



SERICA ENERGY plc

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Serica Energy plc (the "Company") will be held on 19 June 2008 (the "Meeting") at 10.00 am (British Summer Time) at No.1 Cornhill, London, EC3V 3ND, United Kingdom, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. to receive the consolidated financial statements and the reports of the board of directors and of the auditors for the year ended 31 December 2007;
2. to re-appoint the auditors, Ernst & Young LLP, and to authorise the board of directors to fix their remuneration;
3. to elect as a director, Ian Vann, who was appointed by the board of directors on 1 July 2007;
4. to elect as a director, Steven Theede, who was appointed by the board of directors on 24 July 2007;
5. to elect as a director, Jonathan Cartwright, who was appointed by the board of directors on 27 March 2008;
6. to re-elect as a director, Christopher Hearne, who retires by rotation under Article 65 of the Company's articles of association;
7. to re-approve, ratify and confirm the Company's share option plan, previously approved by the shareholders of the Company, and setting the number of Ordinary Shares of the Company issuable thereunder at 10% of the number of issued Ordinary Shares from time to time;
8. that the directors be generally and unconditionally authorised for the purpose of section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of US\$6,925,760 provided that this authority shall expire at the earlier of the date which is 15 months after the passing of this resolution and the conclusion of the annual general meeting of the Company next following the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired and so that this authority is in substitution for and shall replace all existing authorities pursuant to section 80 which, to the extent not exercised prior to the passing of this resolution, are hereby revoked; and

SPECIAL RESOLUTION

9. that, subject to the passing of resolution 8 and in place of all existing powers, the directors be empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94(2) of the Companies Act 1985) for cash pursuant to the authority conferred by resolution 8 as if section 89(1) of the Companies Act 1985 did not apply to such allotment provided that this power shall be limited to allotments of equity securities:
- i. in connection with an issue or offer of such securities by way of rights or other preemptive offers in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates, or legal or practical problems under the laws of, or the requirements of any regulatory authority or stock exchange in, any territory or otherwise howsoever; and
 - ii. otherwise than pursuant to 9(i) above, up to an aggregate nominal amount of US\$1,764,183

and shall expire at the conclusion of the annual general meeting of the Company next following the date on which this resolution is passed, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuant of such offer or agreement as if this power had not expired.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Shareholders are invited to attend the Meeting. *Registered shareholders* who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and to return it to the Company's registrars, Capita Registrars at Proxy Processing Centre, Telford Road, Bicester OX26 4LD in the United Kingdom or Equity Transfer and Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 in Canada. In the case of *non-registered shareholders* who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary.

To be effective, a proxy must be received by Capita Registrars or Equity Transfer and Trust Company not later than 48 hours before the time appointed for the Meeting or any adjournment thereof, together with any power of attorney or other authority (or a notorially certified copy thereof) under which it is signed.

DATED 19 May 2008

BY ORDER OF THE BOARD OF DIRECTORS

Antony Craven Walker
Chairman

SERICA ENERGY plc

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 5450950)*

Directors:

Antony Craven Walker (Chairman)
Paul Ellis
Christopher Hearne
Jonathan Cartwright
Neil Pike
Steven Theede
Ian Vann

Registered Office:

87-89 Baker Street
London W1U 6RJ

19 May 2008

To the holders of Ordinary Shares and, for information only, to the holders of options of Serica Energy plc (“Serica” or the “Company”).

Dear Shareholder

Accompanying this letter you will find the Company’s annual report and accounts for 2007 together with the attached Notice of the Annual General Meeting to be held on 19 June 2008 (the “Meeting”). In addition, you will find a management information circular that is required under Canadian regulations.

Serica is a UK registered company listed both on AIM in London and the TSXV in Toronto and, for this reason, I should like to explain the background to some of the resolutions to be put to shareholders at the Meeting, since company practice can differ between both markets.

Resolutions 3, 4 and 5: Under the Company’s articles of association and UK company law, any director appointed by the Board holds office only until the next annual general meeting and is then eligible for election. This applies to Ian Vann, Steven Theede and Jonathan Cartwright.

Resolution 6: Under the Company’s articles of association, one third of the directors on the Board must retire at each annual general meeting and may offer themselves for re-election to the Board. Those directors seeking election as it is the first AGM since their appointment are not taken into account when determining the number of directors who are to retire by rotation. This year Christopher Hearne is retiring and is seeking re-election at the Meeting.

Resolution 7: This ordinary resolution is required because, pursuant to TSXV Policy 4.4 entitled "Incentive Stock Options", the Company’s current share option plan has to be re-approved by the shareholders of the Company at each annual general meeting because it is a "rolling 10%" option plan (i.e. up to 10% of the issued Ordinary Shares from time to time may be reserved for issuance for options granted under the plan). No changes have been made to the plan since it was originally approved by shareholders on 14 November 2005.

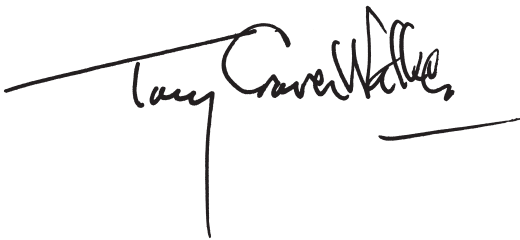
Resolution 8: This ordinary resolution is required to renew the authority granted to the directors to allot new Ordinary Shares during the course of the year in order to facilitate the business of the Company. The amount to be authorised represents part of the unissued share capital of the Company and is in accordance with guidelines published by the Association of British Insurers (“the ABI Guidelines”), a body that represents the interests of UK institutional shareholders especially where issues of corporate governance are concerned.

Resolution 9: This special resolution is required to disapply statutory pre-emption rights on the issue for cash of a restricted amount of the new Ordinary Shares authorised by resolution 8. This amount represents 10% of the issued share capital. Before any exercise of the authority sought under this resolution the Company would consult its Nominated Advisor JPMorgan Cazenove, regarding the terms and conditions of any issue.

Whether or not you intend to be present at the Meeting, you are requested to complete the reply-paid form of proxy in accordance with its instructions and return it to Equity Transfer and Trust Company, if you hold your shares in Canada, or to Capita Registrars if you hold your shares elsewhere. Full details are given on the form of proxy.

It is the intention of management to give a presentation to shareholders at the meeting to update them on operational progress and we look forward to as many as possible attending the Meeting.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Antony Craven Walker". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right. A vertical line descends from the end of the signature.

