
STERLING RESOURCES LTD.

**NOTICE OF MEETING
AND
INFORMATION CIRCULAR**

**ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS
TO BE HELD MAY 19, 2011**

APRIL 19, 2011

STERLING RESOURCES LTD.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General and Special Meeting (the "Meeting") of holders (the "Shareholders") of common shares of Sterling Resources Ltd. (the "Corporation") will be held in The Plaza Room of the Metropolitan Conference Centre located at 333 – 4th Avenue S.W., Calgary, Alberta, on Thursday, May 19, 2011 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2010, together with the report of the Auditors thereon;
2. to fix the number of members of the Board of Directors to be elected at six (6) members;
3. to consider and, if thought appropriate, to pass an ordinary resolution electing six (6) directors of the Corporation for the ensuing year;
4. to consider and, if thought appropriate, to pass an ordinary resolution appointing the auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration;
5. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution approving the Corporation's Stock Option Plan including certain amendments thereto, all as more particularly described in the accompanying Information Circular of the Corporation dated April 19, 2011 (the "Information Circular"); and
6. to transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

Accompanying this Notice of Annual General and Special Meeting is an Information Circular and Instrument of Proxy. The Information Circular contains detailed information concerning the Corporation and the business to be transacted at the Meeting.

Only Shareholders of record on April 1, 2011 (the "Record Date") are entitled to notice of the Meeting or any adjournment(s) thereof and to vote thereat, provided that, to the extent a Shareholder transfers ownership of any of his common shares after such date and the transferee of those common shares establishes that he owns the common shares and demands, not later than the close of business ten (10) days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those common shares at the Meeting. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy. If a Shareholder desires to be represented at the Meeting by proxy, the Instrument of Proxy duly completed must be delivered to the office of Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (exclusive of non-business days) before the time for the holding of the Meeting or any adjournment(s) thereof.

All Shareholders are encouraged to attend the Meeting and are entitled to vote either in person or by proxy.

DATED at the City of Calgary, Alberta, this 19th day of April, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Sherry L. Cremer
Treasurer & Corporate Secretary

STERLING RESOURCES LTD.

INFORMATION CIRCULAR

**Annual General and Special Meeting of Shareholders
To be held on May 19, 2011**

GENERAL PROXY INFORMATION

Management Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Sterling Resources Ltd. (the "Corporation") for use at the Annual General and Special Meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Common Shares") in the capital of the Corporation to be held in The Plaza Room of the Metropolitan Conference Centre located at 333 – 4th Avenue S.W., Calgary, Alberta, on Thursday the 19th day of May, 2011, at the hour of 10:00 a.m. (Calgary time), and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be primarily by mail, however in addition to the use of mail, proxies may be solicited by personal interviews, telephone or facsimile by directors, officers, regular employees and contractors of the Corporation without payment of special compensation. The cost of the solicitation will be borne by the Corporation. Brokerage houses and other custodians, nominees and fiduciaries will be reimbursed for the expense of forwarding documents to beneficial owners for whom Common Shares are held.

The mailing address of the registered and principal executive office of the Corporation is 1450, 736 – 6th Avenue S.W., Calgary, Alberta, T2P 3T7.

Information contained herein is given as of the date hereof unless otherwise specifically stated. A copy of this Information Circular is available on SEDAR at www.sedar.com.

Appointment and Revocation of Proxies

The persons named in the enclosed Instrument of Proxy are officers of the Corporation. A Shareholder has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than Walter DeBoni or Sherry L. Cremer, by inserting such person's name in the blank space provided in the Instrument of Proxy and by striking out the other names, or by completing another appropriate form of proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should instruct the nominee as to how the Shareholder's Common Shares are to be voted. In any case, the Instrument of Proxy should be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing, with proof of such authorization attached, or, if the Shareholder is a corporation, it must either be under its corporate seal or signed by an officer or attorney thereof duly authorized.

An Instrument of Proxy will not be valid for the Meeting or any adjournment(s) thereof unless it is completed and delivered to the office of Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (exclusive of non-business days) before the time for the holding of the Meeting or any adjournment(s) thereof.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it at any time before it is exercised. A proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited at the registered office of

the Corporation, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting, or any adjournment(s) thereof, and upon either of such deposits the proxy is revoked.

Exercise of Discretion of Proxies

The Common Shares represented by proxy in favour of the listed nominees will be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be voted upon, those Common Shares shall be voted on any ballot in accordance with the specification so made. **In the absence of any such specification, those Common Shares will be voted in favour of the proposed resolutions contained herein. The persons appointed under the form of proxy furnished on behalf of the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting and as to other matters which may properly come before the Meeting. At the time of mailing of this Information Circular, the Corporation knows of no such amendment, variation or other matter.**

Notice 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 the Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Those Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of those Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co., a broker or another nominee, are held.

Applicable regulatory policy requires intermediaries (such as brokers or other nominees) to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number to vote the Common Shares held by the Beneficial Shareholder or access Broadridge’s dedicated voting website at www.proxyvote.com to deliver the Beneficial Shareholder’s voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting or any adjournment(s) thereof. A Beneficial Shareholder receiving a voting instruction

form cannot use that voting instruction form to vote Common Shares directly at the Meeting or any adjournment(s) thereof as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting or any adjournment(s) thereof, as the case may be, in order to have the Common Shares voted.

Voting Shares and Principal Holders Thereof

The directors have fixed April 1, 2011 (the “Record Date”), as the Record Date for the purpose of determining which Shareholders shall be entitled to notice of the Meeting and any adjournment(s) thereof. Only Shareholders of record at the close of business on the Record Date will be entitled to notice of, and to vote at, the Meeting except to the extent that a person has transferred any Common Shares of the Corporation after that date and the new holder of such Common Shares establishes proper ownership and demands not later than ten (10) days before the Meeting to be included in the list of Shareholders eligible to vote at such Meeting. The person duly appointed by an Instrument of Proxy will only be entitled to vote the Common Shares represented thereby if the Instrument of Proxy is delivered to Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (exclusive of non-business days) before the time for the holding of the Meeting or any adjournment(s) thereof.

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As of the Record Date the Corporation had issued and outstanding 190,400,501 Common Shares. Shareholders of record are entitled to notice of and to attend at the Meeting, in person or by proxy, and to one vote per Common Share held.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, directly or indirectly, or controls or directs, Common Shares carrying in aggregate ten percent (10%) or more of the votes attached to all of the issued and outstanding Common Shares, except as follows:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Sprott Asset Management LP	27,666,380	14.5%

Quorum For Meeting

At the Meeting, a quorum for the transaction of business at the Meeting shall be two (2) persons present in person, each being a Shareholder entitled to vote thereat, or a duly appointed proxy for an absent Shareholder so entitled and together holding or representing by proxy not less than ten percent (10%) of the outstanding Common Shares entitled to vote at the Meeting. If a quorum is not present within one-half hour of the time appointed for the convening of the Meeting, the Shareholders present or represented by proxy may adjourn the Meeting to a fixed time and place, provided, however, that if no provision for adjournment is made at any such Meeting or adjourned Meeting at which a quorum is not present, the Meeting shall be dissolved.

Approval Requirements

The specific resolutions that Shareholders will be asked to approve at the Meeting include resolutions which would elect the directors of the Corporation, appoint the auditors of the Corporation and approve the Corporation’s Stock Option Plan (as hereinafter defined). In order to be effective, the foregoing resolutions require the approval of more than 50% of the votes cast in respect of those resolutions by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The audited financial statements for the financial year ended December 31, 2010 of the Corporation have been forwarded to Shareholders. No formal action will be taken at the Meeting to approve the financial statements, with the requirements of the *Business Corporations Act* (Alberta) being met with the advance circulation of such financial statements. If any Shareholders have questions respecting the December 31, 2010 financial statements, the questions may be brought forward at the Meeting.

The financial statements and management's discussion and analysis relating thereto are included in the 2010 Annual Report of the Corporation.

Fixing of the Number of Directors

For the forthcoming year, it is proposed that the number of directors to be elected at the Meeting to hold office until the next Annual Meeting of the Corporation or until their successors are elected or appointed, subject to the articles and by-laws of the Corporation, be set at six (6). There are presently seven (7) directors of the Corporation. **It is the intention of the persons named in the enclosed Instrument of Proxy, if not expressly directed to the contrary in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution to fix the number of members of the Board of Directors at six (6) for the ensuing year.**

Election of Directors

At each Annual Meeting all of the directors retire from office, but are eligible for re-election. The size of the Board of Directors is currently seven (7) members. It is proposed that the following six (6) nominees be elected to serve until the next Annual Meeting or until their successors are duly elected or appointed. **It is the intention of the persons named in the enclosed Instrument of Proxy, if not expressly directed to the contrary in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution to elect the nominees specified below as directors of the Corporation.** Each director elected will hold office until the first following Annual Meeting of the Corporation or until their respective successors shall have been elected or appointed. If for some reason any of the proposed nominees are unable to serve, the persons named in the accompanying Instrument of Proxy will use their best judgment in voting for alternative nominees.

The following table states the names, ages and municipalities of residence of all persons proposed to be nominated for election as directors, the position or office now held by them, their principal occupation or employment history, the year in which they first became directors of the Corporation and the number of Common Shares owned by them or over which they exercise control or direction as at April 19, 2011:

Name and Municipality of Residence	Present Principal Occupation or Employment, Principal Occupation of Employment for the Past Five Years or More, Educational Qualifications, Other Current Public Company Directorships and Directorships in Non-Public Companies, Organizations or Other Entities that Require a Significant Time Commitment	Common Shares, Options and Units Beneficially owned or over which Control or Direction is Exercised
<p>Walter DeBoni Calgary, Alberta, Canada Age: 64 ⁽¹⁾ Chairman of the Board, Chairman of the Corporate Governance and Compensation Committee, and Member of the Reserves Committee Director since 2006</p>	<p>Walter DeBoni is Chairman of the Board of Directors of the Corporation. Mr. DeBoni was Vice President, Canada Frontier & International Business of Husky Oil Operations Ltd., a public oil and gas company, from April 2002 to July 2005. From July 1996 to February 2002, he was President, Chief Executive Officer and a director of Bow Valley Energy Ltd. He holds a Bachelor of Applied Science degree in Chemical Engineering, a Masters of Business Administration degree, Finance Major.</p> <p>Current public company directorships ⁽²⁾:</p> <p>ARC Resources Ltd. and Niko Resources Ltd.</p> <p>Other current directorships ⁽³⁾:</p> <p>None.</p>	<p>198,333 Common Shares</p> <p>675,500 Options</p>
<p>Michael Azancot Farnham, England Age: 53 ⁽¹⁾ Director since 2010</p>	<p>Michael Azancot is President and Chief Executive Officer of the Corporation and Managing Director of Sterling Resources (UK) Ltd. He was previously the Vice President of the Corporation from April to May 2010. Prior thereto he was founder and Chief Executive Officer of Lateral Resources Ltd., a company focused on the acquisition of international under-performing upstream businesses. He is a founder and Director of European Energy Assets SA, a downstream business acquisition venture. Mr. Azancot was Senior Vice President, Exploration and Production, of PetroKazakhstan Inc., a public oil and gas company, from 2000 to 2005. He holds a Masters Degree in Engineering and is a member of the Society of Petroleum Engineers (SPE), the Petroleum Exploration Society of Great Britain (PESGB) and the Energy Institute.</p> <p>Current public company directorships ⁽²⁾:</p> <p>None.</p> <p>Other current directorships ⁽³⁾:</p> <p>Lateral Resources UK Ltd. European Energy Assets SA</p>	<p>0 Common Shares</p> <p>1,500,000 Options</p>

