LOON ENERGY CORPORATION

NOTICE OF SPECIAL MEETING
OF SHAREHOLDERS TO BE HELD ON FEBRUARY 7, 2012

AND

MANAGEMENT INFORMATION CIRCULAR

January 10, 2012

LOON ENERGY CORPORATION
1170, 700 – 4th Avenue S.W.
Calgary, Alberta, T2P 3J4

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 7, 2012

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the shareholders of Loon Energy Corporation (the "**Corporation**") will be held at the offices of Osler, Hoskin & Harcourt LLP, Suite 2500, 450 - 1st Street S.W., Calgary, Alberta, T2P 5H1 on Tuesday, February 7, 2012 at 9:00 a.m. (Calgary time), for the following purposes:

1. to authorize the amendment of the Articles of the Corporation to provide that the authorized share capital of the Corporation be altered by consolidating all of the issued and outstanding common shares of the Corporation (the "**Common Shares**") on the basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidation Common Shares or for such other lesser whole or fractional number of pre-consolidation Common Shares that the board of directors of the Corporation, in their sole discretion, determine to be appropriate ; and

2. to transact such other business as may properly be brought before the Meeting or adjournments thereof.

Information relating to the matters to be considered at the Meeting is set forth in the Management Information Circular dated January 10, 2012 (the "Circular") which accompanies this Notice of Special Meeting of Shareholders..

DATED at Calgary, Alberta this 10 day of January, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"Norman W. Holton"*
Norman W. Holton
President & Chief Executive Officer

IMPORTANT

Only holders of Common Shares of record at the close of business on January 3, 2012 are entitled to notice of the Meeting and only those holders of the Common Shares of record at the close of business on January 3, 2012, or who subsequently become shareholders and comply with the provisions of the *Business Corporations Act* (Alberta) and follow the procedures set out in the Circular in the section entitled "Record Date", are entitled to vote at the Meeting.

Holders of Common Shares who are unable to attend the Meeting in person are requested to complete, sign, date and return the enclosed form of proxy in the envelope provided for that purpose. Proxies, to be valid, must be mailed so as to be deposited at the office of the Corporation's transfer agent, Computershare Trust Company of Canada at Suite 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8, at any time, not less than 48 hours prior to the Meeting or any adjournment or adjournments thereof, excluding Saturdays, Sundays and statutory holidays.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular constitute forward-looking statements. The use of any of the words "anticipate", "estimate", "expect", "may", "will", "should", "believe", "intend" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements that are applicable to them are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Circular should not be unduly relied upon. These forward-looking statements speak only as of the date of this Circular.

In particular, this Circular contains forward-looking statements pertaining to the following:

- the consolidation of the Common Shares, including the consolidation ratio of the Common Shares;
- expectations regarding the Corporation's ability to raise capital, including pursuant to the Private Placement (as such term is defined in the Circular) and to add to reserves through acquisitions, exploration and development;
- the payment of director's fees by the Corporation;
- the intention of certain current insiders of the Corporation to participate in the Private Placement;
- the completion of the Private Placement; and
- capital expenditure programs.

The actual results could differ materially from those anticipated in these forward-looking statements and information as a result of the risk factors set forth below and elsewhere in this Circular:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- ability to satisfy substantial capital requirements;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling and processing problems; and
- failure to realize the anticipated benefits of acquisitions.

In addition to other factors and assumptions which may be identified in this Circular, assumptions have been made in respect of such forward-looking statements and information regarding, among other things: the impact of competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of shareholder approvals and any required regulatory approvals; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the Corporation to obtain financing on acceptable terms; the successful completion of the Private Placement; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; future oil and natural gas prices; and currency, exchange and interest rates. Although the Corporation believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements and information as the Corporation can give no assurance that such expectations will prove to be correct.

MANAGEMENT INFORMATION CIRCULAR

FOR THE SPECIAL MEETING OF THE HOLDERS OF COMMON SHARES TO BE HELD ON FEBRUARY 7, 2012

THIS MANAGEMENT INFORMATION CIRCULAR (the "Circular") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF LOON ENERGY CORPORATION (the "**Corporation**") for use at the special meeting of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of the Corporation to be held at the offices of Osler, Hoskin & Harcourt LLP, Suite 2500, 450 - 1st Street S.W., Calgary, Alberta, T2P 5H1 on Tuesday, February 7, 2012 at 9:00 a.m. (Calgary time), and at any adjournment or adjournments thereof (the "**Meeting**") for the purposes set forth in the accompanying Notice of Special Meeting of Shareholders. Information contained in this Circular is given as at January 10, 2012 unless otherwise stated.