Antony Craven Walker
Chairman

SERICA ENERGY plc
MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Serica Energy plc (the “Company”) for use at the annual general meeting (the “Meeting”) of shareholders of the Company (“Shareholders”), and any adjournment thereof, to be held at the time and place and for the purposes set forth in the attached notice of Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by regular employees of the Company or by the Company’s registrars, Capita Registrars or Equity Transfer and Trust Company, at a nominal cost. The costs of solicitation will be borne by the Company.

The information contained in this management information circular is given as at 19 May 2008, unless otherwise indicated.

APPOINTMENT OF PROXIES

The person named in the enclosed form of proxy is a director of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for him/her and on his/her behalf at the Meeting or any adjournment thereof other than the person designated in the enclosed form of proxy. Such right may be exercised by striking out the name of the person designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another form of proxy.** A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Completion and return of a form of proxy in accordance with the instructions printed thereon will not preclude a member from attending and voting in person at the meeting, or at any adjournment thereof, to the exclusion of their proxies if they wish to do so.

To be effective, proxies must be deposited with the Company, c/o the Company’s registrars, Capita Registrars at Proxy Processing Centre, Telford Road, Bicester OX26 4LD, United Kingdom or Equity Transfer and Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, Canada not later than 48 hours before the time appointed for the Meeting or any adjournment thereof, together with, if required, any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed.

REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke the proxy in accordance with the provisions contained in the Company’s articles of association by an instrument in writing, including another proxy, duly executed by the Shareholder or by his or her attorney authorized in writing, deposited with the Company as provided above. A Shareholder may also revoke a proxy in any other manner permitted by law, but such revocation must be prior to the exercise of such proxy in respect of any particular matter.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted appropriately. **In the absence of such direction, such shares will be voted in favour of the passing of all of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof, however it does not confer any further right to speak at the Meeting except with the permission of the Chairman of the Meeting.** At the time of the printing of this management information circular, management knows of no such amendments,

variations or other matters to come before the Meeting, other than the matters referred to in the notice of Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

On 19 May 2008, 176,418,310 Ordinary Shares in the capital of the Company were issued and outstanding, together with one "A" share of £50,000 held by Serica Energy Corporation ("SEC") as a nominee for and on behalf of the holders of the Ordinary Shares. Each Ordinary Share and the "A" share entitles the holder thereof to vote on all matters to be acted upon at a meeting of Shareholders. All holders of Ordinary Shares of record at the close of business on 15 May 2008, the record date established for notice of the Meeting, will be entitled to vote at the Meeting, or any adjournment thereof, either in person or by proxy.

Other than Fidelity International Limited and Caledonia Investments, who as of the date hereof, respectively hold 24,021,998 Ordinary Shares (representing 13.6% of the issued and outstanding Ordinary Shares) and 23,311,736 Ordinary Shares (representing 13.2% of the issued and outstanding Ordinary Shares), to the knowledge of the directors and senior officers of the Company, there are no persons, firms or corporations who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to the voting securities of the Company.

MATTERS TO BE ACTED ON AT THE MEETING

Receipt of Financial Statements

The audited consolidated financial statements of the Company for its fiscal year ended 31 December 2007 will be presented at the Meeting.

Re-Appointment of Auditors

At the Meeting, Shareholders will be requested to re-appoint Ernst & Young LLP as auditors of the Company to hold office until the next annual general meeting of Shareholders or until a successor is appointed, and to authorise the Board of Directors to fix the auditors' remuneration

For the financial years ended 31 December 2007 and 31 December 2006, respectively, Ernst & Young LLP charged the following fees to the Company:

Services	2007 Fees (US\$)	2006 Fees (US\$)
Audit ⁽¹⁾	287,000	260,000
Audit-Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees ⁽²⁾	352,000	55,000

Notes:

(1) "Audit" includes the aggregate fees billed by Ernst & Young LLP in each of the last two fiscal years for audit services.

(2) "All Other Fees" incurred in 2006 represent an incremental cost of US\$27,000 in connection with the Company's admission to AIM and US\$28,000 in connection to a review of the Company's treasury procedures. "All Other Fees" in 2007 represent US\$352,000 incurred on various financing projects. Costs of US\$82,000 in respect of the share placing, completed in 2008 are held as a prepayment and will be netted against share premium in 2008.

In order to be effective, resolution 2 must be approved by a majority of all issued and outstanding Ordinary Shares which are represented at the Meeting.

In the absence of a contrary instruction, the person designated by management of the Company in the enclosed form of proxy intends to vote FOR the re-appointment of Ernst & Young LLP as auditors of the Company to hold office until the next annual general meeting of Shareholders, or until a successor is appointed, and the authorisation of the Board of Directors to fix the remuneration of the auditors.

Election and Re-Election of Directors

The Board of Directors has fixed the number of directors to be re-elected at the Meeting at one. Under Article 65 of the Company's articles of association at least one-third of the directors (or, if their number is not three or an integral multiple of three, the nearest to but not exceeding one-third) shall retire from office. Under Article 63 of the Company's articles of association, any person appointed by the Board of Directors as an additional director shall hold office only until the next annual general meeting and shall then be eligible for election (but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting under Article 65).

Resolutions 3, 4 and 5 propose the election of three directors appointed by the Board of Directors since the last annual general meeting, and Resolution 6 proposes the re-election of one director who is required to retire from office by rotation.

In order to be effective, each of resolutions 3, 4, 5 and 6 must be approved by a majority of all issued and outstanding Ordinary Shares which are represented at the Meeting.

