TRANSEURO ENERGY CORP.

Annual General and Special Meeting
to be held on October 3, 2012

Notice of Annual General and Special Meeting
and
Information Circular

August 29, 2012

TRANSEURO ENERGY CORP.

#2800- 350 - 7TH Avenue S.W
Calgary Alberta, T2P 3N9

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of the shareholders of Transeuro Energy Corp. (the "**Company**") will be held at the top floor at Haakon VIIs Gate IW0120 Oslo Norway on Wednesday October 3, 2012 at 11:00 a.m. CET (Central European time). At the Meeting, the shareholders will receive the financial statements for the year ended December 31, 2011, together with the auditor's report thereon, and consider resolutions to:

1. set the number of directors at four for the ensuing year;
2. elect directors for the ensuing year;
3. appoint Deloitte & Touche LLP, Chartered Accountants, as auditor of the Company for the ensuing year;
4. authorize the directors to determine the remuneration to be paid to the auditor;
5. confirm the Company's stock option plan, as required annually by the policies of the TSX Venture Exchange;
6. to approve by special resolution the possible consolidation of the fully paid and issued common shares of the Company on, or up to, a five (5) old for one (1) new share basis on the terms set forth in the information circular that accompanies this Notice under the heading "Particulars of Matters to be Acted Upon – Consolidation of Common Shares"; and
7. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors requests all shareholders who will not be attending the Meeting in person to read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. ("**Computershare**"). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by 11:00 a.m. CET (Central European time) on Monday October 1, 2012 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on August 29, 2012 will be entitled to vote at the Meeting.

A Circular and a form of proxy accompany this notice.

DATED the 29th day of August, 2012.

ON BEHALF OF THE BOARD

"David Worrall"

David Worrall
President and Chief Executive Officer

INFORMATION CIRCULAR

(as at August 29, 2012 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the "**Circular**") is provided in connection with the solicitation of proxies by the Management of Transeuro Energy Corp. (the "**Company**"). The form of proxy which accompanies this Circular (the "**Proxy**") is for use at the annual general and special meeting of the shareholders of the Company to be held on Wednesday, October 3, 2012 (the "**Meeting**"), at the time and place set out in the accompanying notice of Meeting (the "**Notice of Meeting**"). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person's name in the blank space provided.**

The Proxy may be revoked by:

(a) signing a proxy with a later date and delivering it at the time and place noted above;

(b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's Norwegian registrar, C/O Nina Pertolaw**,** Registrars Department, DnB NOR Bank ASA, PO Box 1171, 0021 Oslo, Norway, FAX: +47 22 94 90 20 not later than 96 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his or her authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with the Company's Norwegian registrar, C/O Nina Pertolaw, Registrars Department, DnB NOR Bank ASA, PO Box 1171, 0021 Oslo, Norway, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

Provisions Relating to Voting of Proxies

The shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the Management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who hold their Common Shares in the VPS (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Company's registrar and transfer agent in Canada as registered holders of common shares will be recognized and acted upon at the Meeting. If Common Shares are held in the VPS, those Common Shares will, in all likelihood, *not* be registered in the shareholder's name with the transfer agent in Canada. The Common Shares held by Beneficial Shareholders are registered in Canada through DnB NOR Bank's nominee (the **"Nominee**") Common Shares held by the Nominee on behalf of the Beneficial Shareholders can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, the Nominee is prohibited from voting these shares. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to Nina Pertolaw Registrars Department, DnB NOR Bank ASA, PO Box 1171, 0021 Oslo, Norway, FAX: +47 22 94 90 20 and, ultimately to the Nominee, well in advance of the Meeting. If you have any questions respecting the voting of Common Shares, please contact Nina Pertolaw, Registrars Department, DnB NOR Bank at +47.22.48.12.17 for assistance..**

The form of instrument of proxy supplied to a Beneficial Shareholder by the Company is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing DnB NOR Bank to instruct the Nominee how to vote on behalf of the Beneficial Shareholder. **A Beneficial Shareholder cannot use the form of proxy provided to vote common shares directly at the Meeting. The voting instruction forms must be returned to DnB NOR Bank (as detailed above) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of Common Shares, please contact Nina Pertolaw, Registrars Department, DnB NOR Bank at +47 22 94 86 11 for assistance. .**

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 broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to DnB NOR Bank as detailed above.**

All references to shareholders in this Circular and the accompanying instrument of proxy and Notice are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare Trust Company of Canada, unless specifically stated otherwise.

