NIKO RESOURCES LTD.

NOTICE

and

MANAGEMENT INFORMATION CIRCULAR

AND PROXY STATEMENT

for the Annual and Special Meeting of Shareholders

to be held in the McMurray Room
at the Calgary Petroleum Club , 319 – 5th Avenue S.W., Calgary, Alberta

on

Thursday, September 9, 2010
at 3:00 p.m.

DATED: August 5, 2010

NIKO RESOURCES LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO THE HOLDERS OF COMMON SHARES OF NIKO RESOURCES LTD.:

Notice is hereby given that an annual and special meeting (the "**Meeting**") of holders of common shares (the "Shareholders") of Niko Resources Ltd. (the "Corporation") will be held in the McMurray Room at the Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on September 9, 2010 at 3:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the fiscal year ended March 31, 2010 and the report of the auditors thereon;

2. to fix the number of directors to be elected at the Meeting at six;

3. to elect directors of the Corporation for the ensuing year;

4. to appoint auditors for the ensuing year at a remuneration to be determined by the board of directors;

5. to ratify and confirm all unallocated options pursuant to the stock option plan of the Corporation, as more particularly described in the accompanying management information circular and proxy statement;

6. to ratify and confirm certain option grants to officers and employees, as more particularly described in the accompanying management information circular and proxy statement; and

7. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Particulars of the matters referred to above are set forth in the management information circular and proxy statement accompanying this Notice.

Only Shareholders of record at the close of business on August 5, 2010 will be entitled to receive notice of, and to vote at, the Meeting, except that a transferee of common shares after such record date may, not later than 10 days before the Meeting, establish a right to vote by providing evidence of ownership of common shares and make a request to Computershare Trust Company of Canada that his or her name be placed on the shareholder list for the meeting.

A Shareholder may attend the Meeting and vote in person or may appoint another person (who need not be a Shareholder) as his or her proxy to attend and vote in his or her place. A form of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the enclosed instrument of proxy to the Corporation's transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. A proxy will not be valid unless it is received by Computershare Trust Company of Canada no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

Dated at Calgary, Alberta, this 5th day of August, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

Per: (signed) "*Edward S. Sampson*"
Edward S. Sampson
Executive Chairman, Chief Executive Officer,
President and Director

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NIKO RESOURCES LTD.

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

GENERAL PROXY INFORMATION

Solicitation of Proxies by Management

This management information circular and proxy statement (the "**Information Circular**") is being furnished by the management of Niko Resources Ltd. ("**Niko**" or the "**Corporation**") in connection with the solicitation of proxies by management of the Corporation for use at the annual and special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of the Corporation to be held in the McMurray Room at the Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, at 3:00 p.m. (Calgary time) on September 9, 2010, and any adjournments thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular (the "**Notice**"). The information contained in this Information Circular is given as of August 5, 2010 except where elsewhere indicated.

The head and executive office of the Corporation is located at 4600, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 and its telephone number is (403) 262-1020.

It is expected that the solicitation of proxies hereby will be primarily by mail or personal solicitations by the officers or employees of the Corporation, at no additional compensation. The costs of solicitation by management will be borne by the Corporation.

Appointment of Proxies

Shareholders who wish to be represented at the Meeting by proxy must complete and deliver their proxies to the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. In order to be valid, proxies must be received by Computershare no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

The persons named as proxy holders in the accompanying instrument of proxy are directors and/or officers of the Corporation. A Shareholder desiring to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the accompanying instrument of proxy may do so either by striking out the names provided and inserting such person's name in the blank space provided in the instrument of proxy or by completing another instrument of proxy and, in either case, delivering the completed proxy to the office of Computershare at the address referred to above within the time specified above for the deposit of proxies.

Revocation of Proxies

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has submitted a proxy attends personally at the Meeting at which such proxy is voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by: (a) the Shareholder signing another proxy bearing a later date than the first proxy and delivering such subsequent proxy to Computershare at the address referred to above and within the time specified above for the deposit of proxies; or (b) an instrument in writing by such Shareholder deposited either with Computershare at the address referred to above or with the Chairman of the Meeting at any time prior to the Meeting or any adjournment thereof.

Signature of Proxy

The accompanying instrument of proxy as well as any instrument revoking the same shall be executed by the Shareholder or his attorney authorized in writing, or if a Shareholder is a corporation, the proxy or other instrument should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. Such proxy or other instrument signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate documentation evidencing qualification and authority to act (unless such documentation has been previously filed with the Corporation).

Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and 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 or withheld from voting in accordance with such specification. In the absence of such specification, such Common Shares will be voted "FOR" fixing the number of directors to be elected at six, "FOR" the election as directors of those nominees of management listed in the Information Circular, "FOR" the appointment of KPMG LLP, Chartered Accountants as the auditors of the Corporation, "FOR" the ratification and confirmation of all unallocated options pursuant to the stock option plan of the Corporation and "FOR" the ratification and confirmation of certain option grants to officers and other employees of the Corporation.

Exercise of Discretion by Proxies

The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the proxy and Notice and with respect to other matters which may properly come before the Meeting. At the time of printing this Information Circular, management of the Corporation knows of no such amendment to or variation of other matters to come before the Meeting other than the matters referred to in the Notice.

Voting Shares

As of August 5, 2010, there were 51,006,052 Common Shares outstanding, each carrying the right to one vote per share at the Meeting. Only Shareholders of record on August 5, 2010 are entitled to notice of, and to vote at, the Meeting except that a transferee of Common Shares after August 5, 2010 may, not later than 10 days before the Meeting, establish a right to vote by providing evidence of ownership of Common Shares and making a request to Computershare that the transferee's name be placed on the Shareholder list for the Meeting.

Principal Holders of Voting Shares

Based on the Early Warning Report under the Alternative Monthly Reporting System of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* filed for the period ended May 31, 2009, Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company and FIL Limited, as a group, owned 6,610,021 Common Shares or approximately 13% of the issued and outstanding Common Shares. To the knowledge of the directors and executive officers of the Corporation, as at August 5, 2010, no other persons or companies beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the Common Shares.

Advice to Beneficial Holders of Securities

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 names. Shareholders who do not hold their Common Shares in their own names (referred to in this Information 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 shares will not be registered in the Shareholder's name on the records of the Corporation. Such 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 such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, 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, brokers/nominees are prohibited from voting for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. or of other brokers/agents are held.

Applicable regulatory policy requires 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, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. 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 voting instruction forms ("**VIFs**") to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge. 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. A Beneficial Shareholder receiving a VIF 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.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial interest or otherwise, of any director or executive officer of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing in any matter to be acted upon at the Meeting other than the election of directors and the appointment of auditors.

Messrs. Sampson, Hesje and Hornaday have received Options (as defined herein) since August 16, 2009. The Corporation will be seeking Shareholder ratification and confirmation of the granting of such Options at the Meeting. See "Matters to be acted Upon at the Meeting - Ratification and Confirmation of Option Grants".

MATTERS TO BE ACTED UPON AT THE MEETING

Consolidated Financial Statements

The consolidated financial statements of the Corporation for the fiscal year ended March 31, 2010 and the report of the auditors thereon will be placed before the Shareholders at the Meeting.

Fixing the Number of Directors

The board of directors of the Corporation (the "**Board**") presently consists of seven directors and it is proposed that, at the Meeting, the Shareholders fix the number of directors to be elected at the Meeting at six. At the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

"BE IT RESOLVED THAT the number of directors of Niko Resources Ltd. to be elected be and is hereby fixed at six."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy thereon at the Meeting.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the foregoing resolution unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be voted against such resolution.

Election of Directors

The following table and the notes thereto state the names and cities of residence of the persons proposed to be nominated for election as directors at the Meeting, all other positions and offices with the Corporation now held by them, their principal occupations at present, the years in which they were first elected directors and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them, as at August 5, 2010. The information contained herein has been furnished by the respective nominees to the Corporation. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the Corporation's By-laws, unless the director's office is earlier vacated.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the proposed nominees to the Board unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be withheld from voting for such nominees.