SOLICITATION OF PROXIES

The solicitation of proxies in connection with the Meeting is made on behalf of the management of the Corporation. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited by personal interview, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore. The cost of any such solicitation will be borne by the Corporation.

RECORD DATE

The board of directors of the Corporation (the "**Board of Directors**") has fixed the record date for the Meeting as the close of business on January 3, 2012 (the "**Record Date**"). Only registered holders of Common Shares on the Record Date are entitled to notice of the Meeting and to vote thereat, unless after the Record Date, a registered holder transfers its Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that it owns such Common Shares, requests not later than 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. The persons named in the enclosed instrument of proxy are the President and Chief Executive Officer and the Vice-President, Finance and Chief Financial Officer of the Corporation.

A SHAREHOLDER SUBMITTING A PROXY HAS THE RIGHT TO APPOINT A PERSON OR COMPANY TO REPRESENT THE SHAREHOLDER AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE INSTRUMENT OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER SHOULD INSERT THE NAME OF THE DESIRED REPRESENTATIVE IN THE BLANK SPACE PROVIDED IN THE INSTRUMENT OF PROXY AND STRIKE OUT THE MANAGEMENT DESIGNEES

PROVIDED IN THE INSTRUMENT OF PROXY OR SUBMIT ANOTHER APPROPRIATE PROXY.

In order to be effective, the proxy must be mailed so as to be deposited at the office of the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, at Suite 600, 530 – 8th Avenue SW, Calgary, Alberta, T2P 3S8, at any time, not less than 48 hours prior to the Meeting or any adjournment or adjournments thereof, excluding Saturdays, Sundays and statutory holidays. The instrument appointing a proxy shall be in writing under the hand of the Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal or executed by a director, officer or attorney thereof duly authorized.

A Shareholder who has submitted a proxy may revoke it by instrument in writing executed by the Shareholder or his attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized and deposited:

(a) at the registered office of the Corporation, 1170, 700 – 4th Avenue S.W. Calgary, Alberta T2P 3J4, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or adjournments thereof, at which the proxy is to be used;

(b) with the chairman of the Meeting on the day of the Meeting or any adjournment or adjournments thereof; or

(c) in any other manner permitted by law.

In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting its Common Shares.

Beneficial Shareholders (as defined below) who wish to revoke their proxy must arrange for their respective broker/intermediary to revoke the proxy on their behalf within the time specified by such broker/intermediary.

EXERCISE OF DISCRETION BY PROXY HOLDERS

All Common Shares represented at the Meeting by properly executed proxies will be voted. Where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted for or against the matters in accordance with such specification. **IN THE ABSENCE OF ANY SUCH SPECIFICATION, SUCH COMMON SHARES WILL BE VOTED "FOR" ALL OF THE MATTERS SET FORTH IN THE CIRCULAR.**

The enclosed instrument of proxy confers discretionary authority upon the management designees, or other persons named as proxy therein, with respect to amendments to or variations of matters identified in the Notice of Meeting, the Circular and any other matters which may properly come before the Meeting. At the time of printing of the Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the management designees in the instrument of proxy intend to vote in accordance with the discretion of the management of the Corporation.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many public Shareholders of the Corporation, as a substantial number of the public Shareholders of the Corporation do not hold Common Shares in their own name.

Shareholders who do not hold their Common Shares in their own name (referred to in this Circular 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. 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. Such Common Shares will likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the majority of such 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 agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. **Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person**.

Applicable regulatory rules require intermediaries/brokers 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 to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the instrument of proxy provided to registered Shareholders of the Corporation. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a Voting Information Form ("**VIF**") and mails the VIF to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of its broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the VIF provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

VOTING COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As at the Record Date and as of the date hereof, there are 99,491,364 Common Shares issued and outstanding and entitled to vote at the Meeting on the basis of one

vote for each Common Share held. No preferred shares are issued or outstanding as at the Record Date or as of the date hereof.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only shareholder of the Corporation that beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Common Shares is Kulczyk Investments S.A. ("**KI**"). KI is a private corporation organized under the laws of Luxembourg which owns 33,552,087 Common Shares (representing approximately 33.7% of the Corporation's issued and outstanding shares). KI is controlled by Dr. Jan J. Kulczyk.

