Wade Capital Corporation. From 1994 to 2005, he was the Co-founder, Chairman and Chief Executive Officer of Acetex Corporation. Prior to founding Acetex Corporation, Mr. Wade was the Founding President and Chief Executive Officer of Methanex Corporation, where he served from 1987 to October 1994.	313,181

Notes:

- (1) Member of Audit Committee.
- (2) Member of Governance Committee.
- (3) Member of Health, Safety, Security and Environment Committee.
- (4) Member of Compensation Committee.
- (5) Member of Reserves Committee.

Corporate Cease Trade Orders

Except as set forth below, to the Corporation's knowledge, no proposed director is, or has been, within the ten years prior to the date of this Circular, a director, chief executive officer or chief financial officer of any corporation

(including Caracal) that: (i) was subject to a cease trade or similar order, or an order that denied the relevant corporation access to any exemption under securities legislation, in each case in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Dey was a director of Coventree Inc. (“**Coventree**”) from 2008 to 2012. In 2009, staff of the Ontario Securities Commission (“**OSC**”) commenced proceedings against Coventree with respect to alleged breaches of Ontario securities laws relating to Coventree’s continuous disclosure obligations. In September 2011, the OSC released its decision and concluded that Coventree breached sections 75(1) and 75(2) of the Securities Act (Ontario). In a decision released on November 9, 2011, the OSC ordered Coventree to pay an administrative penalty of C\$1 million and C\$250,000 of OSC costs. The OSC also ordered that trading in any securities by Coventree cease and that any Ontario securities law exemptions not apply to Coventree until its winding up is completed, provided that these orders will not prevent the winding up of Coventree or trades in securities reasonably related to that winding up. Mr. Dey was not a director of Coventree in 2007 during the period of time to which the OSC proceedings relate, and no proceedings were brought against Mr. Dey in his individual capacity with respect to these matters.

Bankruptcies

Except as set forth below, to the Corporation’s knowledge, no proposed director is, or has been within the ten years prior to the date of this Circular, a director or officer of any corporation (including Caracal) that, while acting within that capacity or, within a year of the person ceasing to act as a director or executive officer of the corporation, became bankrupt or 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.

Robert B. Hodgins, a director of the Corporation, was formerly a director of Skope Energy Inc. (a public oil and gas company) which commenced proceedings in the Court of Queen’s Bench of Alberta under the *Companies’ Creditors Arrangement Act* to implement a restructuring in November of 2012 which was completed on February 19, 2013.

Peter J. Dey, a director of the Corporation, was formerly a director of the Chicago Sun Times and ceased to be a director of the Chicago Sun Times in 2008, prior to the Chicago Sun Times filing for Chapter 11 Bankruptcy on March 31, 2009.

Carol Bell, a director of the Corporation, was formerly Chairman of Barcud Derwen Ltd., a private television facilities company based in Wales which was put into administration by the directors in 2010 and the group companies and assets were sold.

In addition, no proposed director has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such director’s assets.

Penalties or Sanctions

No proposed director or any personal holding company of a proposed director of Caracal has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director of Caracal.

Auditor

At the Meeting, Shareholders will be asked to appoint KPMG LLP, Chartered Accountants as the auditor of the Corporation until the close of the next annual meeting and to authorize the Board to fix the remuneration to be paid to the auditor of the Corporation. KPMG LLP has been the auditor of the Corporation since August 2011.

Approval of Annual Allotment Amounts

Concurrent with the admission of the Common Shares to the premium listing segment of the Official List of the Financial Conduct Authority and the admission of the Common Shares to trading on the London Stock Exchange plc (the “LSE”) in July 2013 (together, the “Admission”), certain provisions were incorporated into the articles of the Corporation (the “Articles”) that require approval from Shareholders in order to authorize the Board to allot new Common Shares or rights to subscribe for Common Shares or securities convertible into Common Shares (the “Allotment Provisions”). In accordance with the Articles and UK institutional investor guidance, the Corporation advised it would seek an annual approval from the Shareholders to grant the Board authority to issue equity securities for a specified period of time.

At the Meeting, Shareholders will be asked to approve an ordinary resolution that grants the Board the authority, until the earlier of the end of the Corporation’s 2015 annual meeting of Shareholders and June 30, 2015, to issue equity securities:

- up to an aggregate number of 48,422,172 Common Shares, equal to thirty three percent (33%) (after rounding to the nearest whole number) of the Corporation’s issued and outstanding Common Shares as at the date of this Circular; and
- up to a further 48,422,172 Common Shares, equal to thirty three percent (33%) (after rounding to the nearest whole number) of the Corporation’s issued and Common Shares as at the date of this Circular, subject to such authority only being used for a rights issue that grants full pre-emptive rights to existing Shareholders,

(collectively, the “Annual Allotment Amounts”).

As at the date of this Circular, the Corporation did not hold any treasury shares.

There are no fixed plans to allot new Common Shares other than in connection with employee incentive plans. In addition, the type of business that the Corporation is engaged in is capital intensive, and should the appropriate circumstances present themselves, the Corporation may undertake a further capital raise, which could involve a rights issue or allotting new shares in accordance with the authorities granted in the proposed resolution. The full text of the ordinary resolution regarding the approval of the Annual Allotment Amounts proposed to be considered at the Meeting is set forth below.

“Whereas the Articles of the Corporation provide that shareholders of the Corporation may authorise the Board of Director’s to issue new equity securities (including common shares of the Corporation (“Common Shares”)) up to aggregate numbers specified by ordinary resolution of the shareholders of the Corporation;

Be it hereby resolved as an ordinary resolution of the shareholders of the Corporation that:

1. *that the authority conferred on the Board of Directors by paragraph 4.2 of the Articles of the Corporation be granted and that for this purpose:*
 - a. *the Authorised Allotment Amount (as defined in the Articles) be 48,422,172 Common Shares,*

- b. *the Rights Issue Allotment Amount (as defined in the Articles) be 48,422,172 Common Shares, and*
 - c. *the Allotment Period (as defined in the Articles) be the period ending at the end of the annual shareholder meeting in 2015 or on June 30, 2015 whichever is the earlier; and*
2. *any director or officer of the Corporation is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in his or her sole discretion, determine to be necessary in order to give full effect to the intent and purpose of the foregoing.”*

To pass, the ordinary resolution regarding the approval of the Annual Allotment Amounts must be approved by a majority of the votes cast at the Meeting, whether by proxy or in person, in respect of the ordinary resolution.

Approval of General Dis-application of Pre-emption Rights

Concurrent with the Admission, certain provisions were incorporated into the Articles that grant pre-emptive rights to existing Shareholders (the “**Pre-emption Rights Provisions**”).

The Pre-emption Rights Provisions provide that, subject to certain exceptions, upon the issue of equity securities wholly for cash, the Corporation must first offer those equity securities to existing Shareholders in proportion to their existing holdings. If the Board wishes to exercise the authority under the resolutions approving the Authorised Allotment Amount and Rights Issue Allotment Amount and allot equity securities for cash, the Articles require that they can only do so without first offering them to existing Shareholders if Shareholders have given specific authority for the waiver of the Pre-emption Rights Provisions. In certain circumstances, it may be in the best interests of the Corporation to allot new equity securities wholly for cash without first offering them to existing Shareholders. Accordingly, the Corporation is seeking Shareholder approval of a limited dis-application of the Pre-emption Rights Provisions.

In accordance with the Articles and UK institutional investor guidance, the Corporation advised it would seek an annual approval from the Shareholders by way of special resolution (as required by the Articles) in regards to the limits on the general dis-application of the Pre-emption Rights Provisions. At the Meeting, Shareholders will be asked to approve a special resolution that the Pre-emption Rights Provisions will not apply to issuances of up to a maximum of 7,336,693 Common Shares (representing approximately 5% of the Corporation’s issued and outstanding Common Shares as at the date of this Circular), wholly for cash until the Corporation’s 2015 annual meeting of Shareholders. The authority would be in accordance with UK institutional investor guidelines recommending that the dis-application of the Pre-emption Rights Provisions should not apply in respect of issuances of a number of equity securities greater than 5% of the Corporation’s issued and outstanding Common Shares (at the date of the Circular) wholly for cash in any one year. UK institutional investor guidelines also recommend that the dis-application of the Pre-emption Rights Provisions should not apply in respect of issuances of a number of equity securities greater than a cumulative 7.5% of the Corporation’s issued and outstanding Common Share wholly for cash in any three year rolling period. The Corporation will satisfy this latter recommendation by virtue of the fact that this is the second year in which the Corporation has had Pre-emption Rights Provisions and the total number of Common Shares issued under the dis-application of the Pre-emption Rights Provisions to date is 5,782,880, which represents approximately 3.9% of the Corporation’s issued and outstanding Common Shares as at March 31, 2014.

The full text of the special resolution regarding the approval of the general dis-application of Pre-emption Rights Provisions proposed to be considered at the Meeting is set forth below.

“Whereas:

- A. *the Articles of the Corporation require that, subject to certain exceptions, upon the issue of equity securities wholly for cash, the Corporation must first offer those equity securities to existing shareholders in proportion to their existing holdings (the “Pre-emptive Rights”); and*

- B. *in accordance with the Articles of the Corporation, the shareholders may authorize a number of equity securities that the Board of Directors are empowered to issue during the Allotment Period in reliance on the limited dis-application of the Pre-emptive Rights;*

Be it hereby resolved as a special resolution of the shareholders of the Corporation that:

1. *subject to the passing of the resolutions approving the Authorised Allotment Amount, the Rights Issue Allotment Amount and the Allotment Period (all as defined in the Articles) and authorizing the Board of Directors to issue new common shares (the "Common Shares") of the Corporation or rights to subscribe for Common Shares or securities convertible into Common Shares (collectively, the "Allotment Resolutions"), the power conferred on the Board of Directors by paragraph 4.3 of the Articles be granted for the Allotment Period referred to in the Allotment Resolutions and, for such Allotment Period, the Non-Pre-Emptive Amount (as defined in the Articles) shall be 7,336,693 Common Shares; and*
2. *any director or officer of the Corporation is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in his or her sole discretion, determine to be necessary in order to give full effect to the intent and purpose of the foregoing."*

To pass, in accordance with the Articles, the special resolution regarding the approval of the general dis-application of Pre-emption Rights Provisions must be approved by 75% of the votes cast at the Meeting, whether by proxy or in person, in respect of the special resolution.

Approval of and Amendment to LTIP

The long-term incentive plan of the Corporation (the "LTIP") was initially adopted by the Board on January 9, 2013, effective January 1, 2013. In order to comply with the rules and policies of the Toronto Stock Exchange (the "TSX"), the Board approved the Proposed Amendments (as defined below) to the LTIP on April 13, 2014. Reference is made to the full description of the LTIP contained herein under the heading "Executive Compensation – Compensation Discussion and Analysis – LTIP" and to the copy of the LTIP, with the Proposed Amendments, attached hereto as Schedule "B".

At the Meeting, Shareholders will be requested to approve the LTIP with amendments: (a) to clarify the number of Common Shares available for grants under the LTIP; (b) to add an insider participation limit; (c) to clarify the method for determining the price per Common Share on the settlement date of an Award (as defined herein); (d) to clarify the amendment provisions of the LTIP; (e) to provide for a maximum Award term of ten years; and (f) to provide that any election by an Award holder to receive the value of an Award in cash is subject to the approval of the Compensation Committee of the Corporation (collectively, the "Proposed Amendments").

The Proposed Amendments

Common Shares Available for Grants

The provisions in the LTIP dealing with the number of Common Shares available for grants under the LTIP have been amended to clarify that Awards may not be made if the aggregate number of Common Shares issued or reserved for issuance under the LTIP or any other security based compensation arrangement of the Corporation (whether or not executive), within the preceding 10-year period, would exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis).

Any Common Shares issued or reserved for issuance pursuant to any Option (as defined herein) or Award granted by the Corporation prior to Admission will be excluded from the above limit. See also "Executive Compensation – Compensation Discussion and Analysis – Dilution Limits" below.

Insider Participation Limit

The provisions in the LTIP dealing with the limitations on participation in the LTIP for certain individuals have been amended such that the total number of Common Shares reserved for issuance pursuant to Awards granted to insiders under the LTIP, when combined with the number of Common Shares issuable pursuant to any other security based compensation arrangement of the Corporation, must not exceed 10% of the outstanding issue of such Common Shares; and the maximum number of Common Shares issued to any one insider within a one year period must not exceed 10% of the outstanding issue of such Common Shares.

Award Price

The provisions in the LTIP dealing with the price per Common Share on the settlement date of an Award have been amended to clarify that such price shall not be less than: (a) if at the relevant time the Common Shares are listed on the TSX, the weighted average market price per Common Share on the TSX during the five trading days immediately preceding the date of grant; (b) if at the relevant time the Common Shares are not listed on the TSX but are listed in the Daily Official List of the LSE, the middle market quotation (as derived from that List) on the trading day preceding the date of grant; or (c) where the Common Shares are not so listed, the market value of the Common Shares on the date of grant as determined by the Compensation Committee, acting in good faith.

Amendment Provisions of the LTIP

In compliance with the rules and policies of the TSX, the provisions of the LTIP dealing with the procedure for amending the LTIP have been amended to clarify that: (a) at any time that the Common Shares are listed on the TSX, any amendment to the LTIP is subject to TSX approval; and (b) any amendment to extend the term of an Award benefitting an insider is subject to Shareholder approval.