In the absence of a contrary instruction, the person designated by management of the Company in the enclosed form of proxy intends to vote FOR the election as director the proposed nominee whose name is set forth below, and who has been a director since the date indicated below opposite the proposed nominee's name. Management does not contemplate that the proposed nominee will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Ordinary Shares represented by properly executed proxies given in favour of such nominee may be voted by the person designated by management of the Company in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table sets forth the name and background information with respect to the proposed nominees for director, including present principal occupation and a brief employment history, the date each such person was first elected as a director, and the number of Ordinary Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such person (as furnished by the respective nominee):

Name, Place of Residence and Position Held Within the Company	Principal Occupation and Employment History	Year Became a Director	Number of Ordinary Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Ian Vann ⁽¹⁾ London, England Director	Mr. Vann is currently a director of the Company. He was employed by BP from 1976 and under a number of different job titles directed and led BP's global exploration efforts from 1996 until his retirement in January 2007.	2007	34,262
Steven Theede ^{(2) (3)} London, England Director	Mr. Theede is currently a director of the Company. From 1973 to 2003, he was employed by Conoco, later ConocoPhillips. In 2003 Mr Theede joined Yukos Oil Company as Chief Operating Officer, becoming Chief Executive Officer in July 2004, a position he held until August of 2006.	2007	749,485

Jonathan Cartwright ⁽²⁾ London, England Director	Mr. Cartwright is currently a director of the Company. He is also Finance Director of Caledonia Investments plc (from 1991 to date) and is a director of Bristow Group Inc.	2008	10,000
Christopher Hearne London, England Director and Chief Financial Officer	Mr. Hearne is currently a director and the Chief Financial Officer of the Company. From February 1997 to December 2004, he was responsible for corporate finance at Intrepid Energy North Sea Limited (oil and gas).	2005	600,551

Notes:

- (1) Member of the Health, Safety and Environmental Committee
- (2) Member of the Audit Committee
- (3) Member of the Remuneration and Compensation Committee

The following table sets forth the equivalent information with respect to each of the directors who are not required to stand for re-election at the Meeting, which information has been furnished by each of them:

Name, Place of Residence and Position Held Within the Company	Principal Occupation and Employment History	Year Became a Director	Number of Ordinary Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Paul Ellis ⁽¹⁾ London, England Director and Chief Executive Officer	Mr. Ellis is currently a director and the Chief Executive Officer of the Company. From January 2004 to August 2005, Mr. Ellis was the Chief Operating Officer of Emerald Energy plc (oil and gas), a United Kingdom public company active in Colombia. Prior to 2004, Mr. Ellis had been Senior VP International for PanCanadian Petroleum Ltd, a Canadian public company.	2005	450,000 ⁽⁵⁾
Neil Pike ⁽²⁾⁽³⁾⁽⁴⁾ London, England Director	Mr. Pike has been a director and the President of Luska Ltd. (investment holding company) since April 1998.	2005 ⁽⁶⁾	350,000 ⁽⁷⁾
Antony Craven Walker ⁽¹⁾⁽³⁾⁽⁴⁾ London, England Director	Mr. Craven Walker is currently the Chairman of the Board of Directors of the Company. He was a director of Firstearl Limited from May 1984 to July 2004. From 1980 to 1985, Mr. Craven Walker was the Chief Executive Officer of Charterhouse Petroleum Plc (oil and gas). In addition, from 1990 to 1997, he was the Chief Executive Officer of Monument Oil and Gas Plc (oil and gas), becoming Chairman from 1997 to 1999.	2004	5,244,473 ⁽⁸⁾

Notes:

- (1) Member of the Health, Safety and Environmental Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Remuneration and Compensation Committee.
- (4) Member of the Corporate Governance and Nomination Committee.
- (5) 100,000 Ordinary Shares are held by Rowanmoor Trustees Limited on behalf of the pension scheme of Paul Ellis.
- (6) Year of appointment as a director of the Company. Mr. Pike was appointed director of SEC, now a subsidiary of the Company, in 2004.
- (7) 260,000 Ordinary Shares are held by Neil Pike and 90,000 Ordinary Shares are held by Luska Limited, a company controlled by Neil Pike.
- (8) 3,413,349 Ordinary Shares are held by Antony Craven Walker, 1,548,003 Ordinary Shares are held by Christine Elizabeth Walker and 283,121 Ordinary Shares are held by Rathbones Nominees Limited on behalf of the pension scheme of Antony Craven Walker.

Approval of the Company's Share Option Plan

Resolution 7 is required because, pursuant to TSX Venture Exchange ("TSXV") Policy 4.4 entitled "Incentive Stock Options", the Company's share option plan (the "2005 Plan") has to be re-approved by the Shareholders of the Company at each annual general meeting because it is a "rolling 10%" option plan (i.e. up to 10% of the outstanding Ordinary Shares from time to time may be reserved for issuance for options granted under the 2005 Plan).

The 2005 Plan was first approved by the Shareholders of the Company at the Extraordinary General Meeting of the Company on 14 November 2005 (the "2005 EGM"). The full text of the 2005 Plan was previously distributed to Shareholders with the Company's management information circular dated 14 October 2005 for the 2005 EGM, a copy of which is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. There have been no changes to the 2005 Plan since it was originally approved.

At the Meeting, Shareholders will be asked to consider, and if thought fit, approve a motion to re-approve the 2005 Plan and authorize the issue of up to 10% of the issued and outstanding Ordinary Shares from time to time under the 2005 Plan. In order to be effective, resolution 7 must be approved by a majority of all issued and outstanding Ordinary Shares which are represented at the Meeting.

In the absence of a contrary instruction, the person designated by management of the Company in the enclosed form of proxy intends to vote FOR the re-approval, ratification and confirmation of the 2005 Plan and setting the number of Ordinary Shares of the Company issuable thereunder at 10% of the number of issued Ordinary Shares from time to time.

Directors' Power to Allot Shares

Resolution 8 is required to authorize the directors to allot relevant securities (including new Ordinary Shares). The maximum nominal amount of securities which the directors will have authority to allot pursuant to this resolution is US\$6,925,760. This amount is in line with the guidelines published by the Association of British Insurers ("the ABI Guidelines") which recommend that the directors' authority to allot share capital under section 80 of the Companies Act 1985 be limited to the lesser of:

- (i) the unissued Ordinary Share capital; and
- (ii) a sum equal to one-third of the issued Ordinary Share capital plus the amount required in order to satisfy outstanding share options.

The amount required to satisfy outstanding share options included in the figure of US\$6,925,760 above is US\$1,045,150.

In order to be effective, resolution 8 must be approved by a majority of all issued and outstanding Ordinary Shares which are represented at the Meeting.

In the absence of a contrary instruction, the person designated by management of the Company in the enclosed form of proxy intends to vote FOR the resolution to enable directors to allot relevant securities up to the maximum provided for in the resolution and in accordance with the terms of the resolution.

Directors' Power to Disapply Pre-emption Rights

Resolution 9 is required to authorise directors to allot equity securities for cash subject to statutory pre-emption rights in favour of Shareholders and to disapply statutory pre-emption rights on the allotment of a limited number of equity securities (including new Ordinary Shares). The maximum nominal amount of securities to which this dis-application applies is US\$1,764,183 representing 10% of the issued Ordinary Share capital. Before any exercise of the authority sought under this resolution the Company would consult its Nominated Advisor JPMorgan Cazenove, regarding the terms and conditions of any issue.