Financial Statements

The audited consolidated financial statements of the Company for the year ended December 31, 2011, together with the auditor's report on those statements and Management Discussion and Analysis, will be placed before the shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On August 8, 2011 the Company consolidated its common shares on a five for one basis (the "Consolidation"). Unless otherwise stated, all disclosure in this Information Circular is shown on a post-Consolidation basis.

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of unlimited common shares of which 316,702,258 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at August 29, 2012**,** are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management of the Company will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company was set at four at the Company's last annual general meeting.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	**Principal occupation during the past five years**	**Served as director of the Company since**	**Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present[1]**
Aage Thoen[2][3][4] Oslo, Norway ***Director and Chairman of the Board***	Chairman and owner of Aage Thoen Ltd. AS, a Norwegian based shipowning investment and marine service company.	April 11, 2007	13,980,726
A. Pedro Paulo[2][3][4][5] Portugal ***Director***	Retired. President of Chevron Overseas Petroleum Brasil Ltda., May 1997 to 2005.	July 21, 2008	506,525
David Worrall[2][5] Dubai, UAE ***Director, Chief Executive Officer and President***	Chemical Engineer; Chief Operating Officer of the Corporation from August 2006 to December 2008; Chief Executive Officer and President from December 2008 to present; Senior Reservoir Engineer of MDE from 2002 to 2005.	June 5, 2011	978,106
Nils N. Trulsvik[5] Nesbru, Norway ***Director***	Independent consultant (2010 to present). Chief Executive Officer, Interoil Exploration & Production ASA (2005 to 2010).	November 7, 2011	Nil

Notes:

(1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.

(2) A member of the audit committee.

(3) A member of the compensation committee.

(4) A member of the corporate governance and environmental committee.

(5) A member of the reserves committee.

The members of the Company's audit committee are Aage Thoen, Pedro Paulo and David Worrall. Each member of the audit committee is financially literate in accordance with National Instrument 52-110 *Audit Committees*.

The Company has a compensation committee, the current members of which are Aage Thoen and Pedro Paulo.

The Company has a corporate governance and environmental committee, the current members of which are Aage Thoen and Pedro Paulo.

The Company has a reserves committee, the current members of which are Pedro Paulo, David Worrall and Nils Trulsvik.

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

Corporate Cease Trade Orders or Bankruptcies

Other than disclosed below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

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

On May 5, 2009, the Company was issued a Cease Trade Order by the British Columbia Securities Commission (the "**BCSC**") for failing to file its required public filings. The Company was required to file its annual financial statements and management discussion and analysis for the year ended December 31, 2008. The required financial information was filed and, accordingly, the Cease Trade Order was revoked on June 30, 2009. During this time, Pedro Paulo and Aage Thoen were directors of the Company.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

EXECUTIVE COMPENSATION

Named Executive Officers

During the financial year ended December 31, 2011, the Company had four Named Executive Officers of the Company, being David Worrall, the current President and Chief Executive Officer, Darren Moulds, the Chief Financial Officer, and Derek Page and Bruce Colwill, both of whom acted as Chief Financial Officers for a period in the year ended 2011.

Bruce Colwill was appointed Chief Financial Officer on April 30, 2010 and resigned on February 1, 2011. Derek Page was appointed Chief Financial Officer to replace Bruce Colwill on February 1, 2011 and resigned on December 1, 2011. The Company's current Chief Financial Officer is Darren Moulds.

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

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Discussion and Analysis

The Board's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, a NEO's compensation is comprised of contractor payments/employee salary, incentive bonus and stock option grants. Given the evolving nature of the Company's business, the Compensation Committee continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Share-Based and Option-Based Awards

The Company does not grant share-based awards. The Board is responsible for granting options to the NEOs. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. When new options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The exercise price of the stock options granted is generally determined by the market price at the time of grant.

Risk of Compensation Practices and Disclosure

The Compensation Committee has not formally considered the risks associated with the Company's compensation policies and practices. The Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long term sustainability. The discretionary nature of annual bonus awards and option grants are significant elements of the Company's compensation plans and provide the Board with the ability to reward historical performance and behaviour that the Board consider to be aligned with the Company's best interests. The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks. The Board and the Compensation Committee does not believe that the Company's compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Hedging Policy

The Company has not established a policy on whether a NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. The NEOs and directors have advised the Company that they have not entered into any such arrangement.