Name and Municipality of Residence	Present Principal Occupation or Employment, Principal Occupation of Employment for the Past Five Years or More, Educational Qualifications, Other Current Public Company Directorships and Directorships in Non-Public Companies, Organizations or Other Entities that Require a Significant Time Commitment	Common Shares, Options and Units Beneficially owned or over which Control or Direction is Exercised
<p>Robert B. Carter Calgary, Alberta, Canada Age: 55 ⁽¹⁾ Member of Corporate Governance and Compensation Committee, and Chairman of Audit Committee Director since 2004</p>	<p>Robert Carter is an independent businessman. Mr. Carter was Chief Financial Officer of Cirrus Energy Corporation, a publicly traded junior energy company, from June 2001 to February 2007. He holds a Bachelor of Commerce degree, Accounting Major, and is a Chartered Accountant.</p> <p>Current public company directorships ⁽²⁾:</p> <p>None.</p> <p>Other current directorships ⁽³⁾:</p> <p>None.</p>	<p>247,000 Common Shares 359,666 Options</p>
<p>Stewart G. Gibson Aboyne, Scotland Age: 62 ⁽¹⁾ Member of the Reserves Committee Director since 2000</p>	<p>Stewart Gibson is an Executive Advisor to the Chief Executive Officer of the Corporation. Prior thereto, he was Chief Executive of Corporation and Managing Director of Sterling Resources (UK) Ltd. from January 2006 to May 2010. Mr. Gibson was President and Chief Operating Officer of the Corporation from June 2000 to December 2005. He holds a Bachelor of Science degree in Geology and Master of Science degree in Petroleum Engineering.</p> <p>Current public company directorships ⁽²⁾:</p> <p>None.</p> <p>Other current directorships ⁽³⁾:</p> <p>Petro Ventures International Limited</p>	<p>895,000 Common Shares 1,425,000 Options</p>

Name and Municipality of Residence	Present Principal Occupation or Employment, Principal Occupation of Employment for the Past Five Years or More, Educational Qualifications, Other Current Public Company Directorships and Directorships in Non-Public Companies, Organizations or Other Entities that Require a Significant Time Commitment	Common Shares, Options and Units Beneficially owned or over which Control or Direction is Exercised
<p>Teck Soon Kong London, England Age: 70 ⁽¹⁾ Member of Audit Committee Director since 2004</p>	<p>Teck Soon Kong is Commercial Director of Gulf of Guinea Energy Limited, an oil and gas company that operates in Nigeria. Mr. Kong was the Executive Chairman of Noble Denton Group Ltd., a leading offshore and marine consulting engineering group from October 2006 to January 2010. He holds a Bachelor of Science in Chemical Engineering (Honors).</p> <p>Current public company directorships ⁽²⁾:</p> <p>Petro Kamchatka Resources Plc. and Sunkar Resources Limited</p> <p>Other current directorships ⁽³⁾:</p> <p>Dhow Services Limited and GOGA (Nigeria) Limited</p>	<p>0 ⁽⁴⁾ Common Shares 264,999 Options</p>
<p>Graeme Phipps St. Helier, Jersey Age: 58 ⁽¹⁾ Member of Reserves Committee and Member of Audit Committee Director since 2008</p>	<p>Graeme Phipps is President and Chief Executive Officer of Petro Kamchatka PLC, a public oil and gas company with primary assets in Kamchatka, Russia. Mr. Phipps was Executive Vice President Corporate Development of Petro Kazakhstan, a public oil and gas company, in 2005. Since 2002 he has been the Principal of Phipps and Associates Oil and Gas Consulting, an oil and gas executive management consulting firm. He holds a Bachelor of Science degree in Geology and Geophysics (Honors), and is a Professional Geophysicist with APEGGA.</p> <p>Current public company directorships ⁽²⁾:</p> <p>Petro Kamchatka Plc and Primeline Energy Holdings Ltd.</p> <p>Other current directorships ⁽³⁾:</p> <p>Buried Hill Energy Ltd., StockReality Micro Cap Investment Fund and Tundra Oil & Gas</p>	<p>120,534 Common Shares 276,666 Options</p>

Notes:

- (1) Ages are calculated as at April 19, 2011.
- (2) Refers only to issuers that are “reporting issuers” in a Canadian jurisdiction or the equivalent in a foreign jurisdiction.
- (3) Refers to directorships of non-public companies, organizations or other entities that require a significant commitment from the nominee listed.
- (4) Does not include 1,816,667 Common Shares held by Bonus Forever Limited or Hero Nominees Limited, family trusts to which Mr. Kong disclaims beneficial ownership, direction or influence.

The information as to shares beneficially held or controlled, not being within the knowledge of the Corporation, has been furnished by the directors. The Corporation disclaims all responsibility for the accuracy thereof.

Appointment of Auditor

The appointment of Ernst & Young LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and authorization of the directors to fix the remuneration of the Auditors will be considered at the Meeting. **It is the intention of the persons named in the enclosed Instrument of Proxy, if not expressly directed to the contrary in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution to appoint the firm Ernst & Young LLP, Chartered Accountants, as auditors of the Corporation to hold office until the close of the next Annual Meeting of the Shareholders, and to authorize the directors of the Corporation to fix the remuneration of Ernst & Young LLP, Chartered Accountants, as auditors of the Corporation.**

Approval of Stock Option Plan

Pursuant to TSX Venture Exchange (“TSX-V”) Policy 4.4 – *Incentive Stock Options* (“Exchange Policy 4.4”) the Corporation is permitted to maintain a “rolling” stock option plan (the “Stock Option Plan”) reserving a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options. In accordance with Exchange Policy 4.4, rolling option plans must receive shareholder approval yearly at the Corporation’s annual meeting. Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve an ordinary resolution to approve the Corporation’s Stock Option Plan (the “Option Plan Resolution”).

In addition to the yearly Stock Option Plan approval, pursuant to the Option Plan Resolution Shareholders will be approving certain limited amendments to the Stock Option Plan, including an amendment to Section 2.3 of the Stock Option Plan with respect to providing for a Blackout Extension Period, an amendment allowing the Corporation to deduct or withhold from Option exercises any required taxes or other amounts payable as a result of the exercise of Options and certain housekeeping amendments to ensure that the Stock Option Plan is consistent with Exchange Policy 4.4. The Corporation currently has 10,841,630 outstanding options to purchase Common Shares, at an average exercise price of \$2.24 per share (the “Options”).

The Stock Option Plan provides for the granting of Options to purchase Common Shares of the Corporation to directors, employees and consultants of the Corporation or any of its subsidiaries (as permitted by applicable law, including Exchange Policy 4.4). Options may be granted at the discretion of the Board of Directors in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan. The number of Common Shares issuable under the Stock Option Plan is not more than 10% of the number of Common Shares that are issued and outstanding. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Corporation’s Stock Option Plan, and any exercises of Options or expiries or terminations of Options will make new grants available under the Corporation’s Stock Option Plan.

The exercise of all Options is set by the Board of Directors of the Corporation at the time of grant, provided that the exercise price shall not be less than the closing price of the Common Shares on the last trading day preceding the grant date, less the applicable discount permitted by the TSX-V. The Options granted under the Stock Option Plan have a maximum term of five years and may vest at such times as the Board of Directors of the Corporation may determine at the time of grant, provided that vesting will occur over a period of not less than 18 months and subject to the rules of any stock exchange or other regulatory body having jurisdiction.

Management of the Corporation proposes that the Stock Option Plan be amended to allow for a Blackout Extension Period whereby the term of options expiring during a Blackout Period or within ten (10) business days of the expiry of a Blackout Period will be extended for ten (10) business days

immediately following the end of the Blackout Period. Such amendment has been approved by the Board of Directors, and is subject to approval by the TSX-V and approval by the Shareholders at the Meeting.

Management of the Corporation also proposes that certain housekeeping amendments be made to ensure consistency between the Stock Option Plan and Exchange Policy 4.4, notably to ensure the categories of individuals entitled to participate in the Stock Option Plan is entirely consistent with Exchange Policy 4.4.

The Board of Directors of the Corporation believes that passing of the following resolution is in the best interest of the Corporation. Accordingly, Shareholders will be asked to approve the following ordinary resolution:

“BE IT RESOLVED THAT:

1. the Corporation’s Stock Option Plan including the amendments thereto, on the terms described in Schedule “C” to the management information circular of the Corporation dated April 19, 2011 be and it is hereby ratified and approved;
2. any director or officer of the Corporation be authorized and directed to make all such filings, perform all such acts and deeds and things and execute all such documents and instruments as may be required to give effect to the true intent of these resolutions; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed stock option plan by the Corporation is conditional upon receipt of final approval of the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke the resolution without any further approval from the shareholders of the Corporation at any time if such revocation is considered necessary or advisable by the directors.”

To be effective, the resolution approving the Stock Option Plan must be passed by a simple majority of votes cast by Shareholders at the Meeting. **It is the intention of the persons named in the enclosed Instrument of Proxy, if not expressly directed to the contrary in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution approving the Stock Option Plan.**

EXECUTIVE COMPENSATION

For the purposes of this section, “executive officer” means the chair and any vice-chair of the Board of Directors; the president; any vice-president in charge of a principal business unit, division or function; or any other individual that performed a policy-making function in respect of the Corporation.

A “Named Executive Officer” (“NEO”) means, collectively:

- (a) the Chief Executive Officer of the Corporation, or any individual that acted in a similar capacity during the year ended December 31, 2010 (the “CEO”);
- (b) the Chief Financial Officer of the Corporation, or any individual that acted in a similar capacity during the year ended December 31, 2010 (the “CFO”);
- (c) each of the Corporation’s three most highly compensated executive officers, 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 for that financial year; and

- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at December 31, 2010.