Resolution 9 is a Special Resolution and, in order to be effective, it must be approved by a 75% majority of all issued and outstanding Ordinary Shares which are represented at the Meeting.

In the absence of a contrary instruction, the person designated by management of the Company in the enclosed form of proxy intends to vote FOR the resolution to enable directors to allot relevant securities for cash and for the dis-application of pre-emption rights up to the maximum provided for in the resolution and in accordance with the terms of the resolution.

EXECUTIVE COMPENSATION

All dollar amounts in this management information circular are expressed in Canadian dollars unless otherwise indicated.

Summary Compensation Table

The following table sets forth information regarding compensation for the financial years ended 31 December 2007, 31 December 2006 and 31 December 2005, paid to the Company's Chief Executive Officer and Chief Financial Officer (collectively, the "Named Executive Officers").

Summary Compensation Table

Name and Title	Year Ended December 31	Annual Compensation			Long Term Compensation			All Other Compensation (US\$)
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation (US\$)	Securities Under Options Granted	Restricted Shares or Restricted Share Units	LTIP Payouts (US\$)	
Paul Ellis Chief Executive Officer	2007	398,180	Nil	16,500	Nil	N/A	N/A	N/A
	2006	329,000	110,000	16,000	Nil	N/A	N/A	N/A
	2005 ⁽¹⁾	108,000	Nil	Nil	1,110,000	N/A	N/A	N/A
Christopher Hearne Chief Financial Officer	2007	348,408	Nil	8,200	Nil	N/A	N/A	N/A
	2006	289,000	41,000	8,000	Nil	N/A	N/A	N/A
	2005 ⁽²⁾	148,000	Nil	Nil	810,000	N/A	N/A	N/A

Notes:

(1) Appointed Director of the Company in September 2005.

(2) Appointed Director of the Company on 15 June 2005.

Stock Options

The Company derives its origins from the consolidation of Kyrgoil Holding Corporation (“Kyrgoil”) and Petroleum Development Associates (Oil & Gas) Limited (“PDA”) under the *International Business Companies Ordinance 1984* (British Virgin Islands) to form SEC, effective 29 January 2004 (the “Consolidation”). Prior to the Consolidation, Kyrgoil maintained a share option plan pursuant to which options (“Kyrgoil Options”) were granted to certain directors, officers and key employees entitling them to acquire shares in Kyrgoil (“Kyrgoil Shares”) at a designated exercise price during a specified exercise period. PDA did not grant any options under its share option plan.

Upon the Consolidation, SEC established a new option plan (the “SEC Option Plan”) pursuant to which the holders of unexercised Kyrgoil Options were entitled to receive options (“SEC Options”) to purchase common shares (“SEC Common Shares”) of SEC in exchange for their Kyrgoil Options based on an established exchange ratio. Most holders of unexercised Kyrgoil Options exercised their options after the financial year ended 31 December 2003. No further SEC Options will be granted under the SEC Option Plan. SEC was previously the parent company but, following the completion of the reorganisation on 1 September 2005 whereby the SEC shares were automatically exchanged on a one-for-one basis for Ordinary Shares of the Company (the “Reorganisation”), is now a wholly-owned subsidiary of the Company. The Company has agreed to issue Ordinary Shares to holders of SEC Options already awarded upon exercise of such options in place of the SEC Common Shares to which they would be entitled. There are currently SEC Options outstanding under the SEC Plan entitling holders to acquire up to an aggregate of 2,722,500 Ordinary Shares.

On 14 November 2005, the Company established the 2005 Plan to develop the interest of directors, officers, key employees and certain consultants of the Company in the growth and development of the Company by providing them with the opportunity to acquire an increased proprietary interest in the Company and to assist the Company in retaining and attracting executives with experience and ability.

As of 19 May 2008 there were 7,729,000 options outstanding under the 2005 Plan. The 2005 Plan will govern all future grants of options by the Company to directors, officers, key employees and certain consultants of the Company and its subsidiaries. The Company did not grant any options to the Named Executive Officers during the most recently completed financial year. A total of 2,662,000 options were granted during 2008 and are included in the total options granted noted above.

The following table provides information regarding the number of options exercised under the SEC Option Plan during the most recently completed financial year by the Named Executive Officers and financial year-end option values.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values under the SEC Option Plan

Name	Securities Acquired on Exercise (#)	Aggregate Value Realised	Unexercised Options at 31 December 2007		Value of Unexercised in-the-money Options at 31 December 2007 ⁽¹⁾	
			Exercisable (#)	Unexercisable (#)	Exercisable	Unexercisable
Paul Ellis Chief Executive Officer	Nil	Nil	666,667	333,333	Cdn\$66,667	Cdn\$33,333
Christopher Hearne Chief Financial Officer	Nil	Nil	466,667	233,333	Cdn\$366,667	Cdn\$183,333

Notes:

- (1) The value is net of exercise cost and based on the closing price of the Ordinary Shares on the TSXV of Cdn\$1.90.
- (2) The shares under option vest in equal tranches over three years following award.

The following table provides information regarding the number of options exercised under the 2005 Plan during the most recently completed financial year by the Named Executive Officers and financial year-end option values.

**Aggregated Option Exercises During the Most Recently Completed Financial Year
and Financial Year-End Option Values under the 2005 Plan**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realised	Unexercised Options at 31 December 2007		Value of Unexercised in-the- money Options at 31 December 2007 ⁽¹⁾	
			Exercisable (#)	Unexercisable (#)	Exercisable	Unexercisable
Paul Ellis Chief Executive Officer	Nil	Nil	Nil	110,000	Nil	Nil
Christopher Hearne Chief Financial Officer	Nil	Nil	Nil	110,000	Nil	Nil

Notes:

- (1) The value is net of exercise cost and based on the closing price of the Ordinary Shares on AIM of £0.935 on 31 December 2007.
- (2) The shares under option may only be exercised if the Ordinary Share price on a 30 day moving average basis prior to 23 November 2008 has reached at least 175p or prior to 23 November 2009 has reached at least 200p.