	Edward S. Sampson, 58, of Calgary, Alberta, Canada has been a director since 1996. President and Chief Executive Officer of the Corporation since November 2004. Also Chairman of the Board of the Corporation for over 14 years. Mr. Sampson has been involved in the field of business management during the past 36 years. He has initiated and managed a series of successful business operations focused primarily on oil and gas exploration and development. Mr. Sampson was instrumental in the growth and development of a number of mid-sized Canadian public companies.	*Position* Chairman of the Board Shareholdings Common 4,711,666 Stock Options In addition, Mr. Sampson holds options to acquire 1,500,000 Common Shares.
	C. J. (Jim) Cummings, 60, of Calgary, Alberta, Canada has been a director since 2005. Partner of International Energy Counsel LLP (a law firm) since December 2002. Prior thereto, Partner of Donahue LLP (a law firm) until November 2002. Mr. Cummings has been involved in the petroleum industry in excess of the past 30 years. He graduated from the University of Alberta with a degree in Law and has practiced in government, corporate and private roles, specializing in international oil and gas law. Mr. Cummings has served as Senior Counsel with the Attorney General of Alberta in the Constitutional and Energy Law Department, Senior Counsel with Home Oil Company Limited, Vice-President and General Counsel with both Asamera Inc. and Bow Valley Energy Ltd. He is currently a partner in International Energy Counsel LLP and a director of a number of private corporations.	*Positions* Corporate Governance Committee (Chairman), Audit Committee and Compensation Committee Shareholdings Common 10,001 Stock Options In addition, Mr. Cummings holds options to acquire 75,720 Common Shares.
	Walter DeBoni, 64, of Calgary, Alberta, Canada has been a director since 2005. Vice President of Canada Frontier & International Business of Husky Energy Inc. (a public oil and gas company) from April 2002 to July 2005. Prior thereto, President and Chief Executive Officer, Bow Valley Energy Ltd. (a natural resource company) until January 2002. Mr. DeBoni has held numerous top executive posts in the oil and gas industry. He holds a B.A.Sc. in Chemical Engineering from the University of British Columbia and an MBA degree with a major in Finance from the University of Calgary. Mr. DeBoni is also a director of ARC Resources Ltd. (the administrator of ARC Energy Trust) and Sterling Resources Ltd.	*Positions* Audit Committee, Corporate Governance Committee and Environment and Reserve Committee Shareholdings Common 10,000 Stock Options In addition, Mr. DeBoni holds options to acquire 75,000 Common Shares.

	William T. Hornaday, 54, of Calgary, Alberta, Canada has been a director since 2007. Chief Operating Officer of Niko since 2005. Prior thereto, Vice President, Operations of Niko since 2001. Mr. Hornaday is a professional engineer with over 34 years of industry experience and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He holds a B.Sc. in Mechanical Engineering from the University of Calgary. He has worked in the energy business in North America, India, Indonesia and Australia.	*Position* Corporate Governance Committee Shareholdings Common 100,000 Stock Options In addition, Mr. Hornaday holds options to acquire 553,750 Common Shares.
	Conrad P. Kathol, 60, of Calgary, Alberta, Canada has been a director since 1996. President of Silver Thorn Exploration Ltd. (a natural resource company) since April 2004. Prior thereto, President of Invader Exploration Inc. (a public oil and gas company). Mr. Kathol is a professional engineer and holds a B.Sc. in Civil Engineering from the University of Alberta and has worked in the oil and gas industry for the past 35 years. He has worked as an exploration geologist in Western Canada and the United States and has a strong background in all aspects of the industry, including modern exploration technology, reservoir engineering and economic evaluation. Mr. Kathol has been involved in the management and has been a director of several publicly traded resource companies during the past 24 years.	*Positions* Environment and Reserve Committee (Chairman), Compensation Committee and Board Secretary Shareholdings Common 268,229 Stock Options In addition, Mr. Kathol holds options to acquire 106,250 Common Shares.
	Wendell W. Robinson, 69, of Charleston, South Carolina, USA had been a director since 1999. Senior Investment Partner & retired Managing Director, Global Environment Fund (an institutional investment management firm) since February 2002, and from 1994-2002 Managing Director, Global Environment Fund. For ten years prior thereto, Mr. Robinson managed international private equity programs for Rockefeller & Co. During his 40 plus years of domestic and international financial, investment and company management, Mr. Robinson has been the director of numerous corporations, and a member of investment advisory boards and committees of investment entities throughout Southeast Asia, Europe, Latin American and the United States. Mr. Robinson has BA and MA degrees in Economics, with a minor in Finance, from Case Western Reserve University, and is a Chartered Financial Analyst.	*Positions* Compensation Committee (Chairman) and Audit Committee (Chairman) Shareholdings Common 40,752 Stock Options In addition, Mr. Robinson holds options to acquire 68,750 Common Shares.

Notes:

(1) Each of the above persons has held the principal position shown opposite his name for at least the last five years, unless otherwise noted.

(2) The Corporation does not have an executive committee. The Corporation has disclosure officers, but does not have a disclosure committee.