COMPENSATION DISCUSSION AND ANALYSIS

Objectives of Compensation Program

The Corporation's compensation program is designed to attract, retain and motivate key personnel, while at the same time promoting a greater alignment of interests between such personnel and the Shareholders.

The Corporation's compensation program is designed to reward the value creation resulting from the successful implementation of the Corporation's both short and medium term strategies. At this time, the Corporation has made a number of discoveries which require further development in order to produce cash flow. Accordingly the primary short and medium term strategies revolve around the development plans and related financing. The Corporation's compensation program reinforces positive results in these regards through both option based rewards and annual cash bonuses.

Elements of Compensation Program

As discussed in further detail below, the Corporation's compensation program is comprised of a base salary ("Base Salary"), cash bonuses ("Bonus") and Options. The Corporation also makes matching contributions toward its UK based employees' pension plan in amounts not to exceed 5% of Base Salary. The Corporation's Canadian based employees receive a payment of 5% of Base Salary as an equivalent retirement benefit.

Base Salary

This element of compensation is designed to pay the individual a median wage, in relation to the Comparator Group (as hereinafter defined), in the locale in which the individual is located. The Corporation chooses to pay this element of compensation, at the objective level in order to attract qualified personnel to an organization that, while offering a larger exposure to equity through its Option awards, also has a higher risk level having no sustaining cash flow. The amount payable to an officer under this element of compensation is generally determined by the experience of the individual. This element of compensation and the Corporation's decisions about this element fit into the Corporation's overall compensation objectives in that it is necessary to provide a base level of compensation to increase the probability of retaining individuals. The Corporation's decisions about this element of compensation affect decisions about other elements of the Corporation's compensation in that some adjustments can be made between the Base Salary and the Options depending on individual circumstances and desires.

Comparator Group

The Corporation's compensation program is developed with a view to providing competitive compensation that is in keeping with that offered by comparable companies in the oil and gas industry in general and further narrowed to the junior international exploration companies. Two surveys are utilized in this regard: (i) an independent survey of participating corporations in the North Sea and (ii) an internally prepared survey on officer compensation derived from public company documents. Both

surveys are utilized by the Compensation Committee in the review of compensation forming the Comparator Group.

During 2010, the emphasis on the two surveys changed as the location of the majority of the officers continued the transition to the UK. During the year the Corporation recruited a new Chief Executive Officer and Chief Financial Officer, to replace retiring incumbents, and appointed a Chief Operating Officer. All of the new officers are resident in the UK. This had the effect of rendering the internally prepared survey, which has a heavy Canadian bias, less relevant.

The independent survey is not a perfect match in that the Corporation is in the bottom quartile of such factors as production and cash flow. However, by matching skill sets rather than specific titles, the Corporation believes that it provides the most useful information.

The internally prepared survey while providing a better match as to positions in similar size corporations doesn't take into account the location of the incumbents and hence local market competitiveness which are extremely significant factors. However, some information about stock option grants is derived from this group.

The composition of comparative companies is a dynamic task in that the design of these organizations generally leads for them to be acquired. Accordingly a comparison group will change drastically between years, increasing with new entrants and decreasing with those acquired or who cease to be in business. For example, for the internally prepared survey, during 2010 the Corporation determined that 14 companies were similar in that they were Canadian listed international junior exploration companies with a market capitalization of no less than 50% and no more than 200% of the Corporation's compared with 15 companies in the prior year. The following oil and gas comparator group was used during 2010:

Antrim Energy Inc.	Pan Orient Energy Corp.
Calvalley Petroleum Inc.	Petrolifera Petroleum Limited
Canacol Energy Ltd.	Serica Energy
Canadian Superior Energy Inc.	ShaMaran Petroleum Corp.
CGX Energy Inc.	TransGlobe Energy Corporation
Falcon Oil & Gas Ltd.	WesternZagros Resources Ltd.
Ithaca Energy	Winstar Resources Ltd.

Performance Goals

The Bonus payable to an officer is based on the achievement of certain individual performance goals, which are agreed with his/her direct supervisor at the commencement of a year. A substantial portion of the goals are objective and easily measurable. Accordingly, an individual who had not achieved a substantial portion of their goals may receive no Bonus. These goals directly relate to critical elements in the creation of value for the Corporation as determined by the Board of Directors and are not related to financial statement matters. The amount of any Bonus is discretionary and may be affected substantially by the monetary position of the Corporation at the time Bonuses are reviewed. Hence the failure of achieving corporate goals related to monetary status may result in reduced or no Bonuses being paid.

Determining Officer Compensation

The total compensation and each element of compensation payable to all officers for the most recently completed financial year was determined based on Comparator Group data and the achievement of performance goals and objectives. The Chief Executive Officer reviews this information and considers

the factors and makes a recommendation to the Compensation Committee. The Compensation Committee reviews and discusses the recommendations and comes up with a recommendation (which may or may not be the same as that of the Chief Executive Officer), which is passed along to the Board of Directors for approval.

Circumstances Triggering Termination and Change of Control Benefits

As noted below under the heading “Termination and Change of Control Benefits” there are certain circumstances that trigger payments or the provision of other benefits to an officer upon termination and/or change of control. The basis for selecting these circumstances is to remain competitive with usual practice of similar companies.

Other Factors for Understanding Compensation

Following performance, the next most important factor in determining total compensation is the need to be competitive in attracting qualified individuals. In times of high competition for qualified persons, this will increase all forms of compensation with the opposite being true when competition for these individuals is depressed.

Option-based Awards

The grant of Options to executive officers is determined by the Compensation Committee with input from the Chief Executive Officer. Previous grants of Options are taken into account when considering new grants, because the majority of grants are designed to replace expiring Options. The exercise price of Options equals the closing trading price of the Common Shares on the TSX-V on the date preceding the grant (less any applicable discount permitted by the TSX-V).

The role of the Compensation Committee in setting or amending the Stock Option Plan under which the Options are granted is complete in that it periodically receives the advice of counsel on compliance matters and determines if the Stock Option Plan must be amended. The executive officers also play a role in obtaining information in setting or amending the Stock Option Plan, in that they directly liaise with counsel on these same matters.

The following table sets forth the total compensation paid by the Corporation to its NEOs for the most recently completed financial years that end on or after December 31, 2008.

Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁸⁾	Non-equity incentive plan compensation (\$)		Pension value (\$) ⁽⁹⁾	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Michael Azancot ⁽¹⁾⁽²⁾ President and Chief Executive Officer	2010	232,285	--	2,319,123	--	--	11,614	--	2,563,022
David Blewden ⁽¹⁾⁽³⁾ Chief Financial Officer	2010	122,847	--	729,983	--	--	6,142	--	858,972
Stewart G. Gibson ⁽¹⁾⁽⁴⁾ Executive Advisor	2010	216,298	--	131,007	159,369	--	10,441	--	517,115
	2009	293,921	--	491,532	220,441	--	20,307	--	826,201
	2008	323,969	--	466,384	117,807	--	9,449	--	917,609
Ian C. Hornby-Smith ⁽⁵⁾ Financial Advisor	2010	174,512	--	119,097	64,000	--	--	--	357,609
	2009	200,000	--	273,073	56,000	--	--	--	529,073
	2008	213,333	--	186,554	60,000	--	--	--	459,887
David A. Findlater ⁽¹⁾ VP Exploration	2010	152,994	--	178,646	28,686	--	7,649	--	367,975
	2009	160,321	--	91,025	16,032	--	8,016	--	275,394
	2008	176,711	--	46,638	--	--	5,154	--	228,503
John M. Rapach ⁽¹⁾⁽⁶⁾ Chief Operating Officer	2010	278,538	--	524,027	103,271	--	13,911	--	919,747
	2009	256,513	--	318,586	128,256	--	20,307	--	723,662
	2008	282,737	--	279,831	--	--	--	--	562,568
Stephen Birrell ⁽¹⁾⁽⁷⁾ VP & General Manager, Netherlands and France	2010	275,390	--	393,021	84,147	--	--	355,517 ⁽¹⁰⁾	1,108,075
	2009	282,164	--	273,073	70,541	--	--	372,034 ⁽¹⁰⁾	997,812
	2008	311,010	--	233,192	58,904	--	--	265,742 ⁽¹⁰⁾	868,848

Notes:

- (1) The salary and annual incentive plan compensation for these NEOs were paid in Pounds Sterling. The amounts have been converted to Canadian dollars at a rate of 1.59369, 1.78134 and 1.96345, which are the average foreign exchange rates for 2010, 2009 and 2008, respectively.
- (2) Mr. Azancot was appointed President and Chief Executive Officer on May 27, 2010, following the retirement of Mr. Gibson. Prior thereto Mr. Azancot was Executive Vice President of the Corporation.
- (3) Mr. Blewden was appointed Chief Financial Officer on August 2, 2010, following the retirement of Mr. Hornby-Smith.
- (4) Mr. Gibson retired as Chief Executive Officer on May 27, 2010, following which he assumed the role of Executive Advisor to the Chief Executive Officer.
- (5) Mr. Hornby-Smith retired as Chief Financial Officer on August 1, 2010, following which he assumed the role of Financial Advisor to the Chief Financial Officer. Mr. Hornby-Smith received at Base Salary of \$176,000 for the first seven months 2010, which was based upon 75% of full time. He received a top-up of \$17,111 for the months when time spent exceeded 75% of full time. Mr. Hornby-Smith received a Base Salary of \$160,000 during 2009 and 2008, which was based upon 75% of full time. He received a top-up of his Base Salary for quarters where time spent exceeded 100% of full time. During 2009, he received an additional \$26,667 as a top-up for two quarters. The payment of the balance of his top-up for the last quarter of 2009 (\$13,333) was paid in early 2010. Mr. Hornby-Smith received his Base Salary of \$160,000 during 2008 for full time and agreed to defer the payment of the top-up of \$53,333, which was subsequently paid in 2009.
- (6) Mr. Rapach was appointed Chief Operating Officer on May 27, 2010. Prior thereto Mr. Rapach was Vice President Operations of the Corporation.
- (7) Mr. Birrell was appointed Vice President & General Manager, Netherlands and France on October 13, 2010. Prior thereto Mr. Birrell was Vice President Romanian Operations.
- (8) The dollar amount of Options is based on the grant date fair value of the award for the covered financial year determined by using a Black-Scholes option pricing model in accordance with CICA 3870.