Executive Officer Employment Agreements

Paul Ellis

Paul Ellis entered into a service agreement with SEC (a wholly-owned subsidiary of the Company), with effect from 1 September 2005 (the “Service Agreement”). The Service Agreement shall continue until Mr. Ellis has attained the age of 65 unless or until terminated earlier by either party on not less than 12 months’ written notice at any time. The Service Agreement contains provisions for early termination, inter alia, in the event of a breach by Mr. Ellis.

The basic annual salary was established at £175,000 per annum to be reviewed annually (without any obligation to increase the same) and Mr. Ellis is entitled to participate in a bonus scheme where he shall be entitled to earn up to 100 per cent of his base salary if certain pre-set objectives are achieved. With effect from 1 January 2007, the basic annual salary was increased to £200,000. In addition, Mr. Ellis is entitled to medical insurance, life assurance and travel insurance and he is eligible to participate in the 2005 Plan. With effect from 1 January 2008, Mr Ellis is entitled to participate in the Company’s defined contribution pension scheme. The Service Agreement contains restrictive covenants for a period of 12 months following termination of Mr. Ellis’ employment.

Upon termination of the Service Agreement, no benefits (other than those accruing during the notice period) are due to Mr. Ellis. The Service Agreement contains provisions whereby Mr. Ellis is entitled to elect to terminate the agreement in the event of a “change of control”. Upon such election, Mr. Ellis shall be paid a sum equal to 12 months of his base salary in lieu of notice plus a sum equal to 12 months only of his base salary in lieu of any payment for loss of additional remuneration or benefits. For the purpose of the Service Agreement, “control” means holding directly or indirectly Ordinary Shares which carry 50 per cent or more of the voting rights of the Company. Pursuant to an assignment dated 1 September 2005, SEC assigned the benefit of the Service Agreement to the Company.

Christopher Hearne

On 30 August 2007 Christopher Hearne entered into a new service agreement with the Company, (the “Service Agreement”) in place of his original employment agreement. The Service Agreement shall continue until Mr. Hearne has attained the age of 65 unless or until terminated earlier by either party on not less than 6 months’ written notice at any time (in the case of notice from the Executive) or not less than 12 months’ written notice at any time (in the case of notice from the Company). The Service Agreement contains provisions for early termination, inter alia, in the event of a breach by Mr. Hearne.

The basic annual salary was established with effect from 1 January 2007, at £175,000 per annum to be reviewed annually (without any obligation to increase the same) and Mr. Hearne is entitled to participate in a bonus scheme. In addition, Mr. Hearne is entitled to medical insurance, life assurance and travel insurance and he is eligible to participate in the 2005 Plan. With effect from 1 January 2008, Mr Hearne is entitled to participate in the Company’s defined contribution pension scheme. The Service Agreement contains restrictive covenants for a period of 12 months following termination of Mr. Hearne’s employment.

Upon termination of the Service Agreement, no benefits (other than those accruing during the notice period) are due to Mr. Hearne. The Service Agreement contains provisions whereby Mr. Hearne is entitled to elect to terminate the agreement in the event of a “change of control”. Upon such election, Mr. Hearne shall be paid a sum equal to 12 months of his base salary in lieu of notice plus a sum equal to 6 months only of his base salary in lieu of any payment for loss of additional remuneration or benefits. For the purpose of the Service Agreement, “control” means holding directly or indirectly Ordinary Shares which carry 50 per cent or more of the voting rights of the Company. Pursuant to an assignment dated 1 September 2005, SEC assigned the benefit of the Service Agreement to the Company.

Composition of the Remuneration and Compensation Committee

During the fiscal year ended 31 December 2007, the Remuneration and Compensation Committee was composed of Antony Craven Walker (chair), James Steel (who retired as a director of the Company on 30 September 2007), Neil Pike and Steven Theede, all of whom are independent directors within the meaning of Multilateral Instrument 52-110 "Audit Committees" ("MI 52-110").

Report on Executive Compensation

The Company's executive compensation programme is intended to be consistent with the Company's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors and the Company's performance.

The Company's executive compensation programme is also intended to provide an appropriate overall compensation package that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. Compensation for the Named Executive Officers is intended to reflect a fair evaluation of overall performance and is intended to be competitive in aggregate with levels of compensation of comparable corporations.

The Company generally strives to use long term incentives, such as the grant of stock options, as performance incentives for employees, including the Chief Executive Officer and other executives, and to provide the opportunity for overall compensation of employees, including executives, to be above industry average levels as well as to increase the mutuality of interests between employees, executive management and Shareholders. Executive officers and directors are eligible to be granted stock options under the 2005 Plan. The 2005 Plan is intended to provide long term rewards linked directly to the market value of the Ordinary Shares. The Board of Directors is of the view that the 2005 Plan is in the best interests of the Company and will assist the Company to attract, motivate and retain talented and capable Board of Director members and executive management.

Presented by the Remuneration and Compensation Committee:

Antony Craven Walker (chair)
James Steel (retired as a director of the Company on 30 September 2007)
Neil Pike
Steven Theede

Performance Graph

The following graph shows a comparison over the period commencing 31 December 2002, and ending 31 December 2007, of the value of \$100 invested in the Kyrgoil Shares, the SEC Common Shares after the Consolidation and the Ordinary Shares after the Reorganisation, with the cumulative return of the S&P/TSX Composite Index and the TSX Oil and Gas Production and Exploration Sub Index, in each case assuming reinvestment of dividends. The Kyrgoil Share performance for the financial years ended 2002 and 2003 as set out in the graph indicates past performance of Kyrgoil prior to the Consolidation; the SEC Common Share performance for the financial years ended 2004⁽¹⁾ and 2005⁽²⁾ as set out in the graph indicates past performance of SEC after the Consolidation; and the Ordinary Share performance for the financial years ended 2006⁽³⁾ and 2007⁽⁴⁾ as set out in the graph indicates past performance of the Company.