Maximum Award Term

The provisions of the LTIP dealing with the terms of the Awards have been amended to provide for a maximum Award term of ten years. The Compensation Committee of the Board retains discretion to determine the term of an Award when granted, now subject to a maximum ten year term for any such Award.

Cash Settling

The provisions of the LTIP dealing with the settlement of an Award by cash payment rather than Common Shares have been amended to clarify that any election by an Award holder to receive the value of an Award in cash is subject to the approval of the Compensation Committee. Notwithstanding any such election by an Award holder, the Compensation Committee may determine to settle the Award with Common Shares rather than the cash payment elected for.

The full text of the ordinary resolution regarding the approval of the LTIP with the Proposed Amendments proposed to be considered at the Meeting is attached hereto as Schedule "A".

To pass, the ordinary resolution regarding the approval of the LTIP with the Proposed Amendments must be approved by a majority of the votes cast at the Meeting, whether by proxy or in person, in respect of the ordinary resolution.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis ("CD&A")

The following CD&A describes the significant elements of the Corporation's executive compensation program, with particular emphasis on the process for determining compensation payable to the Named Executive Officers (or NEOs).

Based on compensation levels paid or issued as at the end of 2013, the NEOs for the purposes of this CD&A are as follows:

- Gary S. Guidry, President and Chief Executive Officer
- Trevor Peters, Chief Financial Officer
- J. Dean Tucker, Chief Operating Officer
- Hervé Manouan, Vice President and Country Manager, Chad
- Lawrence West, Vice President, Exploration

CD&A Overview

The Corporation's executive compensation program is administered by the Compensation Committee. As part of its mandate, the Compensation Committee reviews and recommends to the Board the remuneration of the NEOs. The Compensation Committee is also responsible for reviewing the Corporation's compensation policies, compensation matrix and guidelines generally. For a description of the Compensation Committee and its current members, see "Corporate Governance."

The Compensation Committee has considered the risks associated with the Corporation's executive compensation program and believes that the balance of short and long term variable compensation is appropriate to discourage NEOs and other executive officers from taking risks that may be detrimental to the ongoing business of the Corporation. On a quarterly basis, the Board monitors expenditures and performance metrics against approved annual programs and budgets to further deter risk taking behaviour.

The Corporation does not have a policy preventing an NEO, other executive officer or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO, executive officer or director.

Competitive Positioning

The Compensation Committee reviews the compensation for the NEOs, other executive officers and directors against a group of competitor companies. To ensure that compensation is competitive, on October 15, 2012, the Compensation Committee engaged an external compensation consultant, Hugessen Consulting Inc. ("**Hugessen**"), to review and assess the comparability of the executive program to those of oil and gas companies of a similar size and complexity.

2013 Executive Compensation Comparator Group

The following table lists the peer comparator group for 2013 compensation benchmarking purposes:

Afren	Amerisur Resources	Premier Oil
Enquest	Gulf Keystone PTL	Salamander Energy
Fortune Oil	PetroCeltic	Tullow Oil
Heritage Oil	Cairn Energy	Coastal Energy
Ophir Energy	Exillon Energy	Indus Gas
Ruspetro	Hardy Oil & Gas	Rockhopper Exploration
SOCO International	JKX Oil & Gas	

Fees Paid to External Compensation Consultant

The total fees paid to Hugessen for the two most recently completed financial years are as outlined below:

Year	Executive Compensation Related Fees	All Other Fees
2013	C\$4,612	-
2012	C\$113,630	-

Compensation Philosophy and Objectives of the Compensation Program

The Compensation Committee seeks to encourage growth in reserves, production, cash flow and earnings while focusing on achieving attractive returns on capital in order to enhance Shareholder value. To achieve these objectives, the Corporation believes it is critical to create and maintain a compensation program that attracts and retains committed, highly qualified personnel and that aligns the interests of the executive officers with the interests of the Shareholders by providing appropriate rewards and incentives.

The Corporation's executive compensation program is designed to attract, recruit and retain individuals of high caliber to serve as executive officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Corporation's shareholders and enhancement in share value.

Components of Compensation

The Corporation compensates its NEOs through the following: (i) base salary; (ii) short-term incentive compensation comprised of discretionary cash bonuses based on performance; and (iii) long-term incentive compensation (historically comprised of grants of options to purchase Common Shares ("**Options**") and, effective as of January 1, 2013, comprised of grants of restricted share units ("**RSUs**"), performance share units ("**PSUs**") and/or deferred share units ("**DSUs**"), and collectively with the RSUs and PSUs, the "**Awards**"), at levels which the Compensation Committee believes are reasonable in light of the performance of the Corporation. In addition, the seed Options issued to the executive team appointed on July 1, 2011 and August 1, 2011, and the purchase of Common Shares related thereto, enabled such persons to make a meaningful equity investment in the Corporation so as to better align their interests with the interests of the Shareholders. The Corporation has established a compensation matrix which sets forth the range of compensation applicable to each level of employee of the Corporation.

For 2013 and forward, the Compensation Committee and the Corporation, along with Hugessen, reviewed and developed a comprehensive compensation plan designed to take into account compensation "best practices" in the United Kingdom (pursuant to which the use of options is not considered to be in the best interest of Corporation stakeholders), and still be able to retain and recruit high caliber employees. The new plan has addressed salaries, short-term incentive compensation, along with long-term incentive compensation.

Base Salary

Base salaries are intended to compensate each NEO's core competencies, skills, experience, level of responsibility of the individual and contribution to the Corporation and are paid in order to retain committed, highly qualified personnel. The Compensation Committee believes that base salaries should be competitive but total compensation should be weighted toward variable, long term performance-based components.

Base salary is set annually taking into account individual performance, market data in the UK and Canada, inflation, local employment conditions and levels of increases applicable to other employees of Caracal and its subsidiaries. Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Corporation.

Cash Bonus

Discretionary bonuses are intended to motivate and reward the accomplishment of specific business and operating objectives within a defined period. Given the early stage of development of the Corporation, a small prorated bonus was awarded in 2013 for 2012 performance. Bonuses are paid at the discretion of the Board on the recommendation

of the Compensation Committee, based upon the achievement of certain corporate objectives. Bonuses recommended by the Compensation Committee are intended to be generally competitive with the market. The Compensation Committee considers the Corporation's performance during the year with respect to the qualitative goals in the context of market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments and other extenuating circumstance in making bonus recommendations. One-half of the amount of any bonus is paid in cash and the remaining one-half is paid in RSU's which vest one-third on the first, second and third anniversary of the award, dependent on continued employment.

The Compensation Committee met with management of the Corporation in the first quarter of 2013 to review the proposed 2013 base bonus award target (determined by reference to a target percentage of base salary) and on January 9, 2013 the Board approved the 2013 base bonus award target, on recommendation from the Compensation Committee. A scorecard approach to measure performance against set criteria determined yearly by the Compensation Committee, with the participation of the Chief Executive Officer, will be used to determine bonus awards. Performance criteria currently include operational, financial, market and strategic measures.

Bonuses are based on stretching financial, operational and personal performance measures as set and assessed by the Compensation Committee at its discretion. The Corporate measures will typically include operational, financial, market and strategic targets; however, the Committee will choose the appropriate measures each year to align with the Corporation's strategic focus. Proposed cash bonuses for NEOs, excluding the Chief Executive Officer, will be recommended by the Chief Executive Officer, reviewed by the Compensation Committee, and, if deemed appropriate, recommended to the Board for approval. Any bonus to be paid to the Chief Executive Officer will be determined by the Board based on recommendations received from the Compensation Committee.

Option Awards, RSUs, PSUs and DSUs

The Compensation Committee believes that the grant of RSUs, PSUs and/or DSUs (as applicable) to directors and executive officers (including NEOs) pursuant to the LTIP serves to motivate achievement of the Corporation's long-term strategic objectives while aligning the interests of management with Shareholders of the Corporation.

Initially, the Corporation planned to use Options as its main long term incentive plan, however the Corporation decided on January 9, 2013 to use a combination of RSUs, PSUs and DSUs for directors and executive officers and Options for non-executive employees in order to deliver long term incentives to its directors, executive officers and employees, as applicable, and to better align with the compensation regimes of peer group companies listed on the LSE.

The Compensation Committee assesses individual and corporate performance, as measured by the price of the Common Shares, and the anticipated future hiring requirements of the Corporation when reviewing the proposed number of Awards and Options (as applicable) to be granted. Also, the Compensation Committee considers the overall number of Awards and Options outstanding relative to the number of outstanding Common Shares and the overall number of Awards and/or Options held by each individual grantee relative to the number of Awards and Options available for grant under the 2013 Incentive Plan and the Option Plan (as defined below), respectively, in determining whether to make (and the size of) new grants of Awards and Options (as applicable). The Corporation also utilises the grant of Options and Awards in recruiting new employees.

Option Plan

The option plan of the Corporation (the "**Option Plan**") was initially adopted by the Board on June 30, 2011 and approved by Shareholders of the Corporation on September 2, 2011. Effective January 1, 2013, except in exceptional circumstances, no further Options will be granted to executive officers or directors under the Option Plan but non-executive employees will continue to be eligible to receive Options in the future. All outstanding Options granted to executive officers or directors as at January 1, 2013 will continue to be administered in accordance with the Option Plan.

The Option Plan is intended to provide an incentive, in the form of a proprietary interest in the Corporation, to the officers, directors and employees of, and any person or company engaged to provide ongoing consulting services to, the Corporation or its subsidiaries (the "**Eligible Optionees**") who are in a position to contribute materially to the successful operation of the business of the Corporation, to increase their interest in the Corporation and to provide a

means through which the Corporation can attract and retain persons of experience and ability. Options are awarded by the Board following the recommendation of the Compensation Committee and the Chief Executive Officer regarding the level of responsibility and contribution of the recipients toward the Corporation's goals and objectives in line with the Corporation's compensation matrix.

Under the Option Plan:

- Options may be granted in such numbers as the Board may determine, and, unless otherwise determined by the Board, Options will vest in 1/3 increments over a three year period, starting on the first anniversary of the date of grant;
- the exercise price of Options shall not be less than the "Market Price" of the Common Shares at the date of granting such Option. For purposes of the Option Plan, "Market Price" means the most recent closing price of the Common Shares on the last trading day of the stock exchange on which the Common Shares are listed, prior to the date on which the Option is granted;
- the term and expiry date of the Options granted shall be determined in the discretion of the Board at the time of granting of the Options, subject to the maximum term allowable for Options being five years, unless such term is extended during a black-out period as permitted under the Option Plan;
- the aggregate number of Common Shares that may be reserved for issuance under the Option Plan must not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);¹
- the number of Common Shares, when combined with any other security based compensation arrangements, issuable (or reserved for issuance) to "insiders" (as such term is defined in the Option Plan) of the Corporation and their associates and affiliates may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- there may not be issued to "insiders", within a one-year period, a number of Common Shares, that, when combined with any other security based compensation arrangement, will exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- the issuance of Common Shares to any one Eligible Optionee of the Company, when combined with any other security based compensation arrangements, within a one year period may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis);
- in the event of the resignation or retirement of an Eligible Optionee, or the termination of the employment of an Eligible Optionee, without cause, prior to the expiry time of an Option, such Option, if vested, shall cease and terminate on the 60th day following the effective date of such resignation, retirement or termination or the expiry time of such option, whichever occurs first and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised;
- in the event of the termination of the employment of an Eligible Optionee with cause, all of the rights under any Option, whether vested or not, shall expire immediately upon the provision to such Eligible Optionee of notice of such termination;
- in the event of the death or permanent disability of an Eligible Optionee, prior to the expiry time of an Option, such Option, if vested, shall be exercisable for one year following the death or permanent disability of the Eligible Optionee or the expiry time of such Option, whichever occurs first and thereafter

¹ Any Common Shares issued or reserved for issuance pursuant to any Option granted by the Corporation prior to Admission will be excluded from this limit. See also "Executive Compensation – Compensation Discussion and Analysis – Dilution Limits" below.

shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised;

- in the event of a “Change of Control” (as such term is defined under the Option Plan), all unexercised and unvested Options shall vest and become immediately exercisable;
- Options are non-transferrable;
- in the event that an Option expires during any period during which the holder of the Option is not permitted to trade Common Shares pursuant to the policies of the Company or within five business days after such a period ends, then the expiry date of the Options shall be extended to the date that is the 10th business day after the date on which such period ends; and
- the Board has the ability to suspend or terminate the Option Plan. The Board may amend the Option Plan or any Option at any time and from time to time without the approval of shareholders, provided that no such amendment may: (i) increase the maximum percentage of the issued and outstanding Common Shares issuable pursuant to the Option Plan; (ii) reduce the exercise price of an outstanding Option; (iii) amend the expiry date to extend the term of any Option or allow such Option to be exercisable for a period exceeding 5 years from the date the Option is granted (unless the extension is pursuant to any black-out period that may be in effect); or (iv) permit Options to be transferable and assignable other than in the event of death or permanent disability of an Eligible Optionee. Notwithstanding the foregoing no amendment may be made that would alter or impair any Options previously granted to an Eligible Optionee without the consent of the Eligible Optionee.