- (9) The pension values have been converted from Pounds Sterling to Canadian dollars at a rate of 1.59369, 1.78134 and 1.96345, which are the average foreign exchange rates for 2010, 2009 and 2008 respectively. As neither Mr. Hornby-Smith nor Mr. Birrell is a UK resident, they are not eligible to participate in the UK pension plan. Mr. Rapach did not participate in the UK pension plan in 2008. In 2009, it was agreed that contributions would be made to Mr. Rapach's personal pension plan, on the same basis as for other UK employees and backdated to June 2008.
- (10) Mr. Birrell is an expatriate and was on foreign assignment in Romania for the financial years referenced above. His employment contract included a 20% premium to his base salary, as well as expatriate allowances for accommodation and utilities, housekeeping services, education for children, reimbursement of Romanian income tax and insurance premiums. These amounts were paid in Pounds Sterling, EUROS, US dollars and Romanian Lei and were converted to Canadian dollars at the average annual foreign exchange rate for 2010, 2009 and 2008. Of the total value of the perquisites reported for 2010, approximately 34%, or \$121,575, relates to Romanian income tax paid on behalf of Mr. Birrell, and approximately 37%, or \$134,731, relates to allowances for accommodation and utilities.

Stock Option Plan

Shareholders of the Corporation have approved a Stock Option Plan that permits the granting of Options to directors, officers, employees and consultants. Options are granted by the Corporation from time to time at the discretion of the Board of Directors, within and subject to the applicable regulatory requirements. The exercise price of each currently issued Option equals the closing trading price of the Common Shares on the TSX-V on the date preceding the grant (less any discount approved by the Board of Directors up to but not exceeding any applicable discount permitted by the TSX-V). The Options' maximum term is five years. Options currently issued vest over the initial three years from the date of the grant. The Board of Directors has at its discretion created internal expiries within the term of the Options and may amend these from time to time.

Shareholders are being requested to ratify and approve at the Meeting the existing Stock Option Plan, including an amendment. See above under "*Matters to be Considered at the Meeting – Approval of Stock Option Plan*" for further information.

Outstanding Share-based Awards and Option-based Awards

The NEOs were granted Options to acquire a total of 3,205,000 Common Shares for the year ended December 31, 2010.

The following table sets out all awards outstanding for each NEO at the end of the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Michael Azancot President and Chief Executive Officer	500,000	2.64	02-May-13	405,000	--	--
	500,000	2.64	02-May-14	405,000		
	500,000	2.64	02-May-15	405,000		
David Blewden Chief Financial Officer	225,000	1.94	01-Aug-13	339,750	--	--
	225,000	1.94	01-Aug-14	339,750		
	225,000	1.94	01-Aug-15	339,750		

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Stewart G. Gibson Executive Advisor	180,000	1.42	01-Jun-12	365,400	--	--
	180,000	1.42	01-Jun-13	365,400		
	180,000	1.42	01-Jun-14	365,400		
	50,000	1.57	23-May-11	94,000		
	150,000	1.57	23-May-12	282,000		
	36,667	2.03	27-May-13	52,067		
	36,667	2.03	27-May-14	52,067		
	36,666	2.03	27-May-15	52,065		
	125,000	2.45	31-May-11	125,000		
	166,667	2.56	28-May-11	148,333		
Ian C. Hornby-Smith Financial Advisor	100,000	1.42	01-Jun-13	203,000	--	--
	100,000	1.42	01-Jun-14	203,000		
	33,333	2.03	27-May-13	47,332		
	33,333	2.03	27-May-14	47,332		
	33,334	2.03	27-May-15	47,334		
	66,666	2.56	28-May-13	59,332		
David A. Findlater VP Exploration	33,333	1.42	01-Jun-12	67,665	--	--
	33,333	1.42	01-Jun-13	67,665		
	33,334	1.42	01-Jun-14	67,668		
	33,333	1.57	23-May-11	62,666		
	33,333	1.57	23-May-12	62,666		
	50,000	2.03	27-May-13	71,000		
	50,000	2.03	27-May-14	71,000		
	50,000	2.03	27-May-15	71,000		
	66,666	2.45	31-May-11	66,666		
	16,667	2.56	28-May-11	14,833		
John M. Rapach Chief Operating Officer	116,667	1.42	01-Jun-12	236,834	--	--
	116,667	1.42	01-Jun-13	236,834		
	116,666	1.42	01-Jun-14	236,831		
	75,000	1.57	23-May-11	141,000		
	75,000	1.57	23-May-12	141,000		
	146,667	2.03	27-May-13	208,267		
	146,667	2.03	27-May-14	208,267		
	146,666	2.03	27-May-15	208,265		
	50,000	2.45	31-May-11	50,000		
	100,000	2.56	28-May-11	89,000		
	100,000	2.56	28-May-12	89,000		
	100,000	2.56	28-May-13	89,000		

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Stephen Birrell VP & General Manager, Netherlands and France	100,000	1.42	01-Jun-13	203,000	--	--
	100,000	1.42	01-Jun-14	203,000		
	45,533	1.57	23-May-12	85,602		
	110,000	2.03	27-May-13	156,200		
	110,000	2.03	27-May-14	156,200		
	110,000	2.03	27-May-15	156,200		
	50,000	2.45	31-May-11	50,000		
	83,334	2.56	28-May-11	74,167		
	83,333	2.56	28-May-12	74,166		
	83,333	2.56	28-May-13	74,166		

Note:

- (1) The value of unexercised in-the-money Options has been determined by subtracting the exercise price at which Common Shares may be acquired pursuant to the Options from the closing Common Share price of \$3.45 on December 31, 2010 and multiplying such difference by the number of Common Shares that may be acquired upon the exercise of the Option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the aggregate dollar value for each NEO for the most recently completed financial year that would have been realized if the Options under the option-based award had been exercised on the vesting date. The dollar value that would have been realized is determined by the difference between the market price of the underlying securities at exercise and the exercise or base price of the Options under the option-based award on the vesting date.

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 (\$)
Michael Azancot President and Chief Executive Officer	--	--	--
David Blewden Chief Financial Officer	--	--	--
Stewart G. Gibson Executive Advisor	151,800	--	--
Ian C. Hornby-Smith Financial Advisor	71,000	--	--
David A. Findlater VP Exploration	30,333	--	--
John M. Rapach Chief Operating Officer	89,500	--	--
Stephen Birrell VP & General Manager, Netherlands and France	77,666	--	--

Pension Plan Benefits

The following table sets out the pension plan that provides payments in connection with retirement for the NEO's.

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory ⁽²⁾ (\$)	Accumulated value at year-end (\$)
Michael Azancot President and Chief Executive Officer	--	11,614	9,291	20,905
David Blewden Chief Financial Officer	--	6,142	4913	11,055
Stewart G. Gibson Executive Advisor	36,005	10,442	8,353	54,800
Ian C. Hornby-Smith Financial Advisor	--	--	--	--
David A. Findlater VP Exploration	19,639	7,649	6,119	33,407
John M. Rapach Chief Operating Officer	31,423	13,911	11,129	56,463
Stephen Birrell VP & General Manager, Netherlands and France	--	--	--	--

Note:

- (1) The values in the table above represent payments made to the pension plan schemes (and not the plan values). The pension values have been converted from Pounds Sterling to Canadian dollars at a rate of 1.59369, which is the average foreign exchange rate for 2010.
- (2) Tax relief is applied to non-compensatory contributions so that employee contributions match the employer contributions to the pension fund.

Effective October 8, 2001 it became a statutory requirement that employers in the UK with five or more employees undertake to make a pension scheme available to its UK resident employees within three months of them joining the company's service. During 2008, the Corporation's wholly owned subsidiary, Sterling Resources (UK) Ltd., reached the threshold requiring that it comply with this statutory requirement. In December 2008, Sterling Resources (UK) Ltd. set up a Group Personal Pension Scheme with AEGON Scottish Equitable. Employer contributions for 2008 were backdated to June 2008, and employee contributions commenced in December 2008. Sterling Resources (UK) Ltd. chose to make employer contributions in line with peer groups, which were set at 5% of Base Salary, and must be matched by an employee contribution of at least 5% of Base Salary. The aim of the scheme is to allow employees to accrue a pension fund that will enable them to purchase a regular income adequate for their retirement needs, at anytime between age 50 and 75. It was agreed that Sterling Resources (UK) Ltd. would contribute on the same basis to Mr. Rapach's personal pension plan with Skandia Life, as he elected not to join the AEGON Scottish Equitable scheme. Employer contributions were backdated to June 2008 at 5%. Mr. Rapach's matching contributions at 5% commenced December 2008. Backdated payments were made in July 2009. As neither Mr. Hornby-Smith nor Mr. Birrell is a UK resident, they are not eligible to participate in the UK pension plan. Mr Azancot and Mr Blewden joined the AEGON scheme on commencement of their employment.

Termination and Change of Control Benefits

There are presently employment agreements between the Corporation, or its subsidiary, Sterling Resources (UK) Ltd., and the Named Executive Officers. In the event of termination without cause, the employment agreements for the Named Executive Officers provide the following compensation:

Name	Compensation Upon Termination Without Cause
Michael Azancot ⁽¹⁾⁽²⁾ President and Chief Executive Officer	<ul style="list-style-type: none"> a. All accrued salary to date of termination of employment; b. All accrued vacation pay to date of termination of employment; c. Amount equal to 30 months Base Salary; d. Amount equal to average Bonus received in last three calendar years; e. 7.5% of amount paid in (c) above as compensation for loss of all employment benefits; and f. All unvested stock options previously granted shall vest immediately upon termination and be exercisable for 60 days.
David Blewden ⁽²⁾ Chief Financial Officer	<ul style="list-style-type: none"> a. All accrued salary to date of termination of employment; b. All accrued vacation pay to date of termination of employment; c. Amount equal to 18 months Base Salary; d. Amount equal to average Bonus received in last three calendar years; e. 7.5% of amount paid in (c) above as compensation for loss of all employment benefits; and f. All unvested stock options previously granted shall vest immediately upon termination and be exercisable for 60 days.
David A. Findlater ⁽²⁾ VP Exploration	<ul style="list-style-type: none"> a. All accrued salary to date of termination of employment; b. All accrued vacation pay to date of termination of employment; c. Salary equal to 18 months Base Salary; d. Amount equal to average Bonus received in last three calendar years; e. 7.5% of amount paid in (c) above as compensation for loss of all employment benefits; and f. All unvested stock options previously granted shall vest immediately upon termination and be exercisable for 60 days.
John M. Rapach ⁽²⁾ Chief Operating Officer	<ul style="list-style-type: none"> a. All accrued salary to date of termination of employment; f. All accrued vacation pay to date of termination of employment; g. Amount equal to 18 months Base Salary; h. Amount equal to average Bonus received in last three calendar years; i. 7.5% of amount paid in (c) above as compensation for loss of all employment benefits; and f. All unvested stock options previously granted shall vest immediately upon termination and be exercisable for 60 days.
Stephen Birrell ⁽²⁾ VP & General Manager, Netherlands and France	<ul style="list-style-type: none"> a. All accrued salary to date of termination of employment; b. All accrued vacation pay to date of termination of employment; c. Amount equal to 18 months Base Salary; d. Any relocation allowance envisaged to enable the executive to return to his country of origin; e. Amount equal to average Bonus received in last three calendar years; f. 7.5% of amount paid in (c) above as compensation for loss of all employment benefits; and g. All unvested stock options previously granted shall vest immediately upon termination and be exercisable for 60 days.