Compensation Governance

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Compensation Committee currently consists of two members; namely, Aage Thoen and A. Pedro Paulo. All members of the Compensation Committee are considered independent.

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

(a) to authorize the engagement of outside advisers where deemed necessary by the committee to assist a director in overseeing management of the Company;

(b) to annually review and determine the salary, bonus and all other compensation paid to the Chief Executive Officer and President;

(c) to annually review and approve the Chief Executive Officer and the President's bonus objectives;

(d) to annually review and approve the aggregate cost of compensation set out in the budget;

(e) on the recommendation of the Chief Executive Officer and President, to determine:

    (i) the general compensation structure and policies and programs for the Company; and

    (ii) the salary and benefit levels for senior officers;

(f) to amend, administer and make grants under the Company's stock option plan and to determine its use, from time to time, as a form of compensation for eligible individuals;

(g) to determine the senior officers of the Company who are eligible for cash performance or incentive bonuses and, on the recommendation of the Chief Executive Officer or President, to determine the bonuses to be awarded to such officers;

    (i) to review and make recommendations to the Board on issues that arise in relation to any employment contracts in force from time to time;

    (ii) to review executive compensation disclosure before the Company publicly discloses this information; and

(iii) to review and approve severance arrangement for senior officers.

All members of the Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programmes. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Company's success factors and risks, which is very important when determining metrics for measuring success.

SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)(1)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans(5)	Long-term incentive plans			
David Worrall, President & Chief Executive Officer	2011 2010 2009	272,167 291,379 244,322	N/A N/A N/A	N/A 119,922 315,315	N/A N/A 40,000	N/A N/A N/A	N/A N/A N/A	Nil Nil Nil	272,167 411,301 599,647
Darren Moulds, Chief Financial Officer(2)	2011	17,500	N/A	N/A	N/A	N/A	N/A	Nil	17,500
Derek Page, Former Chief Financial Officer(3)	2011	125,000	N/A	Nil(6)	N/A	N/A	N/A	Nil	125,000
Bruce Colwill, Former Chief Financial Officer(4)	2011 2010	15,000 123,750	N/A N/A	N/A 20,363	N/A 5,000	N/A N/A	N/A N/A	Nil Nil	15,000 144,113

Notes:

(1) During the year ended December 31, 2011, the fair value of stock options granted to officers and directors was measured using the Black-Scholes option pricing model, incorporating the following assumptions: September 2009 Grants – (1) interest rate 2.62%, (2) option life 5 years, (3) annual volatility 106%, and (4) nil dividends; May 2010 Grants – (1) interest rate 1.46%, (2) option life 5 years, (3) annual volatility 149%, and (4) nil dividends; December 2010 Grants – (1) interest rate 2.45%, (2) option life 5 years, (3) annual volatility 115%, and (4) nil dividends; February 2011 Grants - (1) interest rate 2.62%; (2) option life 5 years; (3) annual volatility 121%; and (4) nil dividends.

(2) Darren Moulds was appointed Chief Financial Officer on December 1, 2011.

(3) Derek Page was appointed Chief Financial Officer on February 1, 2011 and resigned on December 1, 2011.

(4) Bruce Colwill was appointed Chief Financial Officer on April 30, 2010 and resigned on February 1, 2011.

(5) The amount included in this column for 2010 is with respect to an achievement milestone.

(6) Pursuant to the stock option plan of the Company, Derek Page's options expired 60 days from the date that he ceased to be employed by the Company.

Narrative Discussion

Aside from the agreements described below, the Company does not currently have in place any employment or consulting agreements with its Named Executive Officers.

- Mr. Bruce Colwill, the Company's former Chief Financial Officer from April 30, 2010 to February 1, 2011 and the Company entered into a Management Consulting Agreement, effective May 2010, pursuant to which Mr. Colwill was paid a monthly fee in the amount of US$15,000. The agreement expired in November 2010.

- On August 1, 2009, Mr. David Worrall, the Company's Chief Executive Officer, entered into an employment contract with the Company pursuant to which the Company paid a monthly fee in the amount of US$18,000 with additional monthly benefits of US$5,225. The agreement was terminated and on November 1, 2011 the Company and Mr. Worrall entered into a consulting contract (the "**Worrall Agreement**") at a daily rate of US$1,000/day. Mr. Worrall is also eligible for participation in any employee benefit plan and a bonus in 2011 Q4 through 2012 Q3 of up to US$30,000 per quarter at the sole discretion of the Compensation Committee. No quarterly bonus has been paid under the contract to date.