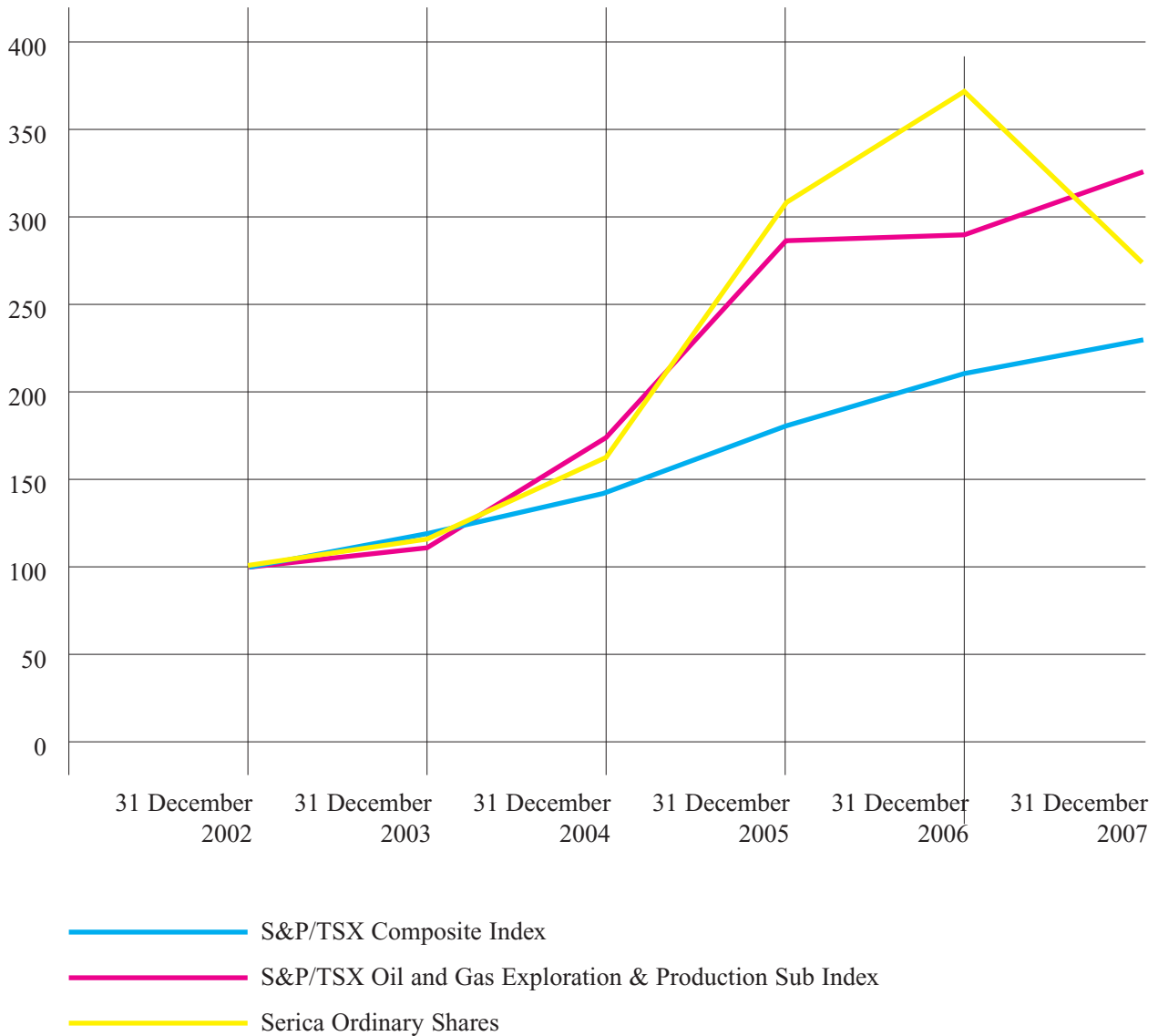
⁽¹⁾Upon the completion of the Consolidation, one SEC Common Share was issued for every 10 Kyrgoil Shares outstanding, and one SEC Option was issued for every 10 Kyrgoil Options outstanding. As the close price for SEC Common Shares on December 31, 2004, was \$1.10, and 10 Kyrgoil Shares were exchanged for 1 SEC Common Share, the value of each Kyrgoil Share as of December 31, 2004, was calculated as follows: $\$1.10/10 = \0.11 .

⁽²⁾As the close price for Ordinary Shares on December 31, 2005 was \$2.15, the value of each Kyrgoil Share as of December 31, 2005, was calculated as follows: $\$2.15/10 = \0.215 .

⁽³⁾As the close price for Ordinary Shares on December 29, 2006 (the last day of trading in 2006) was \$2.53, the value of each Kyrgoil Share as of December 31, 2006, was calculated as follows: $\$2.53/10 = \0.253 .

⁽⁴⁾As the close price for the Ordinary Shares on December 31, 2007 was \$1.90, the value of each Kyrgoil Share as of December 31, 2007 was calculated as follows: $\$1.90/10 = \0.190 .

**Cumulative Total Shareholder Return
31 December 2002 through
31 December 2007**



Date	S&P/TSX Composite Index	S&P/TSX Oil & Gas Exploration & Production Sub Index	Serica/Ordinary Shares
December 31, 2002	100	100	100
December 31, 2003	126.72	120.15	121.43
December 31, 2004	145.07	169.02	157.14
December 31, 2005	180.08	293.50	307.14
December 31, 2006	211.16	297.38	361.43
December 31, 2007	231.92	327.52	271.43

Non-Executive Directors Compensation/Attendance

The following tables set forth information regarding compensation and attendance of the non-executive directors of the Company for the financial year ended 31 December 2007:

Summary of Non-Executive Director Compensation

Non-Executive Director	Compensation (per annum)	Annual Retainer	Board Meeting Fee	Committee Meeting Fee	Related Travel and Out of Pocket Expenses	Other Compensation
Antony Craven Walker	£70,000 ⁽¹⁾	Nil	Nil	Nil	Reimbursed	Nil
Neil Pike	£35,000 ⁽²⁾	Nil	Nil	£5,000 ⁽³⁾	Reimbursed	Nil
James Steel	£35,000 ⁽⁴⁾	Nil	Nil	Nil	Reimbursed	Nil
Ian Vann	£35,000	Nil	Nil	Nil	Reimbursed	Nil
Steven Theede	£35,000	Nil	Nil	Nil	Reimbursed	Nil

Notes:

- (1) Antony Craven Walker is entitled to compensation in the amount of £70,000 as a non-executive director and Chairman of the Board of Directors.
- (2) Neil Pike is entitled to compensation in the amount of £35,000 as a non-executive director.
- (3) The Chairman of the Audit Committee is entitled to compensation in the amount of £5,000 per annum. Mr. Pike was appointed Chairman of the Audit Committee on 6 August 2004.
- (4) Prior to his retirement from the Board of Directors on 30 September 2007, James Steel was entitled to compensation in the amount of £35,000 as a non-executive director.