As of the date hereof, the directors and executive officers of the Corporation and KI collectively own, directly or indirectly, 47,136,259 Common Shares, representing approximately 47.4% of the Corporation's issued and outstanding shares.

MATTERS TO BE ACTED UPON AT THE MEETING

The following are the matters to be acted upon at the Meeting.

1. Consolidation of the Common Shares

Proposed Consolidation

At the Meeting, or any adjournment or adjournments thereof, the Shareholders will be asked to consider, and if thought fit, pass with or without variation, a special resolution (the "**Consolidation Resolution**") authorizing an amendment to the Corporation's Articles pursuant to subsection 173(1)(f) of the *Business Corporations Act* (Alberta) to consolidate (the "**Consolidation**") the Common Shares of the Corporation on the basis of one (1) post-consolidation Common Share for every ten (10) pre-Consolidation Common Shares or for such other lesser whole or fractional number of pre-Consolidation Common Shares that the Board of Directors, in their sole discretion, determine to be appropriate. The full text of the Consolidation Resolution is set forth below under "Vote Required". For clarity, any reference in this Circular to Common Shares other than under this heading "Consolidation of the Common Shares" is a reference to Common Shares on a pre-Consolidated basis.

Reasons for the Consolidation and Proposed Private Placement

The development of oil production from the Corporation's assets in Colombia did not proceed in 2011. The Corporation now has insufficient cash resources for development of its current assets or to pursue alternative investment opportunities. The Corporation intends to seek additional oil and gas opportunities in Colombia or elsewhere in the Americas and plans a private placement for gross proceeds of up to $1 million (the "**Private Placement**") to provide the funds to support this effort during the first quarter of 2012. The policies of the TSX Venture Exchange (the "**TSXV**") require, among other things, that any private placement of listed securities be at a minimum price of $0.05 per share.

During the fourth quarter of 2011, 3,864,659 Common Shares were traded at a weighted average market price of $0.021 and during the month of December 2011, 3,097,900 Common Shares were traded at a weighted average market price of $0.019. The closing price on the last trading day of 2011 was $0.015. The Consolidation will enable the Corporation to complete the Private Placement in accordance with the policies of the TSXV. Insiders of the Corporation, including all of the directors of the Corporation, are expected to subscribe for a minimum of 50% of the Private Placement.

If the Shareholders approve the Consolidation, the Corporation intends to rely on the "financial hardship" exemption found within *Multilateral Instrument 61-101 – Protection of Minority Security Holders in*

Special Transactions which exempt the Corporation from seeking minority shareholder approval for the Private Placement.

Effect of the Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of the Corporation's issued and outstanding Common Shares and the consolidation ratio will be the same for all such Common Shares. The Consolidation will affect all holders of Common Shares uniformly and will not affect any Shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in a Shareholder owning a fractional Common Share. No fractional post-Consolidation Common Shares will be issued and no cash will be paid in lieu of fractional post-Consolidation Common Shares. Any fractional interest in Common Shares that is less than half of a Common Share resulting from the Consolidation will be rounded down to the nearest whole Common Share. Any fractional interest in Common Shares that is .50 of a Common Share or is greater than half of a Common Share will be rounded up to the nearest whole Common Share.

The Corporation currently has an unlimited number of Common Shares available for issuance and the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance. The exercise or conversion price and the number of Common Shares issuable under any convertible securities of the Corporation, including incentive stock options, will be proportionately adjusted if the Consolidation is approved by Shareholders at the Meeting and put into effect.

Implementation of the Consolidation

The Consolidation is subject to receipt of all required regulatory approvals, including approval from the TSXV, and to the approval of the Consolidation by the Shareholders at the Meeting. If these approvals are received, the Consolidation will be effected at a time determined by the Board of Directors and announced by a press release of the Corporation. Notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Consolidation at the discretion of the Board of Directors.

If the Consolidation does proceed, registered holders of Common Shares will receive a letter of transmittal providing instructions with respect to exchanging their certificates representing pre-Consolidation Common Shares for post-Consolidation Common Shares.

Determination of Final Consolidation Ratio

If the Shareholders approve the Consolidation the final number of pre-Consolidation Common Shares to be exchanged for each post-Consolidation Common Share will be determined by the Board of Directors of the Corporation.

Trading Symbol and Post-Consolidation Trading

The trading symbol on the TSXV and the name of the Corporation will not change post-Consolidation. The Corporation will issue a news release after the Meeting to advise of the results of the Meeting and, if appropriate, the expected timing for the commencement of trading of the post-Consolidation Common Shares on the TSXV.