LTIP

The LTIP was initially adopted by the Board on January 9, 2013, effective January 1, 2013, and the LTIP, with the Proposed Amendments, was approved by the Board on April 13, 2014. Shareholders will be asked to approve the LTIP, with the Proposed Amendments, at the Meeting. For a description of the Proposed Amendments, see “Annual and Special Meeting Matters – Approval of an Amendment to LTIP” above. A copy of the LTIP, with the Proposed Amendments, is attached hereto as Schedule “B”.

The purpose of the LTIP is to develop the interests of the officers, directors and employees of, and certain persons engaged to provide ongoing consulting services to, the Corporation and its subsidiaries (the “**Eligible Grantees**”) in the growth and development of the Corporation, to sustain their commitment to long-term profitability and to maximize shareholder value. With this strategy in mind, a combination of RSUs, PSUs and/or DSUs may be granted from time to time to Eligible Grantees pursuant to the LTIP in order to sustain a commitment to long-term profitability and maximize shareholder value. All RSUs, PSUs and DSUs are granted by resolution of the Board, and upon execution by the Compensation Committee of an award agreement setting out the details and terms of the Award, without any monetary consideration being payable to the Corporation.

Under the LTIP:

- the vesting periods and expiry dates on the Awards will vary depending on a number of factors, including whether the Eligible Grantee is a director, executive officer or employee and the determinations made by the Compensation Committee based on the circumstances at the time of the grant;
- the price per Common Share on the settlement date of an Award shall not be less than the “Market Value” of the Common Shares at the date of granting such Award. For the purposes of the LTIP, the “Market Value” is: (i) if the Common Shares are listed on the TSX, the weighted average market price per Common Share on the TSX during the five trading days immediately preceding the date of grant; (ii) if the Common Shares are not listed on the TSX but are listed on the LSE, the middle market quotation (as derived from the daily official list of the LSE) on the business day preceding the date of grant; or (iii) if the Common Shares are not listed on the LSE, the market value of a Common Share on the date of grant as determined by the Compensation Committee, acting in good faith.

- the term and expiry date of the Awards granted shall be determined in the discretion of the Compensation Committee at the time of granting of the Awards, subject to a maximum ten year Award term;
- Awards may be granted in such numbers as the Board may determine, except that Awards may not be made: (i) if the aggregate number of Common Shares issued or reserved for issuance under the LTIP or any other security based compensation arrangements (whether or not executive), within the preceding ten year period, would exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis); (ii) if the aggregate number of Common Shares issued or reserved for issuance to any Eligible Grantee under the LTIP or any other executive security based compensation arrangements, within the preceding ten year period, would exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis); or (iii) if, in respect of any Eligible Grantee, the market value of the Common Shares subject to that the proposed Award(s) to the Eligible Grantee, when aggregated with the market value of the Common Shares subject to all incentive awards granted to such Eligible Grantee pursuant to the LTIP or any other executive security based compensation arrangements in the same financial year would exceed 475% of such Eligible Grantee's annual remuneration;²
- the number of Common Shares, when combined with any other security based compensation arrangements, issuable (or reserved for issuance) to "insiders" (as such term is defined in the LTIP) of the Corporation may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- there may not be issued to "insiders", within a one-year period, a number of Common Shares, that, when combined with any other security based compensation arrangement, will exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- in the event of the resignation or retirement of an Eligible Grantee, or the termination of the employment of an Eligible Grantee, without cause, a proportion of his or her unvested Awards shall vest immediately, as determined by the Board in its absolute discretion within 60 days of the date of cessation of employment (which determination date shall be the settlement date of the Award); Awards are not pensionable;
- in the event of the termination of the employment of an Eligible Grantee with cause, any Award granted to him or her shall lapse on cessation;
- in the event of the death or long-term disability of an Eligible Grantee, all his or her unvested Awards shall lapse immediately and the date of death or cessation of employment due to long-term disability, respectively, shall be the settlement date for the vested Awards;
- Awards are non-transferrable;
- in the event of a "Change of Control" (as such term is defined under the LTIP), a proportion of the unvested Awards shall vest, as determined by the Board in its absolute discretion within 60 days of the Change of Control (which determination date shall be the settlement date of the Award);
- in the event that the settlement date of an Award occurs during any period while restrictions on dealings apply (as imposed by statute, order or regulation or government directive, or by the Model Code (as such term is defined under the LTIP) or any code adopted by the Corporation based on the Model Code) ("**Dealing Restrictions**"), then the settlement date of the Awards shall be postponed until the next date on which Dealing Restrictions do not apply;
- an Award holder can elect to receive the value of the Award in cash, subject to the approval of the Compensation Committee; and

² Any Common Shares issued or reserved for issuance pursuant to any Award granted by the Corporation prior to Admission will be excluded from the 5% and 10% in ten year dilution calculations above. See also "Executive Compensation – Compensation Discussion and Analysis – Dilution Limits" below.

- the Board may, without the approval of the Shareholders, make minor amendments to the LTIP (i) that benefit the administration of the LTIP, or (ii) that are necessary or desirable to take account of a change of legislation or to obtain or maintain favorable tax, exchange control or regulatory treatment for participants in the LTIP or for the Corporation or its subsidiaries. The LTIP cannot be altered to the advantage of participants without the prior approval of Shareholders in a general meeting in respect of the provisions of the LTIP relating to: the persons to whom an Award may be made; the limits on the aggregate number of Common Shares over which Awards may be made; the limits on the number of Common Shares over which Awards may be made to any one individual participant; the term of an Award benefitting an insider the price at which Common Shares may be acquired under an Award; the basis for determining a participant's entitlement to an Award and/or to acquire Common Shares following the vesting of an Award; the adjustment of Awards on a Reorganization (as such term is defined under the LTIP); and the amendment provisions of the LTIP. At any time the Common Shares are listed on the TSX, any amendment to the LTIP is subject to TSX approval.

Any Common Shares issuable under a PSU grant will be based on performance of the Corporation compared to a group of similar companies, the performance of the Corporation vis-à-vis targets set for value growth, and a portion will be issuable based on continuous employment with the Corporation, where any such performance targets or other conditions are set by the Compensation Committee and approved by the Board. If an event occurs which causes the Compensation Committee to consider that any performance targets or other condition is no longer appropriate, the Compensation Committee may substitute, vary or waive any performance target or condition in such manner as (i) is reasonable in the circumstances; and (ii) except in the case of waiver produces a fairer measure of performance and is not materially less difficult to satisfy. To the extent that the performance measures are attained by the Corporation, PSUs are converted into the appropriate number of Common Shares which are issued from treasury or purchased in the open market, without any further consideration payable to the Corporation in respect thereof. DSUs and RSUs will not be subject to any performance conditions but Common Shares will be issuable under DSUs and RSUs based on vesting conditions which will primarily include the passage of time.

Dilution Limits

The Corporation operates its employee share plan arrangements in line with UK corporate governance best practice and any relevant Canadian requirements.

As noted above, Common Shares issued and reserved for issuance under all security based compensation arrangements (whether or not executive), within the preceding ten year period, may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis). Further, Common Shares issued and reserved for issuance under all executive share based compensation arrangements, within the preceding ten year period, may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis).

For the avoidance of doubt, any Option or Award that has been granted by the Corporation prior to Admission will be excluded from the above limits. This additional flexibility will ensure the Board has the ability to recruit and retain key talent, particularly in Canada where remuneration market practice is for relatively low base salary, in comparison to the UK, coupled with a greater emphasis on variable pay through the grant of market-priced share options.

As such 10,512,782 Common Shares issued under the Corporation's pre-Admission share based arrangements will be excluded from (a) the 5% and 10% in ten year dilution calculations pursuant to the LTIP as set out above, and (b) the 10% dilution calculation pursuant to the Option Plan as set out above. At the time of Admission, this represented approximately 12% of the ordinary share capital. For the total amount of Common Shares issued and reserved for issuance under all security based compensation arrangements of the Corporation (including pre- and post-Admission), see "Securities Authorized for Issuance under Equity Compensation Plans" below.

The Board will closely monitor the annual flow of share based awards such that the Corporation remains within the above limits.

Summary Compensation Table

The following table sets forth information concerning the compensation of each Named Executive Officer for the three most recently completed financial years.

Name of Senior Manager and principal position	Year	Salary ⁽¹⁾	Share-based awards ⁽²⁾	Option-based awards	Non-Equity incentive plan compensation ⁽¹⁶⁾	Pension value	All other compensation ⁽¹⁴⁾⁽¹⁵⁾	Total compensation
		(C\$)	(C\$)	(C\$)	(C\$)	(C\$)	(C\$)	(C\$)
Gary S. Guidry ⁽³⁾ President and CEO.....	2013	450,000	1,575,000	-	239,000	-	-	2,264,000
	2012	275,000	-	1,013,000 ⁽⁵⁾ 491,000 ⁽⁶⁾	-	-	68,000	1,847,800
	2011	137,500	-	3,680,000 ⁽⁷⁾	-	-	-	3,817,500
Trevor Peters Chief Financial Officer.....	2013	325,000	812,500	-	146,000	-	-	1,283,500
	2012	250,000	-	507,600 ⁽⁸⁾ 245,000 ⁽⁹⁾	-	-	40,600	1,042,600
	2011	125,000	-	1,840,000 ⁽⁷⁾	-	-	-	1,965,000
J. Dean Tucker Chief Operating Officer.....	2013	325,000	812,500	-	146,000	-	-	1,283,500
	2012	250,000	-	507,600 ⁽⁸⁾ 245,000 ⁽⁹⁾	-	-	40,600	1,042,600
	2011	125,000	-	1,840,000 ⁽⁷⁾	-	-	-	1,965,000
Hervé Manouan ⁽⁴⁾ Vice President and Country Manager, Chad.....	2013	314,755	600,000	-	45,000	-	75,000	1,034,755
	2012	99,400 ⁽¹¹⁾	-	165,000 ⁽¹⁰⁾ 354,000 ⁽¹¹⁾	-	-	-	618,400
	2011	-	-	-	-	-	-	-
Lawrence West Vice President, Exploration.....	2013	265,000	530,000	-	93,000	-	-	888,000
	2012	225,000	-	422,000 ⁽¹²⁾ 205,000 ⁽¹³⁾	-	-	-	877,300
	2011	112,500	-	575,000 ⁽⁷⁾	-	-	-	687,500

Notes:

- (1) Represents all cash and non-cash base salary earned.
- (2) Does not represent cash paid or expected to be paid to the executives during 2013. Amounts are based on the grant date fair value of Performance Share Units granted to the executives on January 1, 2013 calculated as the 20 day volume-weighted average price prior to the date of grant. See "Incentive Plan Awards" below.
- (3) Mr. Guidry does not receive any additional compensation in his capacity as a Director of the Corporation.
- (4) Mr. Manouan became Vice President, Country Manager, Chad, effective November 20, 2012.
- (5) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Options granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Mr. Guidry was granted 300,000 Options on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.38 per share, risk free interest rate of 1.48%; expected life in years of 5; expected volatility of 67.0% and dividend per share of C\$nil.
- (6) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Performance Warrants granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Mr. Guidry was granted 150,000 Performance Warrants on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.27 per share, risk free interest rate of 1.61%; expected life in years of 5; expected volatility of 64.1% and dividend per share of C\$nil. See "Incentive Plan Awards" below.

- (7) Does not represent cash paid or expected to be paid to the executive during 2011. Amount is based on the grant date fair value of immediately exercisable Seed Options granted to the NEO on July 1, 2011 calculated using the Black-Scholes Model. The Seed Options granted to each NEO on July 1, 2011 were as follows: 800,000 Seed Options were granted to Mr. Guidry, 400,000 Seed Options were granted to each of Messrs. Peters and Tucker, and 125,000 Seed Options were granted to each of Messrs. Taylor, West and Evans. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$4.60 per share, risk free interest rate of 2.3%; expected life in years of nil; expected volatility of 62.5% and dividend per share of C\$nil. These Seed Options vested immediately upon grant and were immediately exercised on July 1, 2011 at a price of C\$0.40 per share.
- (8) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Options granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Each of Messrs. Tucker and Peters were granted 150,000 Options on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.38 per share, risk free interest rate of 1.48%; expected life in years of 5; expected volatility of 67.0% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (9) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Performance Warrants granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Each of Messrs. Tucker and Peters were granted 75,000 Performance Warrants on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.27 per share, risk free interest rate of 1.61%; expected life in years of 5; expected volatility of 64.1% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (10) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Options granted to the executive on May 16, 2012 calculated using the Black-Scholes Model. Mr. Manouan was granted 50,000 Options on May 16, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.29 per share, risk free interest rate of 1.45%; expected life in years of 5; expected volatility of 64.9% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (11) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Options granted to the executive on November 20, 2012 calculated using the Black-Scholes Model. Mr. Manouan was granted 100,000 Options on November 20, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.54 per share, risk free interest rate of 1.35%; expected life in years of 5; expected volatility of 71.6% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (12) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Options granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Mr. West was granted 125,000 Options on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.38 per share, risk free interest rate of 1.48%; expected life in years of 5; expected volatility of 67.0% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (13) Does not represent cash paid or expected to be paid to the executive during 2012. Amount is based on the grant date fair value of Performance Warrants granted to the executive on March 12, 2012 calculated using the Black-Scholes Model. Mr. West was granted 62,500 Performance Warrants on March 12, 2012. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of C\$3.27 per share, risk free interest rate of 1.61%; expected life in years of 5; expected volatility of 64.1% and dividend per share of C\$nil. See “Incentive Plan Awards” below.
- (14) 2012 amounts in this column represent all cash bonuses earned during 2011 and paid in 2012.
- (15) The value of perquisites received by each of the NEOs was not in the aggregate greater than C\$50,000 or 10% of the total salary of each NEO for 2013, except for the amount paid to Hervé Manouan as a mobility allowance.
- (16) Represents all cash bonuses earned during 2012 and paid in 2013.