Summary of Board of Directors and Committee Meetings held by the Company (for the 12-month period ended 31 December 2007 for Executive and Non-Executive Directors)

Board or Committee	Number of Meetings
Board	14
Audit Committee	7
Remuneration and Compensation Committee	3
Health, Safety and Environmental Committee	2
Corporate Governance and Nomination Committee	1
Total number of meetings held	27

**Summary of Attendance of all Executive and Non-Executive Directors
(for the 12-month period ended 31 December 2007)**

	Meetings				
	Board	Audit	Remuneration and Compensation	Health, Safety and Environmental	Corporate Governance and Nomination
Non-Executive Directors					
Antony Craven Walker	14/14	7/7	3/3	N/A	1/1
Neil Pike	14/14	7/7	3/3	N/A	1/1
James Steel ⁽¹⁾	9/14	4/7	3/3	2/2	1/1
Ian Vann ⁽²⁾	6/14	N/A	N/A	N/A	N/A
Steven Theede ⁽³⁾	6/14	2/7	N/A	N/A	N/A
Executive Directors					
Paul Ellis	14/14	N/A	N/A	2/2	N/A
Christopher Hearne	14/14	N/A	N/A	N/A	N/A

Notes:

- (1) James Steel retired as a director of the Company, and member of the Audit, Remuneration and Compensation, Health, Safety and Environmental and Corporate Governance Committees effective 30 September 2007.
- (2) Ian Vann was appointed as a director of the Company in July 2007. He is a member of the Health and Safety Committee
- (3) Steven Theede was appointed as a director of the Company in July 2007. He is a member of the Audit Committee and the Remuneration and Compensation Committee.

Directors' and Officers' Liability Insurance

During the year ended 31 December 2007, the Company purchased directors' and officers' liability insurance in a limit amount equal to £5,000,000 per loss and £5,000,000 for each policy period, with an annual premium of £28,125 which is paid by the Company. The deductible amount per insurable loss is £50,000 for all claims other than a loss from any prospectus claim, which has a deductible of £100,000.

Equity Compensation Plans

The following table sets out information as at 19 May 2008 concerning the number and price of Ordinary Shares to be issued under equity compensation plans to employees and others.

Equity Compensation Plans Approved by Securityholders	Number of Securities to be Issued upon Exercise of Options, Warrants and Rights	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in (a))
	(a)	(b)	(c)
SEC Option Plan	2,722,500	Can\$1.57	Nil
2005 Plan	7,729,000	£0.92	7,190,331
Total	10,451,500	N/A	7,190,331

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

The Board of Directors recognise the importance of sound corporate governance and the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice (the "Combined Code"). Companies on AIM are not required to comply with the Combined Code, and due to its size, the Company is not in full compliance.

However, the Company endeavours to comply with the Combined Code so far as is practicable and appropriate, as well as the Corporate Governance Guidelines under National Policy 58-201 (the "Corporate Governance Guidelines") adopted by the Canadian Securities Administrators, and the regulations of the TSXV relating to corporate governance practices.

The Board of Directors and its Committees

As at 19 May 2008, the Board of Directors of the Company consists of two executive directors and five non-executive directors. Their joint experience is of sufficient calibre to bring judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Company and its subsidiaries (the "Group").

The Board of Directors retains full and effective control over the Company. The Company holds regular Board of Director meetings at which financial and other reports are considered and, where appropriate, voted on. Further meetings are arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure and human resource and environmental management. In addition to its general oversight responsibilities, significant transactions out of the ordinary course of the Company's business or which may be material to the Company are considered and approved by the Board of Directors. The Board of Directors is also responsible for monitoring the activities of the executive management.

The Chairman of the Board of Directors is an independent director and has the responsibility of ensuring that the Board of Directors discharges its responsibilities. In the event of an equality of votes at a meeting of the Board of Directors, the Chairman has a second or casting vote.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Although the Company has not implemented formal structures or procedures for the independent functioning of the Board of Directors, the Board of Directors believes that it operates independently of management. Individual directors may engage outside advisors at the expense of the Company upon approval by the Board of Directors in appropriate circumstances.

The Board of Directors generally has at least ten regularly scheduled meetings in each financial year. Additional meetings may be held depending upon opportunities or issues to be dealt with by the Company from time to time.

Composition of the Board of Directors

As at 19 May 2008, the Board of Directors is comprised of seven directors: Antony Craven Walker, non-executive director and Chairman of the Board of Directors; Paul Ellis, executive director and Chief Executive Officer; Christopher Hearne, executive director and Chief Financial Officer; and Neil Pike, Steven Theede and Jonathan Cartwright, each non-executive directors of the Company.

On 30 September 2007, James Steel retired from his position as a non-executive director of the Company.

Antony Craven Walker, Neil Pike, Ian Vann, Steven Theede and Jonathan Cartwright are independent directors within the meaning of MI 52-110. Paul Ellis and Christopher Hearne are not independent directors by virtue of their respective management positions with the Company.

Mandate of the Board of Directors

The Board of Directors supervises the management of the business and affairs of the Company. The Board of Directors assumes responsibility for the stewardship of the Company, including the areas described below:

- (a) **Strategic Planning:** The Board of Directors regularly reviews and approves strategic plans and initiatives of the Company at Board of Directors meetings, and otherwise as required.
- (b) **Risk Assessment:** The Board of Directors has primary responsibility to identify principal risks in the Company's business and ensure the implementation of appropriate systems to manage these risks.
- (c) **Succession Planning:** The Board of Directors is responsible for succession planning, including the appointment, training and monitoring of senior management.
- (d) **Communications:** The Board of Directors oversees the Company's public communications with Shareholders and others interested in the Company.
- (e) **Internal Controls:** The Board of Directors and the audit committee of the Board of Directors oversees the Company's internal control and management information systems.

Position Descriptions

The Board of Directors has not developed written position descriptions for the Chairman of the Board of Directors, the Chair of each Board Committee or the Chief Executive Officer.

Orientation and Continuing Education

To date, the Board of Directors has not required a formal orientation or education programme for new recruits to the Board of Directors. Senior management are and will continue to be available to the Board of Directors members to discuss the Company's business and assist in the orientation and education of Board of Directors members as required. The Board of Directors may consider more formal procedures if warranted in the future.