- On December 1, 2011, Mr. Darren Moulds, the Company's Chief Financial Officer, entered into an employment contract (the "**Moulds Contract**") with the Company pursuant to which the Company pays a monthly salary of $17,500. Mr. Moulds is eligible for participation in the Company's stock option plan and for discretionary bonuses as determined by the Compensation Committee.

There were no long term incentive plans in place for any Named Executive Officer of the Company during the most recently completed financial year.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

Outstanding Share-Based Awards and Option-Based Awards

	Option-based Awards					
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Number of securities underlying unexercised options (Post-Consolidation) (#)**	**Option exercise price ($) (Post-Consolidation)**	**Option expiration date**	**Value of unexercised in-the-money options(1) ($)**
David Worrall, President & Chief Executive Officer	5,746,938	$0.18	1,149,388	$0.90	Sept 20, 2014 and Dec 22, 2015	$0
Darren Moulds, Chief Financial Officer	Nil	N/A	Nil	N/A	N/A	$0
Derek Page, Former Chief Financial Officer	300,000	$0.28	60,000	$1.38	Jan 31, 2012(2)	$0
Bruce Colwill, Former Chief Financial Officer	Nil	N/A	N/A	N/A	N/A	$0

Note:

(1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2011 over the exercise price of the options. The market price for the Company's common shares on December 30, 2011, the last day the shares traded prior to the December 31, 2011 year end was $0.070.

(2) Pursuant to the stock option plan of the Company, Derek Page's options expired 60 days from the date that he ceased to be employed by the Company.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

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

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
David Worrall, President & Chief Executive Officer	$156,880	Nil	Nil
Darren Moulds, Chief Financial Officer	Nil	Nil	Nil
Derek Page, Former Chief Financial Officer	Nil	Nil	Nil

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Bruce Colwill, Former Chief Financial Officer	Nil	Nil	Nil

Narrative Discussion

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the option is awarded.

4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other then by reason of death) then the option granted shall expire on a date stipulated by the Board at the time of grant and, in any event, must terminate within 60 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Stock Option Plan.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Other than as described below, the Company and its subsidiaries have no contract, agreement, plan or arrangement where a Named Executive Officer is entitled to be compensated in the event of any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the Named Executive Officer.

Pursuant to the Worrall Agreement, either Mr Worrall or the Company may terminate the arrangement on not less than thirty days written notice of termination, at which point the Company will pay Mr. Worrall all fees and expenses properly incurred in accordance with the agreement.

Pursuant to the Moulds Agreement, the Company may terminate Mr. Moulds at any time during the term of the agreement for just cause or death without notice or compensation, or otherwise upon providing three months notice in writing. Mr. Moulds may also terminate his employment by providing three months notice in writing to the Company. In the event of resignation, the Company may elect to pay Mr. Moulds in lieu of the notice period.

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination on a change of control or resignation for good cause following a change of control assuming termination or resignation on December 31, 2011.

Name	**Base Salary ($)**	**Bonus ($)**	**Option-Based Awards ($)[(1)]**	**All Other Compensation ($)**	**Total ($)**
David Worrall President & Chief Executive Officer	21,000	N/A	Nil	N/A	21,000
Darren Moulds Chief Financial Officer	52,500	N/A	Nil	N/A	52,500

Note:

(1) Assumes no exchange of options held by NEOs for acquiring Company's stock options. Calculated based on the difference between the market price of the Company's common shares on the Exchange on December 30, 2011, the last day the shares traded prior to the December 31, 2011 which was $0.070, and the exercise price of the option. All options vest on the date of grant.

The Company has no other compensatory plan, contract or arrangement where a NEO is entitled to receive more than $100,000 (including periodic payments or instalments) to compensate such NEO in the event of resignation, retirement or other termination of the NEOs employment with the Company, a change of control of the Company, or a change in responsibilities of the NEO following a change in control.

DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

Director Compensation Table

Name	Fees earned ($)	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Aage Thoen	29,644	N/A	Nil	n/a	n/a	N/A	29,644
A. Pedro Paul	19,776	N/A	Nil	n/a	n/a	N/A	19,776
Nils Trulsvik[2]	3,296	N/A	Nil	n/a	n/a	N/A	3,296

Notes:

(1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and expected life of the options.