Notes:

- (1) Mr. Azancot shall be entitled to terminate his employment agreement within 60 days following a Change of Control and receive the above payments. No other Named Executive Officer has any other entitlement.
- (2) For the purposes of the employment agreements of the Named Executive Officers, Change of Control shall mean:
 - a. the acquisition by a person, group of persons acting jointly or in concert, or persons associated or affiliated within the meaning of the *Business Corporations Act* (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert, of beneficial ownership of fifty percent (50%) or more of the Common Shares then outstanding;
 - b. the sale of all or substantially all of the assets of the Corporation to any purchaser in circumstances where the purchaser intends to carry on all or part of the business carried on by the Corporation, excluding a sale to an entity in which the Corporation owns 25% or more of the common shares; or
 - c. the approval by the Shareholders of a complete liquidation or dissolution of the Corporation.

For greater clarity, Change of Control shall exclude any circumstance wherein the Corporation initiates the acquisition of, or merges with, another company such that the resulting change in shareholdings would otherwise meet the criteria in (a) of this note.

Under the Corporation's Stock Option Plan, upon the occurrence of a Change of Control, or in the event that the Corporation sells all or substantially all of its assets or merges, amalgamates or consolidates with any other corporation which is not a subsidiary of Sterling, or in the event of termination of the

optionee without cause, all of the Common Shares subject to Options shall immediately become vested and shall be subject to exercise. In the event of the optionee's death, or in the event the optionee terminates his employment, only the vested Options are entitled to be exercised. In the event of termination for any cause other than death, the Options expire immediately on such dismissal.

The table below sets out the estimated incremental payments, payables, and benefits under the various plans and arrangements with the Corporation's Named Executive Officers, assuming that a termination or Change of Control event took place on December 31, 2010.

Name	Salary (\$)	Other Compensation (\$)	Value of in-the-money options at December 31, 2010 (\$) ⁽¹⁾	Total estimated incremental payments, payables & benefits at December 31, 2010 (\$)
Michael Azancot President and Chief Executive Officer	846,648	63,499	1,215,000	2,125,147
David Blewden Chief Financial Officer	442,249	33,169	1,019,250	1,494,668
David A. Findlater VP Exploration	229,491	32,118	652,498	914,107
John M. Rapach Chief Operating Officer	442,249	110,344	1,934,300	2,486,893
Stephen Birrell VP & General Manager, Netherlands and France	344,237 ⁽²⁾	97,015	1,232,702	1,673,954

Notes:

- (1) The value of unexercised in-the-money Options has been determined by subtracting the exercise price at which Common Shares may be acquired pursuant to the Options from the closing Common Share price of \$3.45 on December 31, 2010 and multiplying such difference by the number of Common Shares that may be acquired upon the exercise of the Option.
- (2) The salary payment to Mr. Birrell is based upon his Base Salary. The 20% expatriate premium would not be applicable to this payment.

Compensation of Directors

The directors receive compensation from the Corporation for services in their capacity as directors. Non-management directors receive an annual retainer of \$10,000 and the Chairman of the Board receives an annual retainer of \$20,000. For 2010, the aggregate fees earned by directors were \$60,000. Members of the Board of Directors are entitled to be reimbursed for all reasonable expenses incurred in order to attend meetings. The aggregate amount of such expenses was \$73,418 for 2010.

The following table sets out all amounts of compensation provided to the directors for the Corporation for most recently completed financial year:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Rajendra K. Agrawal	10,000	--	131,007	--	--	--	141,007
Robert B. Carter	10,000	--	131,007	--	--	--	141,007
Walter DeBoni Chairman	20,000	--	297,743	--	--	4,781 ⁽²⁾	322,524
Teck Soon Kong	10,000	--	166,736	--	--	4,781 ⁽³⁾	181,517
Graeme Phipps	10,000	--	131,007	--	--	--	141,007

Notes:

- (1) The dollar amount of option-based awards is based on the grant date fair value of the award for the covered financial year.
- (2) Mr. DeBoni received a retainer fee of 3,000 Pounds for his services as a director of Sterling Resources (UK) Ltd., a wholly-owned subsidiary of the Corporation. The rate used to convert this amount to Canadian dollars was 1.59369, the average annual foreign exchange rate for 2010.
- (3) Mr. Kong received a retainer fee of 3,000 Pounds Sterling for his services as a director of Sterling Resources (UK) Ltd., a wholly-owned subsidiary of the Corporation. The rate used to convert this amount to Canadian dollars was 1.59369, the average annual foreign exchange rate for 2010.

Outstanding Share-based Awards and Option-based Awards by Director

The directors participate in the Corporation's Stock Option Plan. The directors, other than the Named Executive Officers which are disclosed elsewhere in the Information Circular, were granted Options to acquire a total of 720,000 Common Shares for the year ended December 31, 2010.

The following table sets out all awards outstanding for each director at the end of the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Rajendra K. Agrawal	33,333	1.42	01-Jun-12	67,665	--	--
	33,333	1.42	01-Jun-13	67,665		
	33,334	1.42	01-Jun-14	67,668		
	16,667	1.57	23-May-11	31,333		
	16,666	1.57	23-May-12	31,332		
	36,667	2.03	27-May-13	52,067		
	36,667	2.03	27-May-14	52,067		
	36,666	2.03	27-May-15	52,065		
	16,666	2.45	31-May-11	16,666		
	33,334	2.56	28-May-11	29,667		
	33,333	2.56	28-May-12	29,666		
	33,333	2.56	28-May-13	29,666		
Robert B. Carter	33,333	1.42	01-Jun-12	67,665	--	--
	33,333	1.42	01-Jun-13	67,665		
	33,334	1.42	01-Jun-14	67,668		
	16,334	1.57	23-May-11	30,707		
	16,666	1.57	23-May-12	31,332		
	36,667	2.03	27-May-13	52,067		
	36,667	2.03	27-May-14	52,067		
	36,666	2.03	27-May-15	52,065		
	16,666	2.45	31-May-11	16,666		
	33,334	2.56	28-May-11	29,667		
	33,333	2.56	28-May-12	29,666		
	33,333	2.56	28-May-13	29,666		
Walter DeBoni ⁽¹⁾ Chairman	75,000	1.42	01-Jun-12	152,250	--	--
	75,000	1.42	01-Jun-13	152,250		
	75,000	1.42	01-Jun-14	152,250		
	50,000	1.57	23-May-11	94,000		
	50,000	1.57	23-May-12	94,000		
	83,333	2.03	27-May-13	118,332		
	83,333	2.03	27-May-14	118,332		
	83,334	2.03	27-May-15	118,334		
	16,666	2.45	31-May-11	16,666		
	75,000	2.56	28-May-11	66,750		
	75,000	2.56	28-May-12	66,750		
	75,000	2.56	28-May-13	66,750		
Teck Soon Kong ⁽²⁾	41,667	1.42	01-Jun-12	84,584	--	--
	41,667	1.42	01-Jun-13	84,584		
	41,666	1.42	01-Jun-14	84,581		
	21,666	1.57	23-May-12	40,732		
	46,667	2.03	27-May-13	66,267		
	46,667	2.03	27-May-14	66,267		

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
	46,666	2.03	27-May-15	66,265		
	16,666	2.45	31-May-11	16,666		
	41,667	2.56	28-May-11	37,083		
	41,667	2.56	28-May-12	37,083		
	41,666	2.56	28-May-13	37,082		
Graeme Phipps	33,333	1.42	01-Jun-12	67,665	--	--
	33,333	1.42	01-Jun-13	67,665		
	33,334	1.42	01-Jun-14	67,668		
	36,667	2.03	27-May-13	52,067		
	36,667	2.03	27-May-14	52,067		
	36,666	2.03	27-May-15	52,065		
	33,334	2.56	28-May-11	29,667		
	33,333	2.56	28-May-12	29,666		
	33,333	2.56	28-May-13	29,666		

Notes:

- (1) Mr. DeBoni is Chairman of the Board of the Corporation. He is also Chairman of Sterling Resources (UK) Ltd., a wholly-owned subsidiary of the Corporation. In recognition of these additional roles, he received larger Option awards than other Board members since 2007 as compensation.
- (2) Mr. Kong is also a director of Sterling Resources (UK) Ltd., a wholly-owned subsidiary of the Corporation, and received larger Option awards than other Board members since 2007 as compensation.

Incentive Plan Awards – Value Vested or Earned During the Year by Directors

The following table sets forth the aggregate dollar value for each director, other than the Named Executive Officers which are disclosed elsewhere in the Information Circular, for the most recently completed financial year that would have been realized if the Options under the option-based award had been exercised on the vesting date. The dollar value that would have been realized is determined by the difference between the market price of the underlying securities at exercise and the exercise or base price of the Options under the option-based award on the vesting date.

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 (\$)
Rajendra K. Agrawal	23,666	--	--
Robert B. Carter	23,666	--	--
Walter DeBoni Chairman	58,250	--	--
Teck Soon Kong	29,917	--	--
Graeme Phipps	17,000	--	--

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information related to the Corporation's equity compensation plans for the financial year ended December 31, 2010:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$/Security) (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	11,948,527	2.09	1,355,620
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total	11,948,527	2.09	1,355,620

CORPORATE GOVERNANCE

The TSX-V has prescribed that all entities listed on the TSX-V must conform generally to TSX-V Policy 3.1 – *Directors, Officers and Corporate Governance* (“Policy 3.1”). Pursuant to Policy 3.1, effective corporate governance: (i) requires that an effective system of accountability by management to the Board of Directors and in turn by the Board of Directors to Shareholders; (ii) requires that information be made available and decisions be reviewed; (iii) ensures that all Shareholders are protected; and, (iv) in circumstances where there is a significant Shareholder, ensures that minority Shareholder interests are protected. The Corporation has structured its corporate governance so as to be in compliance with those general guidelines and the specific requirements of Policy 3.1.