Outstanding Option-Based and Share-Based Awards

The following table sets forth, for each Named Executive Officer, all option-based and share-based awards that were outstanding at December 31, 2013.

Name and Title	Option-Based Awards				Share Based Awards		
	Number of securities underlying unexercised options	Option exercise price (£)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (£)	Number of share units that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (£)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
Gary S. Guidry President and CEO	300,000 150,000	3.84 3.84	12-Mar-2017 12-Mar-2017	173,852 86,926	245,710	1,086,038	–
Trevor Peters Chief Financial Officer	150,000 75,000	3.84 3.84	12-Mar-2017 12-Mar-2017	86,926 43,463	126,755	560,257	–
J. Dean Tucker Chief Operating Officer	150,000 75,000	3.84 3.84	12-Mar-2017 12-Mar-2017	86,926 43,463	126,755	560,257	–
Hervé Manouan Vice President and Country Manager, Chad	50,000 100,000	3.84 3.84	16-May-2017 20-Nov-2017	28,975 57,951	93,604	413,730	–
Lawrence West Vice President, Exploration	125,000 62,500	3.84 3.84	12-Mar-2017 12-Mar-2017	72,439 36,219	82,683	365,459	–

Notes:

- (1) The value of the option-based awards is calculated based on the difference between the closing price of the Common Shares on the LSE on December 31, 2013 (£4.42) and the exercise price of the Options.
- (2) The value of the share-based awards is calculated based on the closing price of the Common Shares on the LSE on December 31, 2013 (£4.42).

Options and Incentive Plan Awards – Value Vested or Earned During 2013

The following table sets forth, for each Named Executive Officer, the value vested or earned on all option-based awards, share-based awards and non-equity incentive plan compensation during the fiscal year-ended December 31, 2013.

Name and Title	Option-based awards – Value vested during the year ⁽¹⁾ (£)	Share-based awards – Value vested during the year (£)	Non-equity incentive plan compensation – Value earned during the year (C\$)
Gary S. Guidry President and CEO	–	–	239,000
Trevor Peters Chief Financial Officer	–	–	146,000
J. Dean Tucker Chief Operating Officer	–	–	146,000
Hervé Manouan Vice President and Country Manager, Chad	–	–	45,000
Lawrence West, Vice President, Exploration	–	–	93,000

Note:

- (1) The value of the option-based awards is calculated based on the difference between the closing price of the Common Shares on the LSE on the vesting date or if the vesting date was prior to July 9, 2013 (the first day for trading of the Common shares on the LSE), the closing price on July 9, 2013 (being £3.68) and the exercise price of the Options.

Termination and Change of Control Benefits

Each of the NEOs is a party to an executive employment agreement with the Corporation pursuant to which the Corporation will make a payment to each NEO equal to the sum of: (i) 12 months base salary of the NEO for each of Mr. Manouan and Mr. West and 24 months base salary of the NEO for each of Messrs. Guidry, Peters and Tucker, and all outstanding and accrued regular and special vacation pay; and (ii) for a period of six months following the date of termination, all benefits the NEO was entitled to immediately prior to the date of termination (collectively, the “**Termination Payment**”) in the event of a “change of control” or in the event of “constructive dismissal” of the NEO.

Payment with respect to “change of control” is triggered upon occurrence of any of the following: (i) if any person, any associate or affiliate of such person or any persons acting jointly or collectively as a group, becomes the beneficial owner, directly or indirectly, of securities of the Corporation that result in such person being in a position to exercise effective control of the Corporation, provided that any person or group of persons carrying more than 50% of the votes entitled to vote generally on the election of directors shall be deemed to be in a position to exercise effective control of the Corporation; or (ii) where less than a majority of the nominees of the Corporation are elected to the Board at any Shareholders’ meeting at which an election of directors takes place; or (iii) upon the sale, lease or transfer of all or substantially all of the Corporation’s assets to a person or group of persons; or (iv) upon the entering into of any written agreement which contemplates a merger, amalgamation, arrangement, business combination or similar transaction with a person or group of persons.

If the executive employment agreements had been terminated at the end of 2013, the following amounts would have been paid to the NEOs: Mr. Guidry – C\$900,000; Mr. Peters – C\$650,000; Mr. Tucker – C\$650,000; Mr. Manouan – C\$300,000; Mr. West – C\$265,000.

DIRECTOR COMPENSATION

Executive Directors

Gary Guidry is the only director who is also a member of the executive management team. Mr. Guidry has an employment contract in relation to his position as the President and Chief Executive Officer and does not receive any additional compensation in his capacity as a director of the Corporation.

Non-executive Directors

Effective January 1, 2013, the compensation plan established for non-executive directors provides that non-executive directors will be paid: (i) an annual retainer of C\$110,000; (ii) an annual retainer of C\$30,000 for each Board committee that they chair (other than the chair of the Audit Committee, who receives an annual retainer of C\$45,000); and (iii) an annual retainer of C\$15,000 for each Board committee of which they are a member (other than the chair of such committees). In addition, the Chairman of the Board is paid an annual retainer of C\$75,000. All of the retainers are paid *pro rata* for any year where a role was not held for a complete calendar year. The Corporation also reimburses directors for all reasonable expenses incurred in order to attend meetings. Non-executive directors are also permitted to nominate a minimum of 50% of their fees to be paid in RSU’s or DSU’s pursuant to the LTIP (see “LTIP” above under the heading “Executive Compensation – Compensation Discussion and Analysis”).

Director Compensation

The following table includes the compensation provided to the directors during the financial year ended December 31, 2013:

Name of director	Fees earned	Share based awards ⁽²⁾	Option based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
	(C\$)	(C\$)	(C\$)	(C\$)	(C\$)	(C\$)	(C\$)
Carol Bell	85,000	85,000	-	-	-	-	170,000
John Bentley	85,000	85,000	-	-	-	-	170,000
Robert B. Hodgins	-	230,000	-	-	-	-	230,000
Peter J. Dey ⁽¹⁾	-	129,596	531,700 ⁽³⁾	-	-	-	661,296
Ronald W. Royal	-	170,000	-	-	-	-	170,000
Brooke Wade	-	170,000	-	-	-	-	170,000

Notes:

- (1) Peter Dey was appointed to the Board of Directors of the Corporation in March 2013.
- (2) Pursuant to the LTIP, 115,445 RSUs in aggregate were granted to the directors (excluding Mr. Guidry) effective January 1, 2013. The aggregate dollar amount of such RSUs based on their fair value on the grant date is C\$910,000. Pursuant to the LTIP, 20,735 DSUs in aggregate were granted to the directors (excluding Mr. Guidry) effective January 1, 2013. The aggregate dollar amount of such DSUs based on their fair value on the grant date is C\$129,596.
- (3) Mr. Dey was granted 130,000 Options on March 14, 2013. The grant date fair value was determined in accordance with IFRS 2 – Share Based Payments, to be consistent with the accounting fair value used by the Corporation in its financial statements. Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation were as follows: fair value of £2.32 (C\$4.09) per share, risk free interest rate of 1.53%; expected life in years of 5; expected volatility of 65% and dividend per share of C\$nil.

Outstanding Option-Based and Share-Based Awards - Directors

The following table sets forth, for each Director, all option-based and share-based awards that were outstanding at December 31, 2013.

Name and Title	Option-Based Awards				Share Based Awards		
	Number of securities underlying unexercised options	Option exercise price (£)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (£)	Number of share units that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (£)	Market or payout value of vested share-based awards not paid out or distributed (C\$)
Carol Bell	130,000	3.84	2017 Dec 11	75,336	13,261	58,614	-
John Bentley	130,000	3.84	2017 Aug 29	75,336	13,261	58,614	-
Peter J. Dey	130,000	4.00	2018 Mar 14	54,533	20,735	91,649	-
Robert B. Hodgins	100,000 100,000	3.20 3.84	2016 Sep 1 2017 Mar 12	121,959 57,951	35,881	158,594	-
Ronald W. Royal	100,000 70,000	3.20 3.84	2016 Sep 1 2017 Mar 12	121,959 40,566	26,521	117,223	-
Brooke Wade	100,000 70,000	3.20 3.84	2016 Sep 1 2017 Mar 12	121,959 40,566	26,521	117,223	-

Notes:

- (1) The value of the Options is calculated based on the difference between the closing price of the Common Shares on the LSE on December 31, 2013 (£4.42) and the exercise price of the Options.
- (2) The value of the Awards is calculated based on the closing price of the Common Shares on the LSE on December 31, 2013 (£4.42).

Options and Incentive Plan Awards – Value Vested or Earned During 2013 - Directors

The following table sets forth, for each director of the Corporation, the value vested or earned on all option-based awards, share-based awards and non-equity incentive plan compensation during the fiscal year-ended December 31, 2013.

Name and Title	Option-based awards – Value vested during the year ⁽¹⁾ (£)	Share-based awards – Value vested during the year (£)	Non-equity incentive plan compensation – Value earned during the year (C\$)
Carol Bell	34,635	-	-
John Bentley	6,912	-	-
Peter J. Dey	-	-	-
Robert B. Hodgins	26,653	-	-
Ronald W. Royal	26,653	-	-
Brooke Wade	26,653	-	-

Note:

- (1) The value of the Options is calculated based on the difference between the closing price of the Common shares on the LSE on the vesting date or if the vesting date was prior to July 9, 2013 (the first day for trading of the Common shares on the LSE), the closing price on July 9, 2013 and the exercise price of the Options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the Corporation’s equity compensation plans as at December 31, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options ⁽²⁾	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans ⁽³⁾
Equity compensation plans approved by securityholders	10,066,333	£3.78	12,801,319
Equity compensation plans not approved by securityholders ⁽¹⁾	1,147,099	C\$6.41	1,147,634
Total	11,213,432	£3.78	13,948,953

Notes:

- (1) See “LTIP” above under the heading “Executive Compensation” for a description of the LTIP.
- (2) As at December 31, 2013: (i) the total number of Common Shares issued and reserved for issuance under all security based compensation arrangements of the Corporation (including pre- and post-Admission) was 11,213,432, which represents approximately 7.7% of the issued and outstanding Common Shares on a non-diluted basis; (ii) the number of Common Shares issued and reserved for issuance under all security based compensation arrangements of the Corporation prior to Admission was 10,512,782, which represents approximately 7.2% of the issued and outstanding Common Shares on a non-diluted basis; and (iii) the number of Common Shares issued and reserved for issuance under all security based compensation arrangements of the Corporation post-Admission was 700,650, which represents approximately 0.5% of the issued and outstanding Common Shares on a non-diluted basis.
- (3) Any Common Shares issued or reserved for issuance pursuant to any Option or Award granted by the Corporation prior to Admission is excluded from the total number of securities remaining available for future issuance under the Corporation’s security based compensation arrangements. See also “Executive Compensation – Compensation Discussion and Analysis – Dilution Limits” above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at April 14, 2014 there were outstanding loans equal to C\$8,750,000 granted by the Corporation to certain members of the management team of the Corporation in July and August 2011 (the “**Share Purchase Loans**”) in order for them to purchase, in aggregate, 2,000,000 units at a price of C\$5.00, with each unit comprised of one Common Share and two performance warrants (the “**2011 Units**”). The Share Purchase Loans bear interest at the rate equal to that prescribed for the purposes of Subsection 80.4(1) of the *Income Tax Act* (Canada) and are secured by the Common Shares and performance warrants of each person, respectively. The Share Purchase Loans made to Gary Guidry, Trevor Peters, J. Dean Tucker, Lawrence W. West and Jim Evans who purchased 2011 Units on July 1, 2011 are due and payable in full on or before July 1, 2016. The Share Purchase Loan made to Nicholas J. Hands who purchased 2011 Units on August 1, 2011 is due and payable on August 1, 2016.

Name and Principal Position	Largest amount outstanding during 2013	Amount outstanding as at April 1, 2014	Financially assisted securities purchased during 2013	Security for current indebtedness	Amount forgiven during 2013
	(C\$)	(C\$)	(Shares)	(Shares)	(C\$)
Gary S. Guidry President and Chief Executive Officer.....	3,500,000	2,500,000	-	500,000	-
Trevor Peters Chief Financial Officer	1,750,000	1,500,000	-	300,000	-
J. Dean Tucker Chief Operating Officer	1,750,000	1,750,000	-	350,000	-
Jim Evans Vice President, Corporate Services & Compliance	1,000,000	1,000,000	-	200,000	-
Nicholas J. Hands Vice President, Asset Management ..	1,000,000	1,000,000	-	200,000	-
William (Joe) Taylor ⁽¹⁾ Vice President, Engineering and Project Management	1,000,000	-	-	-	-
Lawrence W. West Vice President, Exploration	1,000,000	1,000,000	-	200,000	-
Hervé Manouan Vice President and Country Manager, Chad.....	-	-	-	-	-
Tina Antony Vice President, Legal and General Counsel.....	-	-	-	-	-

Note:

(1) Mr. Taylor resigned from Caracal on December 10, 2013.