(2) Nils Trulsvik was appointed a director of the Company on November 7, 2011.

Narrative Discussion

During 2011, directors received USD$5,000 in fees per quarter. The Chairman of the Board received $7,500 per quarter. Directors are also granted stock options. Directors who are also officers of the Company do not receive the directors' fees in addition to their executive compensation.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year. The Company has not granted any share-based awards.

Outstanding Share-Based Awards and Option-Based Awards

	Option-based Awards					
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Number of securities underlying unexercised options (Post-Consolidation) (#)**	**Option exercise price ($) (Post-Consolidation)**	**Option expiration date**	**Value of unexercised in-the-money options[(1)] ($)**
Aage Thoen	2,267,778	$0.17	153,556	$0.83	Sept 20, 2014 and Dec 22, 2015	Nil
Antonio Pedro Paulo	1,283,334	$0.18	256,667	$0.89	Sept 20, 2014 and Dec 22, 2015	Nil
Nils Trulsvik	Nil	N/A	Nil	N/A	N/A	Nil

Note:

(1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2011 over the exercise price of the options. The market price for the Company's common shares on December 30, 2011, the last day the shares traded prior to the December 31, 2011 year end was $0.070.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director:

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

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Aage Thoen	$69,189	N/A	N/A
Antonio Pedro Paulo	$34,441	N/A	N/A
Nils Trulsvik	N/A	N/A	N/A

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the previous year end:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	3,566,576	$0.91	28,103,649
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
Total	3,556,576	$0.91	28,103,649

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board of the Company, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described below, none of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

In May 2011, the Company completed the acquisition of the remaining 50% interest in the Beaver River Project. The Company issued 40,000,000 (pre-consolidation) common shares to Questerre Energy Corporation ("**Questerre**") as consideration for the acquisition and as settlement of outstanding operating debts of approximately $5,900,000. In connection with the acquisition, Questerre entered into an agreement with Transeuro to provide an unsecured 12 month loan of $2,000,000 at an interest rate of 3% per annum for the first 6 months and 6% per annum for the remaining 6 months. The loan was repaid concurrently with the proceeds of the Rights Offering completed in December 2011 by the issuance of 33,333,333 shares**.**

On December 6, 2011, the Company completed a rights offering (the "**Rights Offering**"), raising approximately $13,500,000 in gross proceeds through the issuance of 224,999,993 common shares at a price of $0.06 per common share. Questerre, a shareholder of the Company, and Aage Thoen, Pedro Paulo and David Worrall, each proposed directors of the Company, acted as standby purchasers in the Rights Offering and, as a result, participated in the Rights Offering as to 5,499,066 shares, 12,532,853 shares, 435,925 shares and 544,906 shares, respectively.

APPOINTMENT OF AUDITOR

Auditor

Deloitte & Touche LLP, Chartered Accountants, of 700, 850 - 2nd Street, S.W., Calgary, Alberta T2P 0R8, is the Company's auditor and was first appointed as the Company's auditor on January 25, 2012. Upon the Company's request, PricewaterhouseCoopers LLP, Chartered Accountants, the former auditor of the Company, resigned as auditor of the Company effective as of January 25, 2012. Proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the appointment of Deloitte & Touche LLP, Chartered Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the Board.

As required by Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, attached as Schedule "A" to this Circular, are copies of the following documents which were filed with the applicable securities regulatory authorities in connection with the change of auditor described above, and are available on the Company's SEDAR profile, at www.sedar.com:

1. Notice of Change of Auditor dated January 25, 2012;

2. Letter from PricewaterhouseCoopers LLP, Chartered Accountants, dated January 31, 2012; and

3. Letter from Deloitte & Touche LLP, Chartered Accountants, dated January 31, 2012.

MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

AUDIT COMMITTEE

The disclosure required by Part 5 of National Instrument 52-110 *Audit Committees* ("NI 52-110"), can be found under the heading "Information on Audit Committee" in the Company's Annual Information Form dated June 9, 2012. The Annual Information Form is available under the Company's profile on www.sedar.com.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and senior management of the Company consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating four individuals to the Company's Board, all of whom are current directors of the Company.

The Board of Directors has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. Except for David Worrall, all of the current members of the Board are considered "independent" within the meaning of NI 52-110. David Worrall is not "independent" as he is the Chief Executive Officer and President of the Company.