In addition, the Corporation has structured its corporate governance to comply with applicable legislation and policies, including National Instrument 52-110 *Audit Committees* (“NI 52-110”), National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”). **Attached as Schedule “B” – Statement of Corporate Governance Practices to this Information Circular is a description of the Corporation’s corporate governance practices with specific reference to NI 58-101.** The Board of Directors believes that the Corporation’s governance policies and practices are fully compliant with the requirements of NI 52-110 and NI 58-101 and substantially compliant with the guidelines of NP 58-201. In addition, the Corporation stays abreast of legislative and other policy initiatives pertaining to corporate governance matters and proactively seeks to adjust its corporate governance to address such potential requirements.

The Board of Directors

The Board of Directors has responsibility for the stewardship of the Corporation, including oversight responsibilities for planning and evaluation, financial management, operations, human resources and environment and safety. The Board of Directors has taken specific responsibility for, among other things, adopting a strategic planning process, identifying principal risks and implementing risk management systems, implementation of and compliance with a communications and disclosure policy and the consideration of management compensation issues.

Board Committees

The Board of Directors discharges its responsibilities acting either in its entirety or through one of its committees. The Board of Directors has an Audit Committee, a Corporate Governance and Compensation Committee and a Reserves Committee.

Audit Committee

The Audit Committee's Charter

The Audit Committee generally reviews financial reporting processes, the Corporation's system of internal controls and the audit process, and reviews the financial results prior to disclosure. **The text of the Audit Committee's charter is attached as Schedule "A" to this Information Circular.**

Composition of the Audit Committee

The members of the Audit Committee are Robert B. Carter (Chairman of the Audit Committee), Teck Soon Kong and Graeme Phipps. Each member of the Audit Committee is independent and financially literate, as those concepts are defined pursuant to NI 52-110.

A member of the Audit Committee is *independent* if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Corporation's Board of Directors, reasonably interfere with the exercise of a member's independent judgment. In addition, despite any determination by the Board of Directors, an individual who accepts directly or indirectly any consulting, advisory or other compensatory fee from the Corporation or any subsidiary thereof, other than in his or her capacity as a member of the Board of Directors or a committee thereof, or is an affiliated entity of the Corporation or a subsidiary thereof, is considered to have a material relationship with the Corporation.

A member of the Audit Committee is considered *financially literate* if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation.

Relevant Education and Experience of Audit Committee Members

The members of the Corporation's Audit Committee have education and experience relevant to the performance of their responsibilities as an Audit Committee member, which includes the following:

Robert B. Carter, Chairman of the Audit Committee, is an independent businessman who has held various financial management positions in the oil and gas industry over the last 30 years. Mr. Carter was Vice President Finance of Cirrus Energy Corporation, a publicly traded junior energy company with international activities, a position he held from June 2001 to February 2007. He served as director and audit committee chair of Vitreous Capital Inc., a publicly traded glass recycling company from March 1999 to February 2004. Mr. Carter was also Vice President Finance of Vanguard Oil Corporation, a publicly traded junior energy company from July 1997 to October 2000. He holds a B.Com. Accounting Major, from the University of Calgary and is a Chartered Accountant.

Teck Soon Kong has held various positions in the international oil and gas industry over the last 45 years. Mr. Kong is currently a Commercialization Advisor with Seven Energy, an oil and gas company that operates in Nigeria. Previously, he was Executive Chairman of Noble Denton Group Ltd., an offshore and marine consulting engineering group, a position he has held from October 2006 to January 2010. He served as the Chairman and Chief Executive Officer of Nelson Resources Limited, a publicly traded junior energy company with international activities, from January 2001 to January 2002.

Mr. Kong was also the Chief Executive Officer of Nimir Petroleum Company Limited, a privately owned Saudi group of principally upstream oil and gas companies, from March 1996 to December 2000. Prior to Nimir, he spent 31 years with the Royal Dutch Shell Group, including being seconded for a five-year period as an Advisor in the office of the Ministry of Petroleum of Saudi Arabia. Mr. Kong holds a B.Sc. (Honors) from the Imperial College, University of London.

Graeme Phipps is President and Chief Executive Officer of Petro Kamchatka Resources Plc, a publicly traded oil and gas company with primary assets in Kamchatka, Russia with over 35 years experience in the Canadian and International oil and gas industry. Mr. Phipps was Executive Vice President Corporate Development of PetroKazakhstan, a public oil and gas company, in 2005. Since 2002 he has been the Principal of Phipps and Associates Oil and Gas Consulting, an oil and gas executive management consulting firm. He holds a Bachelor of Science degree in Geology and Geophysics (Honors), and is a Professional Geophysicist with APEGGA.

Pre-Approval Policies and Procedures

The Audit Committee reviews and pre-approves all non-audit services to be provided to the Corporation by its external auditors.

External Auditor Service Fees

The following table presents fees for the audits of the Corporation's annual consolidated financial statements for 2010 and 2009 and for other services provided by Ernst & Young LLP.

Nature of Services	2010	2009
Audit fees ⁽¹⁾	\$ 160,000	\$ 119,400
Audit-related fees ⁽²⁾	\$ 58,500	\$ 4,750
Tax fees ⁽³⁾	\$ 107,747	\$ 153,167
All other fees ⁽⁴⁾	Nil	Nil
Total	\$ 326,247	\$ 277,317

Notes:

- (1) "Audit fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulations, such as comfort letters, consents, reviews of securities filings and statutory audits. Audit fees include fees related to the fiscal year audit, notwithstanding when the fees were billed or when the services were rendered.
- (2) "Audit-related fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include fees for all tax services other than those included in "audit fees" and "audit-related fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities. Tax fees include fees for services invoiced during the fiscal year.
- (4) "All other fees" include all other non-audit services.

Exemption

The Corporation is relying on the exemption in Section 6.1 of NI 52-110 from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee's Terms of Reference

The Corporate Governance and Compensation Committee is responsible for monitoring the Corporation's governance systems, reviewing the makeup and needs of the Board of Directors, evaluating and assessing the effectiveness of the Board of Directors and its committees, and developing appropriate compensation policies for senior management and directors. **Attached as Schedule "B" – Statement of Corporate Governance Practices to this Information Circular is a description of the Corporation's corporate governance practices with specific reference to NI 58-101.**

Composition of the Corporate Governance and Compensation Committee

The members of the Corporate Governance and Compensation Committee are Walter DeBoni (Chairman of the Corporate Governance and Compensation Committee), Rajendra K. Agrawal and Robert B. Carter. For the purposes of NI 58-101, each member of the Corporate Governance and Compensation Committee is independent. Mr. Agrawal will be retiring from the Board of Directors on May 19, 2011 at the Annual General and Special Meeting of Shareholders and not standing for re-election. Mr. Agrawal's replacement on the Corporate Governance and Compensation Committee will be determined by the Board of Directors shortly thereafter.

Reserves Committee

The Corporation also has a Reserves Committee. Members of the Reserves Committee are Rajendra K. Agrawal (Chairman of the Reserves Committee), Walter DeBoni, Stewart Gibson and Graeme Phipps. Mr. Agrawal will be retiring from the Board of Directors on May 19, 2011 at the Annual General and Special Meeting of Shareholders and not standing for re-election. Mr. Agrawal's replacement on the Reserves Committee will be determined by the Board of Directors shortly thereafter. The Reserves Committee is responsible for reviewing estimates of reserves prepared by management and evaluated by independent petroleum engineers and assuring the independence of the independent petroleum engineers.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of the Corporation, no individual who is, or who at any time during the year ended December 31, 2010 was, a director, executive officer or employee of the Corporation, or any of its subsidiaries, a proposed nominee for election as a director of the Corporation or an associate of any such director, executive officer or proposed nominee is or at any time since the beginning of the financial year ended December 31, 2010 has been indebted to the Corporation, or any of its subsidiaries, and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as described in this Information Circular, and to the knowledge of the Corporation, no informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of the foregoing persons has, or has had, any material interest in any transaction since the commencement of the last financial year or in any proposed transaction that has materially affected, or will materially affect, the Corporation or any of its subsidiaries.

For the purposes of this Information Circular, an "informed person" means a director or executive officer of the Corporation, a director or executive officer of a subsidiary of the Corporation and any

person or company that owns, directly or indirectly, Common Shares or who exercises control or direction over Common Shares or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding Common Shares.

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

Except as described in this Information Circular, to the knowledge of the Corporation no current or nominee member of the Board of Directors or any executive officer of the Corporation, or any associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the Board of Directors of the Corporation.

ADDITIONAL INFORMATION

The Corporation will provide, without charge to a Shareholder, a copy of the Corporation's 2009 Annual Report to Shareholders containing the comparative financial statements for 2009 together with the Auditors' Report thereon and Management's Discussion and Analysis, interim financial statements for subsequent periods and a copy of this Information Circular upon request to the Corporation.

Any request for any of these documents should be made to the Treasurer and Corporate Secretary, Sterling Resources Ltd., 1450, 736 – 6th Avenue SW, Calgary, Alberta T2P 3T7. If you wish, this information may be accessed on SEDAR at www.sedar.com. Additional information can also be obtained on the Corporation's website at www.sterling-resources.com.

DATED: April 19, 2011.

Schedule “A”

STERLING RESOURCES LTD.

AUDIT COMMITTEE CHARTER

Amended May 23, 2007

Composition

The Committee shall be composed of three members of the Board of Directors who meet the independence and financial literacy criteria required by the rules and listing standards of the TSX Venture Exchange (the Exchange) and other relevant regulatory authorities (the Commissions).

The members of the Committee shall be appointed by the Board of Directors. If an Audit Committee Chair is not designated or present, the members may designate a Chair by majority vote.

Meetings

The Committee shall meet at least four times each fiscal year. The Committee shall meet with management, and shall meet periodically, but at least once a year, with the independent auditors in separate executive sessions.

Responsibilities

The Committee shall provide assistance to the Board of Directors in fulfilling its responsibilities relating to oversight of (i) the Company's accounting and financial reporting practices and internal control system, (ii) the independent auditor's qualifications and independence, and (iii) the performance of the Company's internal accounting functions and of the independent auditor.

The Company's management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee is responsible for overseeing the conduct of these activities by the Company's management and the independent auditors.

The following shall be the primary activities of the Committee in carrying out its oversight responsibilities. The Committee may, from time to time, alter its procedures as appropriate given the circumstances and shall perform such other functions as may be assigned to it by law, the Company's Charter and By-laws or by the Exchange or the Commissions.