Ethical Business Conduct

The Board of Directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board of Directors has established general guidelines for the recruitment of new directors. For each new director, the Board of Directors defines the background, expertise and personal qualities that are desirable in nominees based, in part, on the qualities already represented on the Board of Directors and the strategic plans of the Company. The Company has a Corporate Governance and Nomination Committee composed entirely of independent directors that is charged with the responsibility of evaluating potential nominees (whether identified by the Corporate Governance and Nomination Committee, the Board of Directors or others) and recommending nominees for the Board of Directors, in consultation with the Chairman and the Chief Executive Officer.

Size and Compensation of the Board of Directors

The Board of Directors considers that its current size of seven directors is consistent with effective decision making at the current stage of development of the Company. The Board of Directors reviews director compensation from time to time under the aegis of the Remuneration and Compensation Committee. Director compensation is intended to be consistent with the Company's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors, the responsibilities and risks involved in being an effective director and the Company's performance.

Committees of the Board of Directors

The Board of Directors has established an Audit Committee, Corporate Governance and Nomination Committee, Remuneration and Compensation Committee and Health, Safety and Environmental Committee.

Audit Committee

The Audit Committee meets at least quarterly and consists of not fewer than three members, all of whom are non-executive directors and independent. The committee's purpose is to assist the Board of Directors' oversight of the integrity of the financial statements and other financial reporting, the independence and performance of the auditors, the regulation and risk profile of the Group and the review and approval of any related party transactions. The Audit Committee may hold private sessions with management and the external auditor. The Audit Committee proposes to meet six times during the next financial year. The committee is chaired by Neil Pike and its other members are Jonathan Cartwright and Steven Theede. Antony Craven Walker served on the committee until his replacement on the committee by Jonathan Cartwright on 24 April 2008. James Steel served on the committee until his retirement from the Board of Directors on 30 September 2007.

The responsibilities and operation of the Audit Committee are more particularly set out in the Company's Audit Committee Charter, a copy of which is included as Schedule A to the Company's annual information form for its financial year ended 31 December 2007, a copy of which is available on SEDAR at www.sedar.com.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is responsible for corporate governance matters, including the Company's response to the Combined Code, the Corporate Governance Guidelines and the rules of the TSXV. The committee is also responsible for proposing to the Board of Directors new nominees for election as directors to the Board of Directors, determining successor plans for the Chairman and Chief Executive Officer and for assessing directors on an ongoing basis. The committee proposes to meet three times during the next financial year.

The Corporate Governance and Nomination Committee is composed entirely of independent directors. The Corporate Governance and Nomination Committee is chaired by Antony Craven Walker and its other member is Neil Pike. James Steel served on the committee until his retirement from the Board of Directors on 30 September 2007. It is the intention to appoint an additional member of the Board of Directors as a member of the committee to fill the position vacated by James Steel.

Remuneration and Compensation Committee

The Company's Remuneration and Compensation Committee is composed entirely of independent directors. The role of the Remuneration and Compensation Committee is to enable the Company to attract, retain and motivate the most qualified talent who will contribute to the long-term success of the Company.

The Remuneration and Compensation Committee meets regularly to consider all material elements of remuneration policy, the remuneration and incentivisation of executive directors and senior management and to make recommendations to the Board of Directors on the framework for executive remuneration and its cost.

The Board of Directors is responsible for implementing the recommendations and agreeing to the remuneration packages of individual directors. The Remuneration and Compensation Committee proposes to meet four times during the next financial year.

The Remuneration and Compensation Committee is chaired by Antony Craven Walker and its other members are Neil Pike and Steven Theede. James Steel served on the committee until his retirement from the Board of Directors on 30 September 2007.

Health, Safety and Environmental Committee

The Health, Safety and Environmental Committee is responsible for matters affecting occupational health, safety and the environment, including the formulation of a health, safety and environmental policy statement. The committee proposes to meet at least three times a year. The committee is composed of three directors, two of whom are independent directors. The Health, Safety and Environmental Committee is chaired by Paul Ellis and its other members are Antony Craven Walker and Ian Vann. James Steel served on the committee until his retirement from the Board of Directors on 30 September 2007.

Assessments

The Board of Directors does not have a separate committee charged with responsibility for assessing the effectiveness of the Board of Directors, its committees or individual directors. The Chairman has primary responsibility for monitoring the effectiveness of the Board of Directors. The Chairman consults with other members of the Board of Directors, including the independent directors, from time to time with respect to these matters.

Decisions Requiring Prior Board of Directors Approval

In addition to those matters which by law are required to be approved by the Board of Directors, prior approval of the Board of Directors is required for any action that is outside of the ordinary course of business or which involves a significant dollar amount or material impact on the Company.

Shareholder Feedback

Enquiries from Shareholders are referred initially to Christopher Hearne, Chief Financial Officer, who has primary responsibility for Shareholder communications. The Company communicates regularly with Shareholders and others interested in the Company through its web site www.serica-energy.com, periodic press releases announcing business developments, the release of quarterly and annual financial results, continuous disclosure materials under applicable securities laws and by responding to specific enquiries.

Board of Directors' Expectations of Management

It is the Board of Directors' expectation that members of management will carry out their duties and discharge their responsibilities with professionalism and integrity, with a view to achieving the Company's objectives and enhancing Shareholder value.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTION

Since the beginning of 2007, no informed person of the Company, any proposed director of the Company or any associate or affiliate of any informed person or proposed director has, or has had, any material interest, direct or indirect, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries or affiliated companies.

DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS – INDEBTEDNESS

The total indebtedness relating to the purchase of securities, or indebtedness for other than securities of the Company incurred by current directors, officers and employees and former directors, officers and employees of the Company or its subsidiaries was nil.

OTHER BUSINESS

The Company knows of no matters to come before the Meeting other than the matters referred to in the accompanying notice of Meeting.

CORPORATE REPRESENTATIVES

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

NOMINATED PERSONS

A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a “Nominated Person”). The right to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by a member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement, to give instructions to the member as to the exercise of voting rights.

ADDITIONAL INFORMATION

Copies of the Company’s most recent annual information form (together with the documents incorporated therein by reference), audited financial statements for the fiscal year ended 31 December 2007, together with a report of the auditors thereon, management’s discussion and analysis of the Company’s financial condition and results of operations for the fiscal year ended 31 December 2007 and this management information circular is available on SEDAR at www.sedar.com and will be available upon request from the Company.

DIRECTORS' APPROVAL

The contents and the sending of this management information circular to Shareholders of the Company have been approved by the directors of the Company.

DATED 19 May 2008

BY ORDER OF THE BOARD OF DIRECTORS

Antony Craven Walker

Chairman