Save as set out above, as at April 14, 2014, no person who is, or at any time during the most recently completed financial year was, a director, nominee for election as a director or executive officer of Caracal, or any associate of any such director, nominee or executive officer, (i) is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, or (ii) has any indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Caracal or any of its subsidiaries.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The Board is committed to the highest standards of corporate governance and believes that its commitment to a high standard of corporate governance practices is not only in the best interest of its shareholders, but that it also promotes effective decision-making at Board level. This can only be achieved if the activities of the Corporation are supported by appropriate governance processes and the Board continues to keep its governance framework under review.

Board Composition

The majority of the members of the Board are independent. The Board has determined that Robert Hodgins (Chairman), Carol Bell, John Bentley, Peter Dey, Ron Royal and Brooke Wade are independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices of the Canadian Securities Administrators*. Gary Guidry is not independent as he is the President and Chief Executive Officer of the Corporation.

Collectively, the directors bring a wide range of experience and expertise to the Board and contribute significantly to Board decision-making. The strong non-executive representation enables the Board to focus its attention on the strategic direction, goals for senior management and the operation of the Corporation in an open and transparent environment.

Board Meetings

There were 16 Board meetings held during the most recently completed financial year. The following table identifies the number of such Board meetings attended by each director.

Name	Number of Board Meetings Attended During 2013
Gary Guidry	16
Robert B. Hodgins	16
John Bentley	16
Ron Royal	16
Brooke Wade	16
Carol Bell	15
Peter J. Dey ⁽²⁾	13

Note:

- (1) The above table does not include meetings of the Board committees.
- (2) Peter J. Dey was appointed to the Board effective March 31, 2013.

Caracal's independent directors hold regularly scheduled meetings, generally immediately following regularly scheduled Board meetings at which members of management are not in attendance. During the most recently completed financial year, the independent directors have held 15 such meetings.

Interlocking Boards

The Corporation does not have a formal policy limiting the number of outside directorships or the number of directors that can sit on the same board outside of Caracal. Non-Executive Directors may serve on other Boards; provided they continue to demonstrate the requisite commitment to effectively carry out their duties.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Gary Guidry	Africa Oil Corp., ShaMaran Petroleum Corp.
Robert B. Hodgins	MEG Energy Corp., Fairborne Energy Ltd., Altagas Ltd., Enerplus Corporation, Cub Energy Inc., MGM Energy Corp., Contact Exploration Inc.
Carol Bell	Salamander Energy plc, Petroleum Geo-Services ASA
John Bentley	Faroe Petroleum plc, Wentworth Resources Ltd., Scotgold Resources Ltd., Kea Petroleum
Peter Dey	Goldcorp Inc., Granite REIT Inc.
Ron Royal	Valeura Energy Inc.
Brooke Wade	N/A

Board Mandate

The Board of Directors is responsible for the stewardship of the business and for acting in the best interests of the Corporation and its shareholders. The complete text of the mandate of the Board is attached to this Circular as Schedule "C".

Board Committees

The Board is supported by five Committees – the Audit Committee, the Governance and Nominations Committee, the Compensation Committee, the Health, Safety and Environment Committee, and the Reserves Committee. All committee members are independent directors.

Audit Committee

The members of the Audit Committee are: Carol Bell (Chair), John Bentley, Ron Royal and Brooke Wade. The committee's mandate includes:

- reviewing and recommending to the Board the nomination or re-appointment of the external auditor and the associated compensation;
- pre-approving all non-audit services to be provided by the external audit to the Corporation;
- reviewing the annual audited consolidated financial statements and the auditors' report thereon prior to submission to the board for approval;
- reviewing the quarterly consolidated financial statements prior to submission to the board for approval;
- reviewing the scope of external and internal audits;
- reviewing and discussing accounting and reporting policies and changes in accounting principles;
- reviewing the Corporation's internal control systems and procedures;
- meeting with the external auditors independently of management;
- reviewing the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation.

Governance and Nominations Committee

The members of the Governance and Nominations Committee are: Peter Dey (Chair), Robert Hodgins and Carol Bell. The committee's mandate includes:

- assessing the Corporation's corporate governance practises and making recommendations to the board with respect to corporate governance practises;
- reviewing the competencies and skills the Board considers necessary and making recommendations to the board with respect to the nomination of directors;
- assessing, at least annually, the effectiveness of the board, individual members and the Committees of the Board

- review the Code of Business Conduct and Ethics and monitor compliance with the Code
- establish a policy of compliance and procedures to aid in the Corporation's compliance with applicable foreign anti-corruption laws

Compensation Committee

The members of the Compensation Committee are Brooke Wade (Chair), John Bentley, Peter J. Dey, and Robert Hodgins. The committee's mandate includes:

- reviewing the Corporation's key human resources policies
- reviewing the compensation of the Board, the executive compensation philosophy and the remuneration policy
- reviewing the annual compensation package and performance objectives of the executive officers
- annually determine any bonuses to be paid;
- reviewing the adequacy and form of the compensation of directors
- reviewing the grants of options under the stock option plan or any other incentive compensation plan or equity-based plan.

Health, Safety and Environment Committee

The members of the Health, Safety and Environment Committee are: Ron Royal (Chair), Brooke Wade and Peter Dey. The committee's mandate includes:

- monitoring and overseeing the Corporation's policies and procedures for ensuring compliance with environmental regulatory requirements and ensuring that employees are provided with a safe environment
- developing and approving the health, safety and environmental goals and objectives of the Corporation
- reviewing the health, safety and environmental activities of the Corporation
- reviewing health, safety and environmental issues and incidents to ensure that the Corporation is diligent in carrying out its responsibilities and activities.

Reserves Committee

The members of the Reserves Committee are: John Bentley (Chair), Ron Royal and Robert Hodgins. The committee's mandate includes:

- reviewing management's recommendations for the appointment of the independent evaluator
- reviewing the procedures for providing information to the independent evaluator
- meeting with the independent evaluator to determine whether there have been any restrictions affecting the ability of the independent evaluator to report on the reserves data without reservation
- reviewing the content and filing of the statement of reserves data and other oil and gas information, the report of independent evaluator on reserves data and the report of management and directors on oil and gas disclosure

Position Descriptions

The Board has developed written position descriptions for the Chief Executive Officer, the Chairman of the Board and each of the Committee Chairs. These descriptions set out the responsibilities and duties of the Chief Executive Officer, the Chairman of the Board and the Committee Chairs in fulfilling their duties.

Orientation and Continuing Education

The Corporation believes it is crucial to provide directors with adequate resources and training and devoted considerable time during 2013 to ensure that all directors, some of whom were new to the business, received inductions to help them understand their duties and responsibilities and develop knowledge of the business as quickly as possible. These sessions focused on the responsibilities of a listed Corporation and related directors' duties, and included industry-specific training, briefings on internal controls, and meetings with senior management. The directors were also provided with information on relevant Corporation policies and governance related matters.

On an ongoing basis, the Governance and Nominations Committee is mandated to oversee an orientation and education programme for new directors and to provide continuous educational opportunities for all directors. Such education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation's affairs remains current. All directors are encouraged to visit the Corporation's business operations in the Republic of Chad every year and, with the exception of Peter Dey who was appointed in March 2013, did so during the last two years.

All directors have access to the advice of the Corporation Secretary and, where appropriate, the services of other employees for all governance and regulatory matters. Independent professional advice is also available to directors in appropriate circumstances, at the Corporation's expense.

Ethical Business Conduct

The Corporation has adopted a Code of Business Conduct and Ethics (the "**Code**"), which applies to all directors, officers, employees, contractors and partners of the Corporation. A complete copy of the Code is available on the Corporation's website at www.caracalenergy.com or by contacting the Corporate Secretary of the Corporation at 2100, 555 – 4 Avenue S.W., Calgary, Alberta, T2P 3E7. The Corporation expects that its directors, officers, employees, contractors and partners will adhere to the highest ethical standards in all of the Corporation's business activities. The Corporation's directors, officers, employees and consultants are expected to deal fairly with securityholders, customers, suppliers and competitors.

The Board and management of the Corporation monitor compliance with the Code. All directors, officers, employees, contractors and partners are encouraged to report violations of the Code in accordance with the procedures set forth in the Corporation's Whistleblower Policy, which provides for the prompt reporting of any violations to an employee's supervisor, or alternatively, to any senior officer or director or to the Chairman. The Whistleblower Policy also promotes, among other things, the disclosure and reporting of any questionable accounting or auditing matters, fraudulent or misleading financial information.

Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest. Pursuant to the Corporation's Disclosure Policy, the directors and officers of the Corporation are required to publicly disclose their aggregate ownership interest in any entity with which the Corporation enters into a transaction.

Nomination of Directors

Caracal has established a Governance and Nominations Committee which, among other things, has the responsibility for establishing a nomination process and making recommendations to the Board with respect to nominations of directors. The Governance and Nominations Committee is composed entirely of independent directors. In accordance with the mandate of the Governance and Nominating Committee, the guidelines for identifying new candidates for Board nomination include considering what competencies and skills the Board, as a whole, should possess, the competencies and skills the Board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the Board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the Board. In seeking nominees, the Governance and Nominating Committee encourages input from all members of the Board and may use the services of professional recruiters if required.

Assessments

The Governance and Nominations Committee is responsible for ensuring the effectiveness of the Board, including the Chairman of the Board, the Committees and their respective chairs and individual directors. The Governance and Nominations Committee, in conjunction with the Chairman of the Board, administers an annual self-evaluation of the Board whereby each member completes a detailed questionnaire with respect to the performance and effectiveness of the Board and an evaluation of the performance of the Chairman of the Board and each Committee chair, along with each Board member individually. The results of this self-evaluation are shared with the full Board for discussion and analysis with a focus on continuous improvement.

As part of the annual Board and Committee assessments, the Board and the respective Committees review and consider any proposed changes to their respective mandates and chair position descriptions.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) of the Corporation, any proposed director of the Corporation or any associate or affiliate of any informed person or proposed director of the Corporation, in any transaction since the commencement of Caracal's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

Management of Caracal is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, senior officer, or anyone who has been a director or senior officer of Caracal at any time since January 1, 2013, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except for as set forth in this Circular.

OTHER BUSINESS

Management of Caracal is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their discretion on such matter.

MANAGEMENT CONTRACTS

No management functions of the Corporation are performed by a person or Corporation other than the directors or executive officers of the Corporation.

ADDITIONAL INFORMATION

Additional information respecting the Corporation is available on SEDAR at www.sedar.com. Financial information respecting the Corporation is provided in the Corporation's comparative consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on SEDAR, on Caracal's website at www.caracalenergy.com or by request to the Corporate Secretary, Caracal Energy Inc., 2100, 555 – 4 Avenue S.W., Calgary, Alberta, T2P 3E7, Canada.

SCHEDULE “A”
APPROVAL OF AND AMENDMENT TO LONG TERM INCENTIVE PLAN

WHEREAS the board of directors of Caracal Energy Inc. (the “**Corporation**”) approved certain amendments to the long term incentive plan of the Corporation (the “**LTIP**”) on April 13, 2014 in order to comply with the rules and policies of the Toronto Stock Exchange;

AND WHEREAS the board of directors of the Corporation is seeking the approval of the shareholders of the Corporation of the LTIP with the amendments thereto;

BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT

1. The LTIP is hereby approved, subject to the amendments set out below.
2. Rule 1.2 of the LTIP shall be amended and restated as follows:

1.2 Terms of Awards

Subject to the Rules, the Compensation Committee will in its absolute discretion decide whether or not any Awards are made at any particular time and, if they are, who they are made to and the terms of such Awards, provided that such term cannot exceed ten years.

3. Rules 2.2, 2.3 and 3.2 of the LTIP shall be amended by replacing the word “discretionary” with the word “executive” as it relates to the calculation of limitations on participation in the LTIP in the aggregate and for certain individuals.
4. Rule 2.5 of the LTIP shall be deleted in its entirety.
5. The following shall be added to the LTIP as rule 3.4:

3.4 Limit for Insiders

An Award must not be made to an insider if the result of making the Award would be that, at the proposed Award Date, (i) the total number of Plan Shares reserved for issuance to the insider under the Plan, when combined with the number of Plan Shares issuable pursuant to any other Employees’ Share Scheme, would exceed 10% of the outstanding issue; or (ii) within a one-year period, the number of the Corporation’s common shares issued to the insider would exceed 10% of the outstanding issue.

6. Rule 3.4 of the LTIP shall become Rule 3.5 and shall be amended and restated as follows:

3.5 Interpretation

For the purpose of Rule 3.2 Annual Remuneration means the higher of:

- (a) basic salary paid by the Group expressed as an annual rate as at the Award Date;
- (b) basic salary paid by the Group for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award is made.

For the purposes of Rule 3.2, 3.3 and 3.4:

Financial year means the financial year of the Corporation;

the **Market Value** of Plan Shares subject to an award or option shall be measured on the date on which the award was made or the option was granted.

For the purposes of Rule 3.4, **insider** has the meaning set forth in the applicable rules or policies of the TSX.