1. Review the results of each external audit of the Company's financial statements, including any certification, report, opinion or review rendered by the independent auditor in connection with the financial statements.
2. Review other matters related to the conduct of the audit, which are communicated to the Committee under generally accepted auditing standards and rules of the Exchange or the Commissions.
3. Based on the review under 1 and 2 above, the Committee will advise the Board of Directors whether it recommends that the audited financial statements be included in the Company's Annual Report and prepare the Committee's report to be included in the Company's proxy statement and review the material to be included in the Annual Information Form all in accordance with the rules of the Exchange or the Commissions.
4. Review with management and as required with the independent auditors, prior to the filing thereof, the Company's interim financial results and any other filings to the Exchange or the Commissions and the matters required to be communicated to the Audit Committee under generally accepted auditing standards.

5. Appoint, and recommend to the shareholders for approval, the firm to be engaged as the Company's independent auditor, which firm shall report directly to the Committee. The Committee shall be directly responsible for the compensation, retention and oversight of the independent auditor, including the resolution of disagreements between management and the independent auditor regarding financial reporting. The Committee shall have the sole authority to approve all audit engagement fees and terms.
6. Evaluate the independent auditor's performance and, if appropriate, recommend its discharge.
7. Receive from the independent auditor annually a formal written statement delineating the relationships between the auditors. The Committee shall discuss with the auditor the scope of any disclosed relationships and their impact or potential impact on the auditor's independence and objectivity, and recommend that the full Board take appropriate action to satisfy itself of the auditor's independence.
8. Approve all non-audit engagements with the independent auditor, either through express prior review and approval or through the adoption of policies and procedures for engaging the independent auditor to perform services other than audit, review and attest services. Between regularly scheduled meetings of the Committee, the Chair of the Committee may represent the entire Committee for purposes of the review and approval of the terms of non-audit engagements with the independent auditor.
9. Review reports of the independent auditor and Management related to the adequacy of the Company's internal accounting controls, including any management letters and management's responses to recommendations made by the independent auditor or Management.
10. Consider, in consultation with the independent auditor and Management, the scope and plan of forthcoming external audits and the independent auditor's responsibility under generally accepted auditing standards.
11. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.
12. Determine that there are established procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
13. The Committee shall have the power to inquire into any financial matters not set forth above, and shall perform such other functions as may be assigned to it by law, or the Company's charter or By-laws, or by the Board.
14. Undertake an annual performance evaluation of the activities of the Committee, including the Committee's responsibilities as set forth above.

Amended this May 23, 2007.

Schedule “B”

STERLING RESOURCES LTD.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

1. Board of Directors

The Board of Directors of the Corporation is constituted of a majority of individuals who qualify as independent directors. The Board of Directors has determined that the following five directors of the Corporation are independent:

Rajendra K. Agrawal	Teck Soon Kong
Robert B. Carter	Graeme Phipps
Walter DeBoni	

Mr. Agrawal will be retiring from the Board of Directors on May 19, 2011 at the Annual General and Special Meeting of Shareholders and not standing for re-election.

The Board of Directors of the Corporation has determined that the following two directors of the Corporation are not independent:

Michael Azancot	Stewart G. Gibson
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Michael Azancot is not considered to be independent as he is the President and Chief Executive Officer of the Corporation. Stewart G. Gibson is not considered to be independent as he was the Chief Executive Officer of the Corporation from January 2006 to May 2010.

2. Summary of Meetings Held, Attendance Record

During 2010, five Board of Directors' meetings were held. The attendance record for each current director during the 12 month period ended December 31, 2010 is as follows:

Name	Board Meetings Attended		Committee Meetings Attended		
Rajendra K. Agrawal	5 of 5	100%	Governance	6 of 6	100%
			Reserves	4 of 4	100%
Michael Azancot ⁽¹⁾	4 of 4	100%			
Robert B. Carter	5 of 5	100%	Audit	4 of 4	100%
			Governance	6 of 6	100%
Walter DeBoni ⁽²⁾	5 of 5	100%	Governance	6 of 6	100%
			Reserves	2 of 4	50%
Stewart G. Gibson ⁽³⁾	5 of 5	100%	Reserves	1 of 1	100%
Teck Soon Kong	5 of 5	100%	Audit	4 of 4	100%
Graeme Phipps	5 of 5	100%	Audit	4 of 4	100%
			Reserves	4 of 4	100%

- (1) Mr. Azancot was appointed to the Board of Directors on May 27, 2010.
- (2) Mr. DeBoni was unable to attend two of Reserves Committee meetings due to scheduling conflicts with prior commitments.
- (3) Mr. Gibson was appointed to the Reserves Committee on May 27, 2010.

3. Directorships

Outside directorships of reporting issuers are held by the following directors of the Corporation:

Rajendra K. Agrawal	None
Michael Azancot	None
Robert B. Carter	None
Walter DeBoni	ARC Resources Ltd. Niko Resources Ltd.
Stewart G. Gibson	None
Teck Soon Kong	Petro Kamchatka Resources Plc Sunkar Resources Limited
Graeme Phipps	Petro Kamchatka Resources Plc Primeline Energy Holdings Ltd.

4. Orientation and Continuing Education

The process of education and orientation for members of the Board of Directors has not been formalized. New directors are given copies of the (1) Mandate of the Board, (ii) Code of Business Conduct and Ethics, (iii) Insider Trading Policy, (iv) Disclosure Policy and (v) Roles and Responsibilities of the Chairman of Board and the Chief Executive Officer. An informal review with new directors of the Corporation's business, expectations of directors, current issues and opportunities and corporate goals and objectives are provided by existing directors.

A number of directors are also directors of other publicly traded companies and benefiting from being exposed to other oil and gas operations. New board members are generally selected on the basis of their breadth of experience with respect to the oil and gas business, having regard to the requirements for appropriate skill sets required by the Corporation.

Board members are encouraged to communicate with executives, management, auditors and technical consultants to keep themselves current with business and affairs of the Corporation and with respect to developments within the oil and gas industry.

5. Ethical Business Conduct

The Board of Directors has adopted a Code of Business Conduct and Ethics applicable to directors, officers, employees and consultants of the Corporation. Each of these parties is given a copy of this document and must provide a certification of their understanding. A copy of the Code of Business Conduct and Ethics is available on www.sedar.com or at the Corporation's website at www.sterling-resources.com.

All members of the Board of Directors are required to disclose any activities or relationships which could have the potential for a conflict of interest.

6. Nomination of Directors

The Terms of Reference of the Corporate Governance and Compensation Committee include the recommendation of suitable candidates to the Board of Directors for consideration as members of the Board Directors. Annually, the Committee shall assess the size, structure and composition of the Board of Directors taking into account the current strengths, skills and experience on the Board of Directors, current time demands on directors, proposed retirements, and the

requirements and strategic direction of Sterling, including what competencies and skills the Board of Directors, as a whole, should possess and make its recommendations to the Board of Directors.

7. Compensation

The Corporate Governance and Compensation Committee is mandated to (i) review and recommend to the Board of Directors the adequacy and form of directors' compensation to ensure it reflects the responsibilities and risks of membership on the Board of Directors and participation on committees of the Board of Directors, (ii) to review and recommend to the Board of Directors the annual compensation and benefit packages in respect of the senior officers of the Corporation, and (iii) to review and recommend to the Board annual awards under the Stock Option Plan. The Committee has the power and authority to engage an independent compensation consultant to assess the appropriateness and competitiveness of the Corporation's compensation programs, practices and arrangements.

8. Other Board Committees

The Board of Directors has established an Audit Committee, a Corporate Governance and Compensation Committee and a Reserves Committee.

The Audit Committee generally (i) reviews financial reporting processes, (ii) reviews the Corporation's system of internal controls and the audit process, and (iii) reviews the financial results prior to disclosure.

The Corporate Governance and Compensation Committee is responsible for (i) monitoring the appropriateness of the Corporation's governance systems with regard to external governance standards, "best practices" guidelines and with an emphasis on ongoing improvements, (ii) reviewing the makeup and needs of the Board of Directors and developing criteria for adding new directors to the Board of Directors, (iii) evaluating and assessing the effectiveness of the Board of Directors, its committees in meeting governance objectives and each individual's own contribution, and (iv) developing appropriate compensation policies for the senior management and directors of the Corporation and its subsidiaries, including the Corporation's stock option plan, and evaluating senior management.

The Reserves Committee is responsible for (i) reviewing estimates of reserves prepared by management and (ii) evaluated by independent petroleum engineers and assuring the independence of the independent petroleum engineers.

9. Assessments

As part of its mandate, the Corporate Governance and Compensation Committee is responsible for reviewing annually (i) individual director performance and the performance of the Board of Directors as a whole, including processes and effectiveness, and (ii) the performance of the Chairman of the Board.

Schedule “C”

STERLING RESOURCES LTD.

STOCK OPTION PLAN AMENDED MAY 19, 2011

STOCK OPTION PLAN AMENDED MAY 19, 2011

OF

STERLING RESOURCES LTD.

PART 1 - INTRODUCTION

1.1 Purpose

The purpose of this Stock Option Plan (the "**Plan**") is to establish a plan pursuant to which Designated Participants (as defined in Section 1.2), are granted options ("**Options**") to purchase Common Shares in the capital of Sterling Resources Ltd. (the "**Corporation**") on the terms and conditions set forth in this Plan and in a resolution of either the board of directors or the shareholders of the Corporation.

1.2 Designated Participants

Designated Participants entitled to participate in the Plan shall be those Directors, Employees or Consultants determined by the Corporation to be *bona fide* Directors, Employees or Consultants, as the case may be, and: (i) who are designated as Designated Participants by resolution of the board of directors of the Corporation from time to time; or (ii) whose Options are approved by resolution of the shareholders of the Corporation.

PART 2 - TERMS RELATING TO THE PLAN

2.1 Shares

Subject to the terms hereof, the board of directors of the Corporation will reserve for issuance that number of Common Shares for the purpose of the Plan that it considers appropriate, in accordance with Section 2.2 provided that, with respect to Options which are surrendered or terminated or that expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

2.2 Number and Price of Optioned Common Shares

The number of Common Shares subject to an Option to a Designated Participant and the Option exercise price per Common Share shall be determined in a resolution of the board of directors or shareholders, as the case may be, provided that:

- (i) the aggregate number of Common Shares reserved for issuance upon the exercise of Options granted under the Plan, subject to any adjustment of such number pursuant to Section 2.7, shall not exceed 10% of the then issued and outstanding Common Shares of the Corporation (on a non-diluted basis);
- (ii) the number of Common Shares reserved for issuance pursuant to Options granted and outstanding at any time to insiders may not exceed 10% of the then issued and outstanding Common Shares of the Corporation (on a non-diluted basis);

- (iii) the grant to insiders, within a 12 month period, of Options may not exceed 10% of the then issued and outstanding Common Shares of the Corporation (on a non-diluted basis);
- (iv) Common Shares representing no more than 5% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis) may be reserved for issuance pursuant to Options granted to any one Designated Participant (excluding a Consultant) in any 12 month period;
- (v) Common Shares representing no more than 2% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis) may be reserved for issuance pursuant to Options granted to any one Consultant in any 12 month period;
- (vi) Common Shares representing no more than an aggregate of 2% of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis) may be reserved for issuance pursuant to Options granted to persons employed to provide Investor Relations Activities in any 12 month period;
- (vii) the Option exercise price per Common Share shall not be less than the Discounted Market Price; and
- (viii) disinterested shareholder approval will be necessary for any proposed reduction in the exercise price of an Option if the optionee is an insider at the time of the proposed amendment.