The Board recommends nominees to the shareholders for election as directors, immediately following each annual general meeting appoints an Audit Committee, Compensation Committee, Corporate Governance and Environmental Committee and Reserves Committee and appoints the chairperson of each committee, establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee of the Board, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO of the Company and establishes the duties and responsibilities of those positions and appoints the senior officers of the Company and approves the senior Management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet at least once each quarter and more often as necessary. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

Directorships

None of the directors of the Company are also directors of other reporting issuers, except that:

- Aage Thoen is the vice chairman of Green Reefers ASA, an Oslo Stock Exchange listed company; and
- Nils Trulsvik is a director of Force Capital Partners AS and the Chairman of the board of Multiclient Geophysical ASA, Seafloor Geophyiscal AS and Fountain Oil Limited.

Orientation and Continuing Education

The Board's practice is to recruit for the Board only persons with extensive experience in the financial or petroleum business and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director. The Board has prepared and approved a directors handbook (the "**Handbook**") outlining each member's roles, responsibilities and liabilities, both as board members and committee members.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Board has adopted a Code of Business Conduct (the "**Code**") to be followed by the Company's directors, officers, employees and principal consultants and those of its subsidiaries and is provided to board members upon appointment. The Code is also to be followed, where appropriate, by the Company's agents and representatives, including consultants where specifically required. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoid conflict of interest, protect confidential information and comply with the applicable government laws and securities rules and regulations.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Compensation Committee

The Compensation Committee is a committee comprised of at least two members, where the Board is composed of four Directors, and three members, where the Board consists of more than four Directors. The primary purpose of the Compensation Committee is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall be independent directors.

Members of the Compensation Committee shall be appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Compensation Committee the Board shall appoint an independent chairperson (the "**Compensation Committee Chairperson**"). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long term success of the Company. Compensation generally includes three (3) components: base salary, annual bonus based on performance and grant of stock options. The Compensation Committee takes into account the international context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Compensation Committee meetings will be available for review by any member of the Board on request to the Compensation Committee Chairperson.

The current members of the Compensation Committee are Aage Thoen and A. Pedro Paulo.

Corporate Governance and Environmental Committee

The purpose of the Corporate Governance and Environmental Committee is to monitor and to generally be responsible for developing the Company's governance and policies and guidelines relating to corporate governance and overseeing their implementation and administration.

The Corporate Governance and Environmental Committee is responsible for ensuring a compensation policy and practice that is supportive of the Company's business strategies and that appropriately links senior management performance and compensation. In addition, the Corporate Governance and Environmental Committee shall ensure the recruitment, ongoing long-term development and deployment of high calibre senior management. In particular, the Corporate Governance and Environmental Committee duties include:

1. Identify and recommend candidates for election to the Board. The Corporate Governance Committee should consult fully with the CEO in its process of recruiting new directors;

2. Advise the Board and the Company, as applicable, on all matters relating to corporate governance directorship practices, including the criteria for selecting directors, policies relating to tenure and retirement of directors, and compensation and benefit programs for non-employee directors;

3. Recommend processes to evaluate the performance and contributions of individual directors and approve procedures designed to provide that adequate orientation and training are provided to new members of the Board;

4. Work with management to ensure adequate succession plans are in place;

5. Provide a forum for concerns of individual outside directors about matters not easily or readily discussed in a full Board meeting; and

6. Ensure that the Company's policies on continuous disclosure and communications with analysts are updated as required and are provided to all new directors and senior officers.

7. Periodic review and revisions of the Handbook, Code of Business Conduct and other corporate governance documents, policies and procedures.

Annually, following the annual general meeting of the Company, the Board elects two members, where the Board is composed of four Directors, and three members, where the Board consists of more than four Directors, to serve on the Corporate Governance and Environmental Committee. Each member holds office until the close of the next annual general meeting of the Company or until the member resigns or is replaced, whichever first occurs. The Board appoints one of the directors on the Corporate Governance and Environmental Committee as the chairperson (the "**Corporate Governance and Environmental Committee Chairperson**"), whose duties include overseeing the proper functioning of the Corporate Governance and Environmental Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The current members of the Corporate Governance and Environmental Committee are Aage Thoen and A. Pedro Paulo.

Reserves Committee

The Reserves Committee is responsible for review of the procedures of the Company relating to the disclosure of information with respect to oil and gas reserves data, and in doing so, considers the adequacy of procedures for disclosure, reviews the procedures for providing information to qualified reserves evaluators or auditors and reviews compliance with applicable regulations and policies. The Reserves Committee is also charged with reviewing the selection and engagement of such qualified reserves evaluators or auditors including the consideration of the expertise, independence and cost.