Assuming that the Consolidation does proceed on an 10 for 1 basis, the Corporation would have approximately 9,949,140 post-Consolidation Common Shares issued and outstanding prior to the Private Placement.

Vote Required

In order to be duly passed, the Consolidation Resolution must be approved by two-thirds (2/3) of the votes cast at the Meeting in person or by proxy.

Consolidation Resolution

The full text of the Consolidation Resolution authorizing the Consolidation is set forth below:

> "**BE IT RESOLVED** as a special resolution of the holders of Common Shares (the "**Shareholders**") of Loon Energy Corporation (the "**Corporation**") that:
>
> (a) the Articles of the Corporation be amended to provide that the authorized share capital of the Corporation be altered by consolidating all of the issued and outstanding Common Shares (the "**Consolidation**") on the basis of one (1) post-Consolidation Common Share for every ten (10) pre-Consolidation Common Shares or for such other lesser whole or fractional number of pre-Consolidation Common Shares that the Board of Directors, in their sole discretion, determine to be appropriate;
>
> (b) no fractional post-Consolidation Common Shares shall be issued and no cash will be paid in lieu of fractional post-Consolidation Common Shares. Any fractional interest in Common Shares that is less than half of a Common Share resulting from the Consolidation will be rounded down to the nearest whole Common Share. Any fractional interest in Common Shares that is 0.5 of a Common Share or is greater than half of a Common Share will be rounded up to the nearest whole Common Share;
>
> (c) notwithstanding the passage of this special resolution, the directors of the Corporation be and are hereby authorized and empowered to revoke this special resolution at any time prior to the filing of the Articles of Amendment to effect the Consolidation without further approval of the Shareholders;
>
> (d) any one director or officer of the Corporation be and is hereby authorized and directed to execute all documents and instruments and take all such other actions as may be necessary or desirable to implement this special resolution and the matters authorized hereby; and
>
> (e) the board of directors of the Corporation be and is hereby authorized to set the effective date of such Consolidation and such effective date shall be the date shown in the Certificate of Amendment issued by the Registrar appointed under the *Business Corporations Act* (Alberta) or such other date indicated in the Articles of Amendment to effect the Consolidation, provided that, in any event, such date shall be prior to the next annual general meeting of the Shareholders of the Corporation."

Unless the Shareholder has specifically instructed in the enclosed instrument of proxy that the Common Shares represented by such proxy are to be voted against the Consolidation Resolution, the persons named in the enclosed instrument of proxy will vote FOR the Consolidation Resolution.

The Board of Directors has reviewed the Consolidation Resolution and concluded that it is in the best interests of the Corporation to proceed with the Consolidation. **The Board of Directors unanimously recommends that the Shareholders vote in favour of the Consolidation Resolution.**

IN THE EVENT THAT THE CONSOLIDATION AND PROPOSED PRIVATE PLACEMENT DO NOT PROCEED THE CORPORATION MAY LACK THE FUNDS NECESSARY TO CONTINUE IN BUSINESS UNTIL SUCH TIME AS AN APPROPRIATE OPPORTUNITY TO ENHANCE SHAREHOLDER VALUE CAN BE ENTERED INTO.

2. Other Business

The directors and officers of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Other than as summarized below, no current or former director, executive officer or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries or to any other entity where the indebtedness is 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.

As of the date hereof four directors of the Corporation, Mssrs. R. Elliott, K. Heuchert, M. Madnani and M. McVea, who are not executive officers of the Corporation, are owed a total of $80,000 in unpaid fees for attendance at board of directors and committee meetings during 2011. It is intended that these fees, less required withholdings, will be paid subsequent to the closing of the Private Placement. Each of the directors referenced above has agreed to subscribe for a portion of the Private Placement which will be, as a minimum, approximately equal to the net amount of fees received.

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

Other than as disclosed in this Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting.