2.3 Option Period, Consideration and Payment

The Option term shall be a maximum of five years from the date the Option is granted, provided that the Option term shall be reduced with respect to any Option as provided in Sections 2.5 and 2.6 covering cessation as a Director, Employee or Consultant or death of the Designated Participant. However, if the Option is to expire during a period when the Designated Participant is prohibited by the Corporation from trading in Common Shares of the Corporation pursuant to its blackout policies (a “**Blackout Period**”), or within ten (10) business days of expiry of such Blackout Period, the term of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period (“**Blackout Extension Period**”). The foregoing extension applies to all Options regardless of the date of grant and shall not be considered an extension of the term thereof as otherwise referred to in this Plan.

An Option shall vest in accordance with a vesting schedule which will permit vesting over a period of not less than 18 months and the Option may be exercised (in each case to the nearest full Common Share) in whole or in part as to the then vested Common Shares at any time after the date of the grant as determined by the resolution of the board of directors or shareholders granting the Option. To the extent required by the TSX Venture Exchange, no Options may be exercised under this Plan until this Plan, and any amendment to this Plan, has been approved by a resolution duly passed by the shareholders of the Corporation.

Except as set forth in Sections 2.5 and 2.6, no Option may be exercised unless the Designated Participant is at the time of such exercise a Director, Employee or Consultant.

The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft payable to the Corporation for the full purchase price of such Common Shares with respect to which the Option is exercised. No Designated Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Common Shares subject to an Option under this Plan, unless and until certificates for such Common Shares are issued to him or them under the terms of the Plan.

2.4 Transferability

All benefits, rights and options accruing to any Designated Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Designated Participant any benefits, rights and Options may only be exercised by the Designated Participant, except as set forth in Sections 2.5 and 2.6.

2.5 Ceasing to be a Director, Employee or Consultant

If a Designated Participant shall cease to be a Director, Employee or Consultant for any reason (other than death, disability or dismissal for cause), he may but only within ninety days (or such shorter period as may be established in the specific stock option agreement between the Corporation and the optionee) next succeeding his ceasing to be a Director, Employee or Consultant, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall confer upon any Designated Participant any right with respect to continuance as a Director, Employee or Consultant.

If a Consultant engaged in Investor Relations Activities shall cease to be a Consultant, he may but only within thirty days (or such shorter period as may be established in the specific stock option agreement between the Corporation and the optionee) next succeeding his ceasing to be a Consultant engaged in Investor Relations Activities, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation.

If a Director, Employee or Consultant is dismissed or terminated, as the case may be, for cause, his Options expire immediately on such dismissal or termination, respectively, and are thereafter void and of no affect.

2.6 Death or Disability of Designated Participant

In the event of the death or disability of a Designated Participant, the Option previously granted to him shall be exercisable only within the earlier of (i) twelve months next succeeding such death or disability and (ii) the expiry date, and then only:

- (i) by the person or persons to whom the Designated Participant's rights under the Option shall pass by the Designated Participant's will or the laws of descent and distribution or, in the case of disability, the person's trustee; and

- (ii) if and to the extent that he was entitled to exercise the Option at the date of his death.

2.7 Adjustment in Common Shares Subject to the Plan

In the event there is any change in the Common Shares of the Corporation through the declaration of stock dividends or stock subdivisions or consolidations or reconstruction, reorganization or recapitalization of the Corporation (other than issuance of additional shares), the number of Common Shares available for Option, the Common Shares subject to any Option, and the Option exercise price thereof shall be adjusted appropriately by the board of directors of the Corporation and such adjustment shall be effective and binding for all purposes of the Plan.

2.8 Amendment or Termination of the Plan

Subject to the prior consent of the TSX Venture Exchange, if necessary, the board of directors of the Corporation reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the board of directors, except with respect to any Options then outstanding under the Plan.

PART 3 - GENERAL

3.1 Record Keeping

The Corporation shall maintain a register in which shall be recorded the name and address of each Designated Participant and the number of Options granted to a Designated Participant and the number of Options outstanding.

3.2 Necessary Approvals

The obligation of the Corporation to issue and deliver Common Shares in accordance with the Plan is subject to any approvals which may be required from the TSX Venture Exchange or any other regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Designated Participant for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Designated Participant without interest or deduction.

3.3 Consolidation or Merger

If the Corporation consolidates or merges with or into another corporation, whether by amalgamation, plan of arrangement or otherwise, which it reserves the right to do, any Option granted under the Plan and still within its particular Option term may be exercised by the Designated Participant. If such Option is not exercised it shall expire and be of no further force or effect immediately prior to the record date applicable to such consolidation or merger. The provisions of this Section 3.4 shall not be applicable if, in the sole discretion of the board of directors of the Corporation, such Options are dealt with as part of the consolidation or merger in a manner that is equitable to the Designated Participants.

3.4 Decision of Directors

For purposes of the Plan, but subject to applicable corporate law, those Designated Participants who are eligible for selection as persons to whom Common Shares may be issued or to whom Options or rights may be granted pursuant to the Plan entitling the participants therein to acquire Common Shares, shall be eligible to, and may participate in the decision of the board of directors of the Corporation to issue any Common Shares or grant any Options under the Plan.

3.5 Withholding

The Corporation shall have the power and the right to deduct and withhold, or require (as a condition of exercise) a Designated Participant to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial and local taxes and other amounts, whether domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant, exercise or redemption of Options granted under the Plan. With respect to required source withholding obligations associated with any exercise or redemption, the Corporation shall have the irrevocable right (and the Designated Participant consents thereto) to withhold or set off the amount, in whole or in part, associated with such obligations from other amounts payable to the Designated Participant, including without limitation (and whether arising pursuant to the Designated Participant's relationship as an officer, employee of the Corporation or any affiliated entity) salary, bonuses or expenses (if applicable), or, on behalf of the Designated Participant, the Corporation may elect, in its sole discretion, to satisfy the amount, in whole or in part, associated with such obligations, by selling such number of Common Shares as would otherwise be deliverable to the Designated Participant as is sufficient to generate net proceeds (after deduction of applicable expenses, including without limitation the selling costs associated therewith) equal to the amount required to satisfy such source withholding obligations. The Designated Participant consents to any such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

3.6 Administration of the Plan

The Plan will be administered by the senior officers of the Corporation subject to direction and supervision by the board of directors of the Corporation. The Corporation shall effect the grant of Options under the Plan by execution of a stock option agreement in the form approved, and which shall give effect to the provisions of this Plan. The board of directors of the Corporation is authorized to interpret the Plan and may, from time to time, amend or rescind rules and regulations required for carrying out the Plan. Any such interpretation or construction of any provision of the Plan shall be final and conclusive. All administration costs of the Plan shall be paid by the Corporation. The senior officers of the Corporation are authorized and directed to do all things and execute and deliver all instruments, undertakings and applications and writing as they in their absolute discretion consider necessary for the implementation of the rules and regulations established for administering the Plan.

3.7 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan nor in regard to the tax implications thereof.

3.8 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

3.9 TSX Venture Exchange Rules

The rules of the TSX Venture Exchange shall be applicable relative to Options granted to Designated Participants.

3.10 Escrow and Restriction on Transferability

Common Shares to be issued upon exercise of an Option shall be escrowed or legended as to restrictions on transferability if required by any applicable legislation, regulatory body or the TSX Venture Exchange, and the Designated Participant shall, upon request by the Corporation, execute an escrow agreement in form required or requested by such legislation, regulatory body, the TSX Venture Exchange or the Corporation and no Common Shares shall be issued on exercise of an Option if a required escrow agreement is not entered into by the Designated Participant.

3.11 Additional Definitions

Capitalized terms not otherwise defined herein shall have the same meanings as the respective definitions thereof in the applicable policies of the TSX Venture Exchange, including without limitation Policy 1.1 - *Interpretation* and Policy 4.4 - *Incentive Stock Options* and the following terms shall have the following meanings:

"**Common Shares**" means common shares without nominal or par value in the capital of the Corporation as constituted on April 7, 1993, subject to Section 2.8.

"**Consultant**" means, in relation to the Corporation, an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:

- (a) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an affiliate of the Corporation, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Corporation or the affiliate and the individual or the Consultant Company;
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an affiliate of the Corporation; and

- (d) has a relationship with the Corporation or an affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

"**Consultant Company**" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.

"**Directors**" means directors, senior officers and Management Company Employees of the Corporation, or directors, senior officers and Management Company Employees of the Corporation's subsidiaries to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;

"**Discounted Market Price**" means the last closing price of the Corporation's Common Shares less a maximum discount based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05):

up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

"**Employee**" means:

- (a) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

"**Exchange Requirements**" means and includes the articles, by-laws, policies, circulars, rules (including Universal Market Integrity Rules) guidelines, orders, notices, rulings, forms, decisions and regulations of the TSX Venture Exchange as from time to time enacted, any instructions, decisions and directions of the Investment Industry Regulatory Organization of Canada or the TSX Venture Exchange (including those of any committee of the TSX Venture Exchange as appointed from time to time), the *Securities Act* (Alberta) and rules and regulations thereunder as amended, the *Securities Act* (British Columbia) and rules and regulations thereunder as amended and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the Alberta Securities Commission or British Columbia Securities Commission and all applicable provisions of the securities laws of any other jurisdiction.

"Insider" has the meaning given in the *Securities Act* (Alberta);

"Investor Relations Activities" means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
 - (i) to promote the sale of products or services of the Corporation, or
 - (ii) to raise public awareness of the Corporation,that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of:
 - (iii) applicable securities laws;
 - (iv) Exchange Requirements or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (v) the communication is only through the newspaper, magazine or publication, and
 - (vi) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

activities or communications that may be otherwise specified by the TSX Venture Exchange.

"Management Company Employee" means an individual employed by a person providing management services to the Corporation or its subsidiaries, which are required for the ongoing successful operation of the business enterprise of the Corporation and its subsidiaries, but excluding a person engaged in Investor Relations Activities.