The Reserves Committee will meet as may be necessary or appropriate in its judgment.

The Committee shall consist of a minimum of two members, where the Board consists of four Directors, and three members, where the Board consists of more than four Directors. Where possible the majority of the members of the Committee shall meet the independence requirements set out in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The duties and responsibilities of a member of the Committee are in addition to his or her duties and responsibilities as a Director.

The Committee shall:

- review the procedures of the Company relating to the disclosure of information with respect to oil and gas reserves data;

- annually review the selection and engagement of the qualified reserves evaluators or auditors chosen to report to the Board on oil and gas reserves data annually review and approve the expected fees of the independent reserves evaluators; and

- review the annual reserves estimates of the Company and its affiliates prior to public disclosure.

The Reserves Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Reserves Committee meetings will be available for review by any member of the Board on request to the Reserves Committee Chairman.

Assessments

The Board of Directors annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board of Directors monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

PARTICULARS OF MATTERS TO BE ACTED UPON

Confirming Stock Option Plan

Shareholders are being asked to confirm approval of the Company's stock option plan (the "**Stock Option Plan**") which was initially adopted by the directors of the Company on November 3, 2011. There have been no changes to the Stock Option Plan since it was adopted by the directors. The Stock Option Plan is subject to approval by the TSX Venture Exchange (the "**Exchange**").

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. The board of directors shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the board of directors grant and announce the granting of the option.

4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other then by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on no later than the 60th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

"IT IS RESOLVED THAT the Stock Option Plan is hereby approved and confirmed."

Consolidation of Common Shares

At the Meeting, shareholders will be asked to consider, and if thought appropriate, to pass a special resolution (the full text of which is set forth below) amending the Company's capital share structure by consolidating the 316,702,258 fully paid and issued common shares in the capital of the Company on the basis of up to five (5) old common shares of the Company for one (1) new common share of the Company (the "Consolidation"), with the actual consolidation ratio to be determined by the directors following the Meeting (such ratio not to exceed five (5) old common shares for one (1) new common share). As of the date hereof, the Company has 316,702,258 common shares without par value issued and outstanding. The proposed Consolidation will reduce the number of outstanding common shares without par value to approximately:

(a) assuming a ratio of two (2) old common shares for one (1) new common share, to 158,351,129 common shares;

(b) assuming a ratio of three (3) old common shares for one (1) new common share, to 105,567,419 common shares;

(c) assuming a ratio of four (4) old common shares for one (1) new common share, to 79,175,564 common shares;

(d) assuming a ratio of five (5) old common shares for one (1) new common share, to 63,340,451 common shares;

before taking into account any fractional shares resulting from the Consolidation which will be converted into whole shares as follows:

(a) any fractional shares arising upon the Consolidation comprising less than one-half of one share will be deemed to have been tendered by the registered owner to the Company by way of gift and for cancellation, and will be returned to the authorized but unissued share structure of the Company; and

(b) any fractional shares arising upon the Consolidation comprising greater than or equal to one-half of one share will be converted into one whole share.

In accordance with the Company's Articles and the *Business Corporations Act* (British Columbia), the Consolidation must be approved by majority of not less than two-thirds (2/3) of the votes cast at the Meeting on the resolution approving the Consolidation.

The Consolidation will be effective on the date on which the directors of the Company determine to carry out the Consolidation, as approved by the TSX Venture Exchange and the Oslo Axess, as applicable.

It is anticipated that a letter of transmittal containing instructions with respect to the surrender of share certificates for the Company's pre-Consolidation common shares without par value will be furnished to the shareholders of the Company for use in exchanging their share certificates. Following the return of a properly completed and executed letter of transmittal, together with the share certificate for the pre-Consolidation common shares, the certificates for the appropriate number of post-Consolidation common shares without par value will be issued.

Management of the Company is of the opinion that the Consolidation is in the best interests of the Company at some point in the coming year. Management believes that the number of post-Consolidation common shares will be more appropriate given the Company's capitalization and will allow the Company greater possibilities with respect to future financings. The board of directors of the Company recommend that the shareholders of the Company vote in favour of the Consolidation, now to be implemented as and when required.