7. Rule 3.5 of the LTIP shall be deleted in its entirety.

8. Rule 4 of the LTIP shall be amended and restated as follows:

4 Award Price

The Award Price (if any) shall be determined by the Board and may not be lower than the Market Value on the grant date.

9. Rule 7.6 of the LTIP shall be amended and restated as follows:

7.6 Cash Settling

Subject to Rule 13, an Award Holder may elect to receive a cash payment equal to the Gain on the Settlement Date of the Award. Any such election by an Award Holder is subject to the approval of the Compensation Committee which can, notwithstanding the foregoing, determine to settle the Award with Vested Plan Shares instead of the elected cash payment.

Where the Compensation Committee settles an Award by way of cash payment as described in this Rule 7.6, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

10. Rule 17.2 of the LTIP shall be amended and restated as follows:

17.2 Amendments to Plan

Without the prior approval of the shareholders of the Corporation in general meeting, an amendment may not be made for the benefit of existing or future Award Holders to the Rules relating to:

- the basis for determining a Director or Eligible Employee's entitlement (or otherwise) to be made an Award and/or to acquire Plan Shares following the Vesting of an Award;
- the persons to whom an Award may be made;
- the limit on the aggregate number of Plan Shares over which Awards may be made;
- the limit on the number of Plan Shares over which Awards may be made to any one Director, Eligible Employee or insider;
- an extension of the term of an Award benefiting an insider;
- the price at which Plan Shares may be acquired under an Award;
- the adjustment of Awards on a Reorganisation;
- this Rule 17.2

except for:

- an amendment which is of a minor nature and benefits the administration of the Plan; or
- an amendment which is of a minor nature and is necessary or desirable in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan, the Corporation or some other Group Member.

Notwithstanding the foregoing, at any time Plan Shares are listed on the TSX, any amendment to this Plan is subject to the approval of the TSX.

11. Rule 20 of the LTIP shall be amended by amending and restating or adding, as applicable, the following definitions:

Market Value on any day means

- (a) if at the relevant time Plan Shares are listed on the TSX, the weighted average market price per Plan Share on the TSX during the five trading days immediately preceding the date of grant;
- (b) if at the relevant time Plan Shares are not listed on the TSX but are listed in the Daily Official List of the London Stock Exchange, the middle market quotation (as derived from that List) on the Dealing Day preceding the date of grant; or
- (c) where Plan Shares are not so listed, the market value of a Plan Share on the date of grant as determined by the Compensation Committee, acting in good faith.

TSX means the Toronto Stock Exchange;

12. Any director or officer of the Corporation is hereby authorized to do such things and to sign, execute and deliver all documents that such director or officer may, in his or her sole discretion, determine to be necessary in order to give full effect to the intent and purpose of the foregoing.

SCHEDULE "B"

Caracal Energy Inc.
**The Caracal Incentive
Compensation Plan**

*PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH.*

*Tel. 020 7583 5000
Fax. 020 7822 4652
www.pwc.co.uk*

Adoption Date: 1 January 2013
Amendment Date: 13 April 2014

Table of Contents

1. Making Of Awards.....5

 1.1 Awards made by Compensation Committee.....5

 1.2 Terms of Awards5

 1.3 Procedure for making of Awards and Award Date5

 1.4 Contents of Award Agreement5

 1.5 When Awards can be made.....5

 1.6 When Awards may not be made5

 1.7 Who can be made Awards6

 1.8 Awards non-transferable6

2. Plan Limits6

 2.1 General.....6

 2.2 Ten per cent in ten years6

 2.3 Five per cent in ten years6

 2.4 Calculation6

3. Individual Limits.....7

 3.1 General.....7

 3.2 Limit for Employees7

 3.3 Limit for Directors7

 3.4 Limit for insiders7

 3.5 Interpretation.....7

4. Award Price.....8

5. Performance Target8

 5.1 Setting of Performance Target8

 5.2 Nature of Performance Target.....8

 5.3 Substitution, variation or waiver of Performance Target8

 5.4 Notification of Award Holders8

6. Clawback.....8

7. Vesting and Settlement of Awards.....9

 7.1 Earliest date for Vesting of Awards9

 7.2 Effect of Award Vesting9

 7.3 No Settlement while Dealing Restrictions apply9

 7.4 Effect of Cessation of Relevant Employment9

 7.5 Issue or transfer of Plan Shares.....10

THE CARACAL INCENTIVE COMPENSATION PLAN

7.6	Cash Settling	10
8.	Vesting of Awards in Special Circumstances	10
8.1	Death.....	10
8.2	Disability.....	10
8.3	Retirement and other reasons	10
8.4	Meaning of ceasing to be in Relevant Employment	10
9.	Change of Control of Corporation	11
9.1	Effect of Change of Control.....	11
10.	Exchange of Awards	11
10.1	Where Exchange applies.....	11
10.2	Terms of Exchange	11
11.	Lapse of Awards	11
12.	Adjustment of Awards on Reorganisation	12
12.1	Power to adjust Awards	12
12.2	Notification of Award Holders	12
13.	Accounting for Tax and Social Security	12
14.	Issue and Listing of Plan Shares.....	12
14.1	Compliance with Laws	12
14.2	Rights attaching to Plan Shares.....	12
14.3	Listing of Plan Shares	12
15.	Relationship of Plan to Contract of Employment.....	12
15.1	Contractual Provisions	12
15.2	Deemed Agreement	13
16.	Administration of Plan	13
16.1	Responsibility for administration.....	13
16.2	Board’s decision final and binding	13
16.3	Discretionary nature of Awards	13
16.4	Provision of information	14
16.5	Cost of Plan.....	14
16.6	Data protection.....	14
16.7	Third party rights	14
16.8	Effective Date	14

THE CARACAL INCENTIVE COMPENSATION PLAN

17.	Amendment of Plan.....	14
17.1	Power to amend Plan	14
17.2	Amendments to Plan	14
17.3	Rights of existing Award Holders.....	15
18.	Notices	15
18.1	Notice by Corporation.....	15
18.2	Notice to Corporation	15
19.	Governing Law and Jurisdiction	15
19.1	Plan governed by Alberta law	15
19.2	Alberta courts to have jurisdiction	15
19.3	Jurisdiction agreement for benefit of Corporation	15
19.4	Award Holder deemed to submit to such jurisdiction.....	15
20.	Interpretation	16
20.1	Definitions	16
20.2	Interpretation.....	18

1. Making Of Awards

1.1 Awards made by Compensation Committee

Subject to Rules 1.5, 1.6, and 1.7, the Compensation Committee may from time to time make Awards to Directors and Eligible Employees.

1.2 Terms of Awards

Subject to the Rules, the Compensation Committee will in its absolute discretion decide whether or not any Awards are made at any particular time and, if they are, who they are made to and the terms of such Awards, provided that such term cannot exceed ten years.

1.3 Procedure for making of Awards and Award Date

An Award shall be made by the Compensation Committee and approved by the Board passing a resolution and executing an Award Agreement. The Award Date shall be the date on which the Board passes the resolution or such later date as specified in the resolution and allowed by Rule 1.5. The Award Agreement shall be issued to each Award Holder as soon as practicable following the making of the Award.

1.4 Contents of Award Agreement

An Award Agreement shall state:

1. whether the Award comprises a Deferred Share Unit, a Performance Share Unit, or a Restricted Share Unit;
2. the Award Date;
3. the number of Plan Shares subject to the Award;
4. the Award Price (if any);
5. the date or dates on which the Award will Vest;
6. the Settlement Date;
7. any Performance Target; and
8. any further conditions of the Award.

1.5 When Awards can be made

Subject to Rule 1.6, the Compensation Committee may make Awards at any time before the IPO Date. After the IPO Date, the Compensation Committee may make Awards only during the forty-two days beginning on:

- the Adoption Date;
- the IPO Date;
- the day after the announcement of the Corporation's results, including a preliminary announcement, for any period through a Regulatory Information Service;
- any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the Award at that time; or
- the day after the lifting of any Dealing Restrictions which prevented the making of Awards during any of the times described above.

1.6 When Awards may not be made

Awards may not be made:

- when prevented by any Dealing Restrictions; or
- after the tenth anniversary of the Adoption Date.

1.7 Who can be made Awards

An Award may not be made to an individual who is not a Director or an Eligible Employee at the Award Date. Unless the Board decides otherwise, an Award will not be made to an Eligible Employee who on or before the Award Date has given or received notice of termination of employment (whether or not lawful).

1.8 Awards non-transferable

An Award shall be personal to the Award Holder and, except in the case of the death of an Award Holder, shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Award Holder purports to transfer, charge or otherwise alienate the Award.

2. Plan Limits

2.1 General

The aggregate number of Plan Shares over which Awards may be made shall be limited as set out in this Rule 2. In the event of any conflict between the limits in this Rule 2, the lower limit shall prevail.

2.2 Ten per cent in ten years

An Award may not be made if the result of making the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding ten year period under

- Awards under the Plan; or
- options or awards granted under any other Employees' Share Scheme (whether or not executive) operated by the Group

would exceed ten per cent of the Corporation's issued common shares at that time.

2.3 Five per cent in ten years

An Award may not be made if the result of making the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding ten year period under

- Awards under the Plan; or
- options or awards granted under any other executive Employees' Share Scheme adopted by the Group

would exceed five per cent of the Corporation's issued common shares at that time.

2.4 Calculation

For the purpose of the limits contained in this Rule 2:

- treasury shares shall be included in the limit as if they were new issue shares;
- there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed or been renounced.
- there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Award or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group;
- any Plan Shares issued in relation to an Award, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group shall be taken into

THE CARACAL INCENTIVE COMPENSATION PLAN

account once only (when the Award is made or the option is granted or the right awarded) and shall not fall out of account when the Award Vests, the option is exercised or other rights vest;

- there shall be disregarded any Plan Shares subject to an option or other rights of an employee under the Plan or any other Employees' Share Scheme which were granted before the IPO Date; and
- there shall be disregarded any Plan Shares subject to a Deferred Share Unit granted before the IPO Date (whether or not Vested).

3. Individual Limits

3.1 General

The number of Plan Shares over which Awards may be made to any one Director or Eligible Employee shall be limited as set out in this Rule 3.

3.2 Limit for Employees

Apart from in exceptional circumstances, an Award must not be made to an Eligible Employee if the result of making the Award would be that, at the proposed Award Date, the Market Value of the Plan Shares subject to that Award, when aggregated with the Market Value of the Plan Shares subject to all awards made or options granted to him or her (whether under the Plan or any other executive Employees' Share Scheme operated by the Group) in the same Financial Year would exceed 475% of his or her Annual Remuneration.

3.3 Limit for Directors

Apart from in exceptional circumstances, an Award must not be made to a Director if the result of making the Award would be that, at the proposed Award Date, the Market Value of the Plan Shares subject to that Award, when aggregated with the Market Value of the Plan Shares subject to all Awards made to him or her under the Plan in the same Financial Year would exceed the amount of the fees to which he or she is entitled for acting as a Director.

3.4 Limit for insiders

An Award must not be made to an insider if the result of making the Award would be that, at the proposed Award Date, (i) the total number of Plan Shares reserved for issuance to the insider under the Plan, when combined with the number of Plan Shares issuable pursuant to any other Employees' Share Scheme, would exceed 10% of the outstanding issue; or (ii) within a one-year period, the number of the Corporation's common shares issued to the insider would exceed 10% of the outstanding issue.

3.5 Interpretation

For the purpose of Rule 3.2 Annual Remuneration means the higher of:

- (a) basic salary paid by the Group expressed as an annual rate as at the Award Date;
- (b) basic salary paid by the Group for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award is made.

For the purposes of Rule 3.2, 3.3 and 3.4:

Financial year means the financial year of the Corporation;

the **Market Value** of Plan Shares subject to an award or option shall be measured on the date on which the award was made or the option was granted.

For the purposes of Rule 3.4, insider has the meaning set forth in the applicable rules or policies of the TSX.

4. Award Price

The Award Price (if any) shall be determined by the Board and may be not lower than the Market Value on the grant date.

5. Performance Target

5.1 Setting of Performance Target

The Vesting of a Performance Share Unit and the extent to which it Vests will be subject to the satisfaction of any Performance Target or any other conditions set by the Compensation Committee. Such conditions may include a requirement that, in order to be made an Award, an Award Holder must defer all or a proportion of any cash bonus or acquire and retain Plan Shares.

For the avoidance of doubt, Deferred Share Units and Restricted Share Units are not subject to any Performance Target but may be subject to other conditions set by the Compensation Committee.

5.2 Nature of Performance Target

Any Performance Target or any further condition imposed under Rule 5.1 shall be:

- objective; and
- set out in, or attached in the form of a schedule to, the Award Agreement.

5.3 Substitution, variation or waiver of Performance Target

If an event occurs which causes the Compensation Committee to consider that any Performance Target or other condition imposed under Rule 5.1 subject to which an Award has been made is no longer appropriate, the Compensation Committee (with the consent of the Board) may substitute, vary or waive any Performance Target or the condition in such manner (and make such consequential amendments to the Rules) as:

- is reasonable in the circumstances; and
- except in the case of waiver produces a fairer measure of performance and is not materially less difficult to satisfy.

The Award shall then take effect subject to any Performance Target or other condition as substituted, varied or waived.

