



## RELATED PARTY TRANSACTIONS POLICY

*Adopted by the Board of Directors on August 12, 2013.*

Serinus Energy Inc. (the "**Corporation**") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the best interests of the Corporation and its shareholders. Therefore, this related party transactions policy (the "**Policy**") regarding the review, approval or ratification of related party transactions has been adopted by the Corporation's board of directors (the "**Board**") in order to set forth: (i) the guidelines under which certain transactions must be reviewed and approved or ratified by the Board; and (ii) the disclosure requirements for related party transactions.

This Policy has been approved the Board and may be amended by the Board from time to time.

### 1. Definitions

Under this Policy:

"**related party**" means any:

- (a) person who is, or at any time since the beginning of the Corporation's last fiscal year, was, a director or executive officer of the Corporation or a nominee to become a director of the Corporation;
- (b) immediate family member of any person listed in paragraph (a), meaning any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such person, and any person (other than a tenant or employee) sharing the household of such person;
- (c) firm, corporation or other entity in which any person listed in paragraph (a) or (b) is an executive, partner or principal or holds a similar control position or in which any combination of persons listed in paragraph (a) or (b) has a 50% or greater beneficial ownership interest;
- (d) subsidiary or other affiliate of the Corporation;
- (e) security holder known by the Corporation to beneficially own, control or



direct, directly or indirectly, more than 10% of any class of the Corporation's voting securities or known by the Corporation to, alone or in combination with others, directly or indirectly, hold a sufficient number of any of voting securities of the Corporation so as to affect materially the control of the Corporation (a "**significant shareholder**");

- (f) person or company that manages or directs, to any substantial degree, the affairs or operations of the Corporation under an agreement, arrangement or understanding between the person and the Corporation (an "**influential person**");
- (g) subsidiary or other affiliate of a significant shareholder, or a director or executive officer of a significant shareholder or its subsidiary or other affiliate; or
- (h) subsidiary or other affiliate of an influential person, or a director or executive officer of an influential person or its subsidiary or other affiliate.

**"related party transaction"** means a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Corporation and any related party are, were or will be participants (including by way of purchase, sale, lease, loan, guarantee or other financial assistance) in which the amount involved or value of the transaction exceeds \$50,000. Transactions involving compensation for services provided to the Corporation or any of its affiliates or subsidiaries as an employee, consultant or director, including but not limited to compensation arrangements approved by the Compensation and Corporate Governance Committee, indemnification for acting in such capacity and reimbursement of business and travel expenses incurred in the ordinary course, shall not be considered related party transactions under this Policy.

## **2. Identification of Related Party Transactions**

Potential related party transactions will be brought to the Corporation's attention in a number of ways. Directors, nominees for director and executive officers shall promptly notify the Board of any material interest such person or an immediate family member of such person had, has or may have in a related party transaction. In addition, each such director and executive officer shall complete a questionnaire on an annual basis designed, among other things, to elicit information about any potential related party transaction. Management of the Corporation shall additionally notify the Board of any related party transaction or proposed related party transaction of which it becomes aware.



Any potential related party transactions that are brought to the Corporation's attention shall be analyzed by the Board, in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a related party transaction requiring compliance with this Policy.

### **3. Advance Approval of Related Party Transactions.**

Under this Policy, any proposed transaction that has been identified as a related party transaction may be consummated or materially amended only following approval by the Board in accordance with the provisions of this Policy; provided that members of the Board who have a direct or indirect interest in the related party transaction that, in the Board's view, would or could reasonably interfere with such member's independent judgment shall not participate in the review or approval of such transaction.

Where applicable, related party transactions shall additionally require approval in accordance with applicable securities laws, regulations and stock exchange rules (including shareholder approval).

### **4. Ratification of Related Party Transactions**

Under this Policy, any related party transaction, if not a related party transaction when originally consummated, or if not initially identified as a related party transaction prior to consummation, shall be submitted to the Board for review and ratification in accordance with the approval policies set forth above as soon as reasonably practicable. The Board shall consider whether to ratify and continue, amend and ratify, or terminate or rescind such related party transaction.

### **5. Approval Process and Guidelines**

- (a) In the event that the Corporation proposes to enter into, or materially amend, a related party transaction, management of the Corporation shall present such related party transaction to the Board for review, consideration and approval or ratification. The presentation shall include, to the extent reasonably available, a description of:
  - (i) all of the parties thereto;
  - (ii) the interests, direct or indirect, of any related party in the transaction in sufficient detail so as to enable the Board to fully assess such interests;



- (iii) a description of the purpose of the transaction;
- (iv) all of the material facts of the proposed related party transaction, including the proposed aggregate value of such transaction, or, in the case of indebtedness, that amount of principal that would be involved;
- (v) the benefits to the Corporation of the proposed related party transaction;
- (vi) if applicable, the availability of other sources of comparable products or services;
- (vii) an assessment of whether the proposed related party transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to employees generally; and
- (viii) management's recommendation with respect to the proposed related party transaction.

In the event the Board is asked to consider whether to ratify an ongoing related party transaction, in addition to the information identified above, the presentation shall include a description of the extent of work performed and remaining to be performed in connection with the transaction and an assessment of the potential risks and costs of termination of the transaction, and where appropriate, the possibility of modification of the transaction.

- (b) The Board, in approving or rejecting the proposed related party transaction, shall consider all the relevant facts and circumstances deemed relevant by and available to the Board, including, but not limited to:
  - (i) the risks, costs and benefits to the Corporation;
  - (ii) the impact on a director's independence in the event the related party is a director, immediate family member of a director or an entity with which a director is affiliated;
  - (iii) terms of the transaction;
  - (iv) the availability of other sources for comparable services or products; and



- (v) the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The Board shall approve only those related party transactions that, in light of known circumstances, are in, or are not inconsistent with, the best interests of the Corporation and its shareholders, as the Board determines in the good faith exercise of its discretion.

## **6. Disclosure of Related Party Transactions**

In the event that a related party transaction is considered to be material information, the Corporation shall forthwith disclose such transaction in accordance with the Corporation's Disclosure Policy and Procedures.

The Corporation shall additionally disclose all related party transactions in accordance with applicable securities laws, regulations and stock exchange rules, including Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.