MANAGEMENT CONTRACTS

The Corporation and Kulczyk Oil Ventures Inc. ("**Kulczyk Oil**") have entered into a services agreement (the "**Services Agreement**"), pursuant to which Kulczyk Oil provides services in respect of the management, development, exploitation and operation of the assets acquired by the Corporation. Kulczyk Oil also provides various administrative services, as well as access to geological and technical data relating to the assets. Pursuant to the Services Agreement, Kulczyk Oil and the Corporation pay their respective share of the general and administrative costs of Kulczyk Oil and the Corporation based upon an evaluation of the relative levels of activity of each of Kulczyk Oil and the Corporation, giving consideration to the time commitment required by Kulczyk Oil personnel. The services agreement commenced on January 1, 2009 and can be terminated upon six month notice by either party or upon the occurrence of certain other events. The Services Agreement requires the Corporation to pay Kulczyk Oil $1,000 per month for general management services provided under the agreement and for the period from January 1, 2011 to September 30, 2011, the Corporation had incurred $9,186 and had paid a total of $4,186 to Kulczyk Oil. In addition, the Corporation had incurred $31,000 during the same period of time for the provision of technical services under the Services Agreement. The unpaid amounts, which totalled $35,186, were outstanding as of September 30, 2011.

Kulczyk Oil remains legally responsible for a guarantee issued in August 2007 ("the **Loon Peru Guarantee**") to the Government of Peru regarding the granting of the Block 127 license contract to Loon Peru Limited, a wholly-owned subsidiary of the Corporation which was, at that time, a wholly-owned subsidiary of Kulczyk Oil. The Corporation has entered into an indemnification agreement with Kulczyk Oil in respect of the Loon Peru Guarantee. The transfer of the Loon Peru Guarantee from Kulczyk Oil to the Corporation requires the formal approval of the Government of Peru which has not yet been obtained. The Corporation has fulfilled its work commitments under the first phase of the exploration program, and the Corporation and its partners in the Block announced on October 25, 2010 that the joint venture will not proceed to the second exploration phase. Kulczyk Oil is a *Business Corporations Act* (Alberta) corporation located at Suite 1170, 700 – 4th Avenue S.W., Calgary, Alberta.

INFORMED PERSONS

The following individuals, being the directors and officers of Kulczyk Oil who are not also directors and officers of the Corporation, are informed persons of Kulczyk Oil for the purposes of the *National Instrument 51-102 – Continuous Disclosure Obligations*: Jan J. Kulczyk (St. Moritz, Switzerland), Dariusz Mioduski (St. Moritz, Switzerland), Stephen C. Akerfeldt (Toronto, Ontario, Canada), Josef H. Langanger (Strasshof, Austria), Gary R. King (Dubai, United Arab Emirates), Jakub J. Korczak (Warsaw, Poland) and Trent A. Rehill (Calgary, Alberta, Canada).

The current directors of the Corporation, being Richard W. Elliott (Montreal, Quebec, Canada), Timothy M. Elliott (Dubai, United Arab Emirates), Jock M. Graham (Dubai, United Arab Emirates), Kenneth R. Heuchert (North Saanich, British Columbia, Canada), Norman W. Holton (Calgary, Alberta, Canada), Manoj N. Madnani (Dubai, United Arab Emirates) and Michael A. McVea (Victoria, British Columbia, Canada), as well as Edwin A. Beaman (Calgary, Alberta, Canada) and Paul H. Rose (Okotoks, Alberta, Canada), are informed persons of the Corporation and are resident in the noted jurisdictions.

KI is an informed person of both the Corporation and Kulczyk Oil. Other than as set out in the section entitled "Indebtedness of Directors, Executive Officers and Employees", no indebtedness exists between the Corporation and any of the informed persons (or any informed person's affiliates) noted above.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation or any proposed nominee as a director of the Corporation, or any associate or affiliate of any such person in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries other than as described below.

Certain of the current insiders of the Corporation, including all of the directors of the Corporation, have indicated their intention to participate in the Private Placement and the Corporation expects that such insiders will subscribe for a minimum of 50% of the private placement. See "Indebtedness of Directors, Executive Officers and Employees".

AUDITORS OF THE CORPORATION

The auditors of the Corporation are KPMG LLP, 2700, 205-5th Avenue S.W., Calgary, Alberta T2P 4B9. KPMG LLP were appointed as auditors on October 30, 2008.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information concerning the Corporation is provided in its financial statements for the years ended December 31, 2010 and December 31, 2009 and its interim financial statements for the interim periods subsequent to December 31, 2010 and the accompanying management's discussion and analysis, all of which can be accessed under the Corporation's profile on SEDAR at www.sedar.com. Alternatively, Shareholders of the Corporation may contact the Corporation at 1170, 700 – 4th Avenue S.W. Calgary, Alberta T2P 3J4 by phone at (403) 264-8877 or via fax at (403) 264-8861 to request copies of the Corporation's financial statements and management's discussion and analysis.