(3) Conrad P. Kathol, a director of Niko, and Edward S. Sampson, an officer and a director of Niko, were both directors, but not officers, of Proprietary Industries Inc. ("**Proprietary**") during a period for which the Alberta Securities Commission (the "**ASC**") was investigating Proprietary. Proprietary is a public corporation organized under the *Canada Business Corporations Act*. Niko was, at the time of the transactions referred to below, arm's length to Proprietary and the other public companies referred to below and Niko has never had business dealings with Proprietary and such public companies. In January of 2002, a notice of hearing was issued by the ASC with respect to Proprietary and two of its senior officers, Peter Workum and Theodor Hennig, alleging that (i) Proprietary's consolidated financial statements for the years ended September 30, 2000, September 30, 1999 and September 30, 1998 were not prepared in accordance with generally accepted accounting principles and contained misrepresentations contrary to the *Securities Act* (Alberta) with respect to gains reported in connection with certain transactions involving Proprietary and (ii) Proprietary made representations in respect of material submitted or given to the ASC in connection with those transactions contrary to the *Securities Act* (Alberta). On August 21, 2002, the ASC issued an order (a) cease trading all trades in securities of Proprietary and all trades of Messrs. Workum and Hennig and certain subsidiaries of Proprietary and (b) denying Proprietary, Messrs. Workum and Hennig and such subsidiaries the use of any exemptions from the prospectus and registration requirements under the *Securities Act* (Alberta) for a period of 15 days. On September 5, 2002, the ASC issued a further order extending the earlier interim order. Securities regulatory authorities in other provinces in Canada issued similar orders with respect to Proprietary. Mr. Sampson resigned as a director of Proprietary in March of 2001 and Mr. Kathol resigned as a director of Proprietary on December 18, 2002. In August 2003, the ASC staff and Proprietary entered into a settlement agreement whereunder Proprietary acknowledged, among other things, that certain recognitions of gains contained in its audited consolidated financial statements for its fiscal years ended September 30, 1998, 1999 and 2000 were contrary to generally accepted accounting principles and agreed to pay $125,000 to the ASC in partial satisfaction of the ASC's costs. On November 21, 2003 the ASC issued an order lifting the sanctions referred to in (a) and (b) above as they related to Proprietary. However, in November and December of 2003, the ASC issued a further cease trade order against Proprietary for failure to file annual audited financial statements for its fiscal year ended September 30, 2002. This cease trade order was subsequently lifted on May 6, 2004 and trading of Proprietary's shares on the Toronto Stock Exchange resumed on May 19, 2004.

(4) The Common shareholdings set forth in this table represent the number of Common Shares beneficially owned, directly or indirectly, or controlled or directed by each proposed director.

For information on the audit committee of the Board, see "Audit Committee Information".

Appointment of Auditors

The management of the Corporation proposes that KPMG LLP, Chartered Accountants, be appointed as the auditors of the Corporation for the ensuing year at remuneration to be fixed by the Board. KPMG LLP has acted as the auditors of the Corporation since September 30, 1997.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy thereon at the Meeting.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the foregoing resolution unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be withheld from voting on such resolution.

Ratification and Confirmation of Unallocated Options

The Corporation has a stock option plan (the "**Option Plan**"), which is described under "Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation – Stock Option Plan" below. On August 16, 2006, the Shareholders approved amendments to the Option Plan to delete the fixed maximum number of shares in favour of a rolling threshold, being 10% of the issued and outstanding Common Shares at any time.

When stock options ("**Options**") have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under outstanding Options are referred to as "allocated Options". The Corporation has additional Common Shares that may be issued under the Option Plan, but as they are not subject to current Option grants, they are referred to as "unallocated Options".

In accordance with the rules of the Toronto Stock Exchange (the "**TSX**"), a listed issuer that has a stock option plan that does not have a fixed maximum aggregate of securities issuable must have all unallocated options, rights or other entitlements under such plan approved by the majority of the listed issuer's directors and by the listed issuer's securityholders every three years after the institution of such plan. At its annual meeting of Shareholders held on September 10, 2009, the Corporation did not request approval by the Shareholders of all unallocated options under the Option Plan in accordance with the rules of the TSX. Accordingly, at the Meeting, the Corporation will be seeking Shareholder ratification and confirmation of the unallocated Options under the Option Plan as at August 16, 2009 (being the date that is three years after the date on which the Shareholders originally approved a rolling 10% threshold under the Option Plan).

As at August 16, 2009, the Corporation had 3,936,625 allocated Options, representing approximately 7.9% of the issued and outstanding Common Shares at that time, and 1,024,876 unallocated Options, representing approximately 2.1% of the issued and outstanding Common Shares at that time.

Regardless of whether or not the resolution ratifying and confirming unallocated Options is passed, all 3,936,625 Options granted prior to August 16, 2009 will be unaffected, as will all 574,500 Options granted since August 16, 2009 as inducements to persons not previously employed by and not previously insiders of the Corporation to enter into contracts of full-time employment with the issuer, provided that the Common Shares issuable to each such person did not exceed 2% of the number of Common Shares outstanding, on a non-diluted basis, prior to the date of issue of the Options. If the resolution ratifying and confirming unallocated Options is not passed, all Options that were unallocated as at August 16, 2009 and all 830,312 Options granted and not forfeited (excluding 574,500 Options granted as inducements as described above) since August 16, 2009 will be cancelled and no further Options will be granted under the Option