5.4 Notification of Award Holders

The Compensation Committee shall, as soon as practicable, notify each Award Holder concerned of any determination made by it under Rule 5.3.

6. Clawback

Notwithstanding any other provision of the Rules, the Board may, at the time of Vesting of an Award or at any time before, reduce the number of Plan Shares subject to an Award in whole or in part (including, for the avoidance of doubt, to nil) in the following circumstances:

- discovery of a material misstatement in the audited consolidated accounts of the Corporation or the audited accounts of any Group Member; and/or
- action or conduct of an Award Holder or Award Holders which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct.

THE CARACAL INCENTIVE COMPENSATION PLAN

In determining the reduction which should be applied under this Rule 6, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction under this Rule 6 may be applied on an individual basis as determined by the Board.

7. Vesting and Settlement of Awards

7.1 Earliest date for Vesting of Awards

Subject to Rules 8 and 9,

- A Deferred Share Unit will Vest in four equal instalments on the 31st March, 30th June, 30th September and 31st December next following the Award Date;
- A Performance Share Unit will Vest on the latest of:
 - three years after the Award Date;
 - the relevant date specified in the Award Agreement under Rule 1.4; and
 - the date on which the Board determines that the Performance Target and any further condition imposed under Rule 5.1 have been satisfied;
- A Restricted Share Unit awarded to a Director will Vest in four equal instalments on the 31st March, 30th June, 30th September and 31st December next following the Award Date;
- A Restricted Share Unit awarded to an Employee will Vest in three equal instalments on the first, second and third anniversaries of the Award Date, or, if later:
 - the relevant date specified in the Award Agreement under Rule 1.4; or
 - the date on which the Board determines that any condition imposed under Rule 5.1 has been satisfied.

7.2 Effect of Award Vesting

Subject to the Rules, the effect of an Award Vesting shall be that the Corporation is obliged to issue or transfer the Vested Plan Shares to the Award Holder on the Settlement Date.

7.3 No Settlement while Dealing Restrictions apply

If a Settlement Date occurs during a period while Dealing Restrictions apply, the Settlement Date shall be postponed until the next date on which Dealing Restrictions do not apply.

7.4 Effect of Cessation of Relevant Employment

Subject to Rule 8, an Award shall Vest only while the Award Holder is in Relevant Employment and if an Award Holder ceases to be in Relevant Employment, any Award granted to him or her shall lapse on cessation. This Rule 7.4 shall apply where the Award Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Award Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

An Award granted to an Award Holder who has given or received notice of termination of employment (whether or not lawful) shall not Vest during any period when the notice is effective.

7.5 Issue or transfer of Plan Shares

Subject to Rules 7.6 and 13 and to any necessary consent and to compliance by the Award Holder with the Rules, including the payment by the Award Holder of the Award Price (if any), the Corporation shall, as soon as practicable and (except where the Award Holder has died) in any event not later than thirty days after the Settlement Date of an Award arrange for the issue or transfer to the Award Holder of the number of Plan Shares subject to that Award which have Vested.

7.6 Cash Settling

Subject to Rule 13, an Award Holder may elect to receive a cash payment equal to the Gain on the Settlement Date of the Award. Any such election by an Award Holder is subject to the approval of the Compensation Committee which can, notwithstanding the foregoing, determine to settle the Award with Vested Plan Shares instead of the elected cash payment.

Where the Compensation Committee settles an Award by way of cash payment as described in this Rule 7.6, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

8. Vesting of Awards in Special Circumstances

8.1 Death

Notwithstanding Rule 7.1 if an Award Holder dies, his or her Unvested Awards shall lapse immediately. The date of his or her death shall be the Settlement Date for the Vested Awards. The Corporation shall as soon as possible and in any event not later than twelve months after the death arrange for the issue or transfer to the Award Holder's personal representatives of the number of Plan Shares subject to that Award which have Vested

8.2 Disability

Notwithstanding Rule 7.1 if an Award Holder ceases to be in Relevant Employment by reason of Disability all his or her Unvested Awards shall lapse immediately. The date of cessation of Relevant Employment shall be the Settlement Date for the Vested Awards.

8.3 Retirement and other reasons

Notwithstanding Rule 7.1 if an Award Holder ceases to be in Relevant Employment for any other reason, including retirement by agreement with the Group Member by which he or she is employed, but excluding termination for cause, a proportion of his or her Unvested Awards shall Vest immediately. The proportion of the Awards which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the satisfaction of any Performance Target as at the time of cessation and any further condition imposed under Rule 5.1.

Unless the Board decides otherwise the number of Plan Shares will be reduced pro rata to reflect the number of whole months from the Award Date until cessation as a proportion of the original Vesting period.

The Board shall make its determination during the period ending sixty days after the date of cessation of employment and the date of the determination shall be the Settlement Date.

8.4 Meaning of ceasing to be in Relevant Employment

For the purposes of the Plan, an Award Holder shall not be treated as ceasing to be in Relevant Employment until he or she no longer holds any office or employment with any Group Member.

9. Change of Control of Corporation

9.1 Effect of Change of Control

Subject to Rule 10, where there is a Change of Control of the Corporation a proportion of the Unvested Awards shall Vest on the date the person obtains Control as set out below.

The proportion of the Awards which shall Vest will be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the time the Award has been held by the Award Holder and (where relevant) having regard to the Performance Target and any further condition imposed under Rule 5.1.

Unless the Board decides otherwise the number of Plan Shares will be reduced pro rata to reflect the number of whole months from the Award Date until the Change of Control as a proportion of the original Vesting period.

The Board shall make its determination during the period of sixty days beginning with the Change of Control and the date of its determination will be the Settlement Date.

10. Exchange of Awards

10.1 Where Exchange applies

An Award will not Vest under Rule 9 but will be exchanged for a new award (“New Award”) under this Rule to the extent that:

- an offer to exchange the Award for a New Award is made and accepted by the Award Holder; or
- the Board, if relevant, with the consent of the persons acquiring Control, decide that Awards will be automatically exchanged for New Awards.

10.2 Terms of Exchange

The following applies in respect of the New Award:

1. The Award Date of the New Award shall be deemed to be the same as the Award Date of the Award.
2. The New Award will be in respect of the shares in a corporation determined by the Board.
3. In the application of the Plan to the New Award, where appropriate, references to “Corporation” and “Plan Shares” shall be read as if they were references to the corporation to whose shares the New Award relates.
4. The New Award must be equivalent to the Award and subject to paragraph 5 below it will Vest at the same time and in the same manner as the Award.
5. Either the Vesting of the New Award must be subject to performance conditions and other conditions which are so far as possible equivalent to the Performance Target and conditions applying to the Award or no performance conditions will apply but the value of shares comprised in the New Award shall be the value of the number of Plan Shares which would have Vested under Rule 9 as applicable.

11. Lapse of Awards

Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

- the Board determining that any Performance Target or further condition imposed under Rule 5.1 has not been satisfied either in whole nor in part in respect of the Award and can no longer be satisfied in whole or in part in which case the Award shall lapse either in whole or as to such part in relation to which the Performance Target or other conditions imposed under Rule 5.1 can no longer be satisfied;
- subject to Rule 8, the Award Holder ceasing to be in Relevant Employment;
- any date provided for under these Rules;

- the date on which the Award Holder becomes bankrupt or enters into a compromise with his or her creditors generally.

12. Adjustment of Awards on Reorganisation

12.1 Power to adjust Awards

In the event of a Reorganisation, the number of Plan Shares subject to an Award, the description of the Plan Shares, the Award Price, or any one or more of these, shall be adjusted in such manner as the Compensation Committee shall deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for Award Holders.

12.2 Notification of Award Holders

The Corporation shall, as soon as reasonably practicable, notify each Award Holder of any adjustment made under this Rule 12 and explain how this affects their position under the Plan.

13. Accounting for Tax and Social Security

Unless the Award Holder discharges any liability that may arise him or herself, the Compensation Committee, the Corporation or any Group Member (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any liability to taxes or social security contributions in respect of Awards.

14. Issue and Listing of Plan Shares

14.1 Compliance with Laws

The Corporation shall not be obliged to issue any shares upon settlement of Vested Awards if the issue would violate any law or regulation or any Rule of any governmental authority. The Corporation shall not be required to issue, register or qualify for resale any shares issuable upon settlement of Vested Awards pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and settlement of Vested Awards.

14.2 Rights attaching to Plan Shares

All Plan Shares issued and/or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Corporation, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

14.3 Listing of Plan Shares

If and so long as Plan Shares are listed on the Official List and traded on the London Stock Exchange, the Corporation will apply for the listing of any Plan Shares issued under the Plan as soon as practicable.

15. Relationship of Plan to Contract of Employment

15.1 Contractual Provisions

Notwithstanding any other provision of the Plan:

THE CARACAL INCENTIVE COMPENSATION PLAN

- the Plan shall not form part of any contract of employment between any Group Corporation and an Eligible Employee;
- unless expressly so provided in his or her contract of employment, an Eligible Employee has no right to be made an Award and the receipt of an Award in one year is no indication that the Award Holder will be made any subsequent Awards;
- the Plan does not entitle any Award Holder to the exercise of any discretion in their favour;
- the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Awards held by him or her) shall not form any part of his or her remuneration or count as his or her remuneration for any purpose and shall not be pensionable; and
- if an Eligible Employee ceases to be in Relevant Employment for any reason, he shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Awards held by him or her which lapse by reason of his or her ceasing to be in Relevant Employment) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise.

15.2 Deemed Agreement

By accepting the making of an Award, an Award Holder is deemed to have agreed to the provisions of these Rules, including this Rule 15.

16. Administration of Plan

16.1 Responsibility for administration

The Plan shall be administered by the Corporation in accordance with the provisions hereof. The Corporation may, from time to time, establish administrative Rules and regulations and prescribe forms or documents relating to the operation of the Plan as it may deem necessary to implement or further the purpose of the Plan and amend or repeal such Rules and regulations or forms or documents. In administering the Plan, the Board or the Compensation Committee may seek recommendations from the Chairman, Chief Executive Officer or Chief Financial Officer of the Corporation or such other advisors as they deem appropriate. The Board may also delegate to the Compensation Committee or any director, officer or employee of the Corporation such duties and powers relating to the Plan as it may see fit. The Corporation may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan.

The Corporation shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties.

Subject to the Canada Business Corporations Act or any other legislation governing the Corporation, the Board may delegate to one or more directors, including a committee of the Board, on such terms as it considers appropriate, all or any part of the powers, duties and functions relating to the granting of Awards and the administration of the Plan.

16.2 Board's decision final and binding

The decision of the Board shall be final and binding in all matters relating to the Plan, including but not limited to the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

16.3 Discretionary nature of Awards

All Awards shall be made entirely at the discretion of the Compensation Committee and approved by the Board.

16.4 Provision of information

An Award Holder shall provide to the Corporation as soon as reasonably practicable such information as the Corporation reasonably requests for the purpose of complying with any statutory reporting obligations to which a Group Member is subject.

16.5 Cost of Plan

The cost of introducing and administering the Plan shall be met by the Corporation. The Corporation shall be entitled, if it wishes, to charge an appropriate part of such cost to a Subsidiary.

16.6 Data protection

By accepting the making of an Award, an Award Holder is deemed to consent to the holding, processing and transfer of personal data in relation to the Award Holder by or to the Corporation, any Group Member, any third party broker, registrar or administrator or any future purchaser of the Corporation or relevant Group Member employing the Award Holder for all purposes relating to the operation of the Plan.

16.7 Third party rights

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Award Holder.

16.8 Effective Date

The Plan shall become effective as of and from the Adoption Date, or, if later, the date on which all necessary shareholder and regulatory approvals have been given.

Any Award granted prior to such approvals shall be conditional upon such approval being given and no Award may be settled unless such approval is given.

17. Amendment of Plan

17.1 Power to amend Plan

Subject to Rules 17.2 and 17.3, the Board may from time to time amend the Rules or suspend, terminate or discontinue the Plan (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

17.2 Amendments to Plan

Without the prior approval of the shareholders of the Corporation in general meeting, an amendment may not be made for the benefit of existing or future Award Holders to the Rules relating to:

- the basis for determining a Director or Eligible Employee's entitlement (or otherwise) to be made an Award and/or to acquire Plan Shares following the Vesting of an Award;
- the persons to whom an Award may be made;
- the limit on the aggregate number of Plan Shares over which Awards may be made;
- the limit on the number of Plan Shares over which Awards may be made to any one Director, Eligible Employee or insider;
- an extension of the term of an Award benefiting an insider;
- the price at which Plan Shares may be acquired under an Award;
- the adjustment of Awards on a Reorganisation;
- this Rule 17.2

THE CARACAL INCENTIVE COMPENSATION PLAN

except for:

- an amendment which is of a minor nature and benefits the administration of the Plan; or
- an amendment which is of a minor nature and is necessary or desirable in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan, the Corporation or some other Group Member.

Notwithstanding the foregoing, at any time Plan Shares are listed on the TSX, any amendment to this Plan is subject to the approval of the TSX.

17.3 Rights of existing Award Holders

An amendment may not adversely affect the rights of an existing Award Holder except where the Award Holder has approved the amendment.