The following is the text of the special resolution which will be put forward at the Meeting:

"IT IS RESOLVED as a special resolution that, subject to the acceptance by the TSX Venture Exchange and the Oslo Axess, if applicable:

1. The Company's authorized share structure be altered by consolidating (the "Consolidation") all of the 316,702,258 fully paid and issued common shares without par value in the capital of the Company (or such other number of fully paid and issued common shares that are outstanding on the effective date of the Consolidation) on the basis of up to five (5) old common shares of the Company for one (1) new common share of the Company.

2. Any fractional shares of the Company arising upon the Consolidation be converted into whole shares of the Company as follows:

   (a) any fractional shares arising upon the Consolidation comprising less than one-half of one share will be deemed to have been tendered by the registered owner to the Company by way of gift and for cancellation, and will be returned to the authorized but unissued share structure of the Company; and

   (b) any fractional shares arising upon the Consolidation comprising greater than or equal to one-half of one share will be converted into one whole share.

3. The directors of the Company, in their sole and complete discretion, may act upon this special resolution to effect the Consolidation and to determine the actual Consolidation ratio (such ratio not to exceed five (5) old common shares for one (1) new common share), or if deemed appropriate and without any further approval from the shareholders of the Company, may choose not to act upon this special resolution notwithstanding shareholder approval of the Consolidation.

4. Should the directors of the Company choose to act upon this special resolution to effect the Consolidation and subject to the deposit of this resolution at the Company's records office, the solicitors for the Company are authorized and directed to electronically file the Notice of Alteration with the Registrar of Companies of British Columbia, if required.

5. Any one director or officer of the Company is authorized and directed on behalf of the Company, to take all necessary steps and proceedings, and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things as may be necessary or desirable to give effect to this special resolution."

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2011 a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 403-705-1919.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED the 29th day of August, 2012.

ON BEHALF OF THE BOARD

(signed) *"David Worrall"*

David Worrall
Chief Executive Officer and President

TRANSEURO ENERGY CORP.

Schedule "A"
Change of Auditor Documentation

(SEE ATTACHED)

TRANSEURO ENERGY CORP.

SUITE 1578 – 609 GRANVILLE STREET
VANCOUVER, BC
V7Y 1G5

NOTICE OF CHANGE OF AUDITOR
TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

AND TO: PricewaterhouseCoopers LLP, Chartered Accountants
AND TO: Deloitte & Touche LLP, Chartered Accountants

NOTICE OF CHANGE OF AUDITOR

PURSUANT TO SECTION 4.11 OF NATIONAL INSTRUMENT 51-102

Transeuro Energy Corp. **(the "Corporation")** advises that PricewaterhouseCoopers LLP, Chartered Accountants (the **"Former Auditor"**) has resigned, at the request of the Corporation, as the auditor of the Corporation effective January 25, 2012.

The audit committee of the Corporation has considered the resignation of the Former Auditor and has recommended that Deloitte & Touche LLP (the **"Successor Auditor"**) be appointed as auditor of the Corporation effective immediately until the next annual meeting of the shareholders of the Corporation.

There were no reservations in the Former Auditor's reports for the two most recently completed financial years or for any period subsequent to the most recently completed period for which an audit report was issued and preceding the date of the Former Auditor's resignation.

There are no reportable events between the Corporation and the Former Auditor.

The resignation of the Former Auditor and the appointment of the Successor Auditor as auditor of the Corporation has been considered and approved by the Corporation's audit committee and by its board of directors.

DATED this 25th day of January, 2012.

Transeuro Energy Corp.

Per: ______________________

Name: Darren Moulds
Title:CFO

pwc

To:

British Columbia Securities Commission
Alberta Securities Commission
Ontario Columbia Securities Commission

We have read the statements made by Transeuro Energy Corp. in the attached copy of Change of Auditor Notice dated January 25, 2012, which we understand will be filed pursuant to Section 4.11 of the National Instrument 51-102.

We agree with the statements in the Change of Auditor Notice dated January 25, 2012.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, B.C.
January 31, 2012

PricewaterhouseCoopers LLP Chartered Accountants
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

Deloitte & Touche LLP
700, 850 - 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 403-264-2871
www.deloitte.ca

January 31, 2012

To: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Transeuro Energy Corp. dated January 25, 2012 (the "Notice") and, based on our knowledge of such information at this time, we agree with the first, second, third and fifth paragraphs in the Notice and have no basis to agree or disagree with the fourth paragraph contained in the Notice.

Yours very truly,

Deloitte & Touche LLP

Chartered Accountants