18. Notices

18.1 Notice by Corporation

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Compensation Committee or the Corporation, to any person in connection with the Plan shall be deemed to have been duly given if delivered to him or her at his or her place of work, if he or she is in Relevant Employment if sent by e-mail to such e-mail address as may be specified by him or her from time to time, or sent through the post in a pre-paid envelope to the postal address last known to the Corporation to be his or her address and, if so sent, shall be deemed to have been duly given on the date of posting.

18.2 Notice to Corporation

Save as provided for by law any notice, document or other communication given to the Corporation in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Corporation's principal office or such other e-mail or postal address as may from time to time be notified to Award Holders but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

19. Governing Law and Jurisdiction

19.1 Plan governed by Alberta law

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award made under it shall be governed by the laws in force in the Province of Alberta.

19.2 Alberta courts to have jurisdiction

The courts of the Province of Alberta shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

19.3 Jurisdiction agreement for benefit of Corporation

The jurisdiction agreement contained in this Rule 19 is made for the benefit of the Corporation only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

19.4 Award Holder deemed to submit to such jurisdiction

By accepting the making of an Award, an Award Holder is deemed to have agreed to submit to such jurisdiction.

20. Interpretation

20.1 Definitions

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Adoption Date means 1 January 2013;

Affiliate has the meaning set forth in the Securities Act (Alberta);

Associate has the meaning set forth in the Securities Act (Alberta); Award means an Award granted under the Plan;

Award Agreement means a statement in a form determined by the Corporation setting out details of the Award as set out in Rule 1.4;

Award Date means the date on which an Award is made in accordance with Rule 1.3;

Award Holder means an individual who holds an Award or, where the context permits, his or her legal personal representatives;

Award Price means the amount (if any) per Plan Share payable on the Settlement Date of an Award, determined in accordance with Rule 4;

Board means the board of directors of the Corporation;

Change of Control Transaction means the occurrence of any of the following events:

- the purchase or acquisition of Plan Shares and/or securities convertible into Plan Shares or carrying the right to acquire Plan Shares (Convertible Securities) as a result of which a person, a group of persons or persons acting jointly or in concert, or any Associates or Affiliates of any such person, group of persons or any of such persons acting jointly or in concert (collectively, the Holders) beneficially own or exercise control or direction over Plan Shares and/or Convertible Securities of the Corporation that, assuming the conversion of the Convertible Securities beneficially owned by the Holders thereof, would have the right to cast more than 50% of the votes attached to all Plan Shares; or
- approval by the shareholders of the Corporation and subsequent completion of:
 - an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or other entity pursuant to which the shareholders of the Corporation immediately prior to such transaction own securities of the successor or continuing corporation or other entity following completion of such transaction that would entitle them to cast less than 50% of the votes attaching to all of the common shares or other voting shares in the capital of the successor or continuing corporation or other entity;
 - a liquidation, dissolution or winding-up of the Corporation; or
 - the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
- the election at a meeting of the Corporation's shareholders of a number of directors of the Corporation, who were not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation's prior Board, and would represent a majority of the Board;
- or the appointment of a number of directors which would represent a majority of the Board and which were nominated by any holder of Plan Shares or by any group of holders of Plan Shares acting jointly or in concert and not approved by the Corporation's prior Board, but shall not include an acquisition of the Corporation's securities or assets by, or any consolidation, merger or exchange of securities or assets with, any entity that, immediately prior to such acquisition, consolidation, merger or exchange of securities was a Subsidiary;

THE CARACAL INCENTIVE COMPENSATION PLAN

Compensation Committee means the Compensation Committee or similar committee of the Board;

Corporation means Griffiths Energy International Inc, a corporation incorporated in Canada, under the Canada Business Corporations Act;

Dealing Day means any day on which the London Stock Exchange is open for the transaction of business;

Dealing Restrictions means restrictions on dealings imposed by statute, order or regulation or Government directive, or by the Model Code or any code adopted by the Corporation based on the Model Code;

Director means a member of the Board who is not an employee of a Group Member;

Disability in relation to an Award Holder means that such Award Holder is receiving benefits under any long term disability plan of the Corporation or an Affiliate or is otherwise unable to perform his or her material and substantial duties with the Corporation for a period of six cumulative months out of any 18 month period where such inability arises as a result of sickness or injury, as determined by the Board;

Eligible Employee means an individual who at the Award Date is an employee of a Group Member;

Employees' Share Scheme has the meaning set out in the UK Financial Services Authority Listing Rules;

IPO means any of the following:

- the admission by the Financial Services Authority (or any other competent authority for the purposes of Part VI of the UK's Financial Services and Markets Act 2000) of any of the issued equity share capital of the Corporation to the Official List and such admission becoming effective; the admission by the London Stock Exchange of any of the issued equity share capital of the Corporation to trading on the Alternative Investment Market; or
- any equivalent admission to any other investment exchange becoming unconditionally effective in relation to any of the issued equity share capital of the Corporation;
- IPO Date means the date on which IPO occurs;

Gain means the difference between (i) the Market Value of a Plan Share on the Settlement Date of an Award and (ii) the Award Price, multiplied by the number of Plan Shares in respect of which the Award has Vested;

Group means the Corporation and its Subsidiaries from time to time and Group Member shall be interpreted accordingly;

London Stock Exchange means the London Stock Exchange plc or any successor body;

Market Value on any day means

- (a) if at the relevant time Plan Shares are listed on the TSX, the weighted average market price per Plan Share on the TSX during the five trading days immediately preceding the date of grant;
- (b) if at the relevant time Plan Shares are not listed on the TSX but are listed in the Daily Official List of the London Stock Exchange, the middle market quotation (as derived from that List) on the preceding Dealing Day preceding the date of grant; or
- (c) where Plan Shares are not so listed, the market value of a Plan Share on the date of grant as determined by the Compensation Committee, acting in good faith.

Model Code means the Model Code on directors' dealings in securities as set out in Listing Rule 9, Annex 1 of the Listing Rules issued by the UK Financial Services Authority in its present form and as amended from time to time;

THE CARACAL INCENTIVE COMPENSATION PLAN

Performance Target means a performance target imposed as a condition of the Vesting of a Performance Share Unit under Rule 5.1 and as substituted or varied in accordance with Rule 5.3;

Plan means the Griffiths Energy Incentive Compensation Plan (2013) as amended from time to time;

Plan Shares means common shares in the capital of the Corporation;

Regulatory Information Service means a service that is approved by the UK Financial Services Authority on meeting the Primary Information Provider criteria and is on the list of Regulatory Information Services maintained by the Financial Services Authority (or any overseas equivalent);

Relevant Employment means holding an office or employment with any Group Member;

Reorganisation means

- any change in Plan Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- payment of any stock dividend to holders of Plan Shares (other than such stock dividends issued at the option of Shareholders in lieu of substantially equivalent cash dividends); or
- any rights being granted to all or substantially all of the holders of Plan Shares to purchase Plan Shares at prices substantially below fair market value; or
- any recapitalization, merger, consolidation or otherwise by which the Plan Shares are converted into or exchangeable for any other shares;

Rules mean the Rules of the Plan;

Settlement Date means the date set by the Board on the Award Date on which an Award Holder shall be entitled to settlement of the Award;

Subsidiary means (i) any corporation of which 95% of the capital stock of such corporation is owned, directly or indirectly, by the Corporation, and (ii) any unincorporated entity in respect of which the Corporation has, directly or indirectly, an equivalent degree of ownership;

TSX means the Toronto Stock Exchange;

Vest means an Award Holder becoming entitled to settlement of an Award.

20.2 Interpretation

In the Plan, unless otherwise specified:

- save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail;
- references to the male gender include the female gender and vice versa; and
- references to a statute are to that statute as enacted from time to time.

**SCHEDULE “C”
BOARD OF DIRECTORS TERMS OF REFERENCE**

The Board of Directors (the "**Board**") of Caracal Energy Inc. (the "**Corporation**") shall have the oversight responsibility, authority and specific duties as described below.

Composition

Directors and Chairman

The Board shall appoint a chairman (the "**Chairman**") from amongst the directors which comprise the Board. The majority of the directors and the Chairman must be independent, as defined under applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

To ensure efficient, independent functioning of the Board, the Chairman shall be the effective leader of the Board. As such, the Chairman is responsible for ensuring that the Board's agenda enables the Board to successfully carry out its duties.

Committees

In addition to any other committees (including special committees) which the Board may in its discretion constitute from time to time, the Board shall have the following standing committees:

- Audit Committee;
- Reserves Committee
- Health, Safety and Environment Committee;
- Compensation Committee; and
- Governance and Nominations Committee.

Certain of the responsibilities of the Board may be delegated to these or other committees of the Board. The composition and responsibilities of these standing committees and any other standing committees of the Board will be as set forth in their terms of reference, as amended from time to time, and approved by the Board.

Committee members shall be appointed by the Board. The Corporate Governance Committee shall provide the Board with its recommendation for filling any vacancies on any committees. The chair of each committee may be designated by the Board or, failing that, by the members of the particular committee. At each meeting of the Board, the chair of each committee (or such committee member as the chair may designate) shall report the results of meetings and any associated recommendations.

Board Membership Nomination and Evaluation

The Board has delegated the responsibility of recommending new director nominees to the Governance and Nominations Committee. The Governance and Nominations Committee shall, among other things, be responsible for recommending director candidates to the full Board. As well, the Governance and Nominations Committee will ensure an orientation program for new directors has been established.

In addition, the Board has delegated the responsibility of annually evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors to the Governance and Nominations Committee.

Communication

To ensure that the Corporation has in place policies and programs that enable the Corporation to communicate effectively and in a timely manner with its shareholders, other stakeholders, analysts and the public generally the Board has adopted a corporate disclosure policy.

Meetings and Record Keeping

1. The Board shall meet regularly and at least quarterly at such times and at such locations as the Chairman shall determine.
2. Notice of meetings shall be given to each director not less than 48 hours before the time of the meeting (unless such notice period is waived). Meetings of the Board may be held without formal notice if all of the directors are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. The notice of the meeting may be delivered personally, given by mail, facsimile or other electronic means of communication.
3. Each member of the Board is expected to attend Board meetings and meetings of committees on which he or she is a member and to be familiar with deliberations and decisions as soon as possible after any missed meetings. Members of the Board are expected to prepare for meetings by reviewing the meeting materials distributed to members of the Board prior to such meetings.
4. The independent directors of the Board shall regularly hold *in camera* sessions of the Board, with only independent directors present and at such times as the independent directors or Chairman determine advisable.
5. A quorum for meetings shall be a majority of the members of the Board, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.
6. If the Chairman is not present at any meeting, one of the other directors who is present at the meeting shall be chosen by the Board to preside at the meeting.
7. The Chairman shall, in consultation with management, establish agendas for the meetings that enable the Board to successfully carry out its duties and instruct management to circulate appropriate agenda materials to the Board with sufficient time for study prior to the meeting.
8. Every question at a Board meeting shall be decided by a majority of the votes cast.
9. Management shall receive notice of meetings and may attend meetings of the Board at the invitation of the Chairman.
10. The Corporate Secretary of the Corporation, or any other person selected by the Board, shall act as secretary for the purpose of recording the minutes of each meeting.

The minutes of the meeting of the Board shall be placed in the Corporation's minute book.

Duties and Responsibilities

In accordance with applicable laws, the Board is required to always act honestly and in good faith with a view to the best interests of the Corporation.

The Board is responsible for the stewardship of the Corporation and overseeing the management of the business of the Corporation. The responsibilities of the Board include:

1. to the extent feasible, satisfying itself as to the integrity of the executive officers and that the executive officers create a culture of integrity throughout the Corporation;
2. adopting a strategic planning process and approving, at least on an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business;

3. identifying the principal risks of the Corporation's business, and ensuring appropriate systems are implemented to manage these risks;
4. adopting and reviewing on an annual basis the Corporation's Disclosure Policy to ensure that disclosure made by the Corporation is accurate, informative, timely and broadly disseminated all in accordance with applicable laws and stock exchange rules and that the Disclosure Committee is effectively implementing the disclosure policy;
5. ensuring that the Corporation has appropriate processes in place to effectively communicate with its employees, government authorities, other stakeholders and the public;
6. ensuring the necessary internal controls and management systems are in place that effectively monitor the Corporation's operations and ensure compliance with applicable laws, regulations and policies, including reviewing on an annual basis the controls and procedures established for the certification of financial and other disclosure made by the Corporation;
7. reviewing and approving the capital budget of the Corporation;
8. developing clear position descriptions for the Chairman and the President and Chief Executive Officer;
9. developing or approving the corporate goals and objectives that the President and Chief Executive Officer is responsible for meeting;
10. ensuring succession planning programs are in place; and
11. establishing, with the assistance of the Governance and Nominations Committee, an appropriate system of corporate governance principles and guidelines applicable to the Corporation.

Stakeholder Communication

Any stakeholder may contact the Board by e-mail or in writing at:

Attention: Bob Hodgins, Chairman of the Board of Directors
Suite 2100, 555 - 4th Avenue SW
Calgary, Alberta, T2P 3E7

Telephone (403) 724-7200
Email: info@caracalenergy.com

Matters relating to the Corporation's accounting, internal accounting control or audit matters will be referred to the Audit Committee. Other matters will be referred to the Chairman.

Review of Terms of Reference

The Board or, at the request of the Board, the Governance and Nominations Committee, shall review and assess these Terms of Reference and any governance principles and guidelines established by the Board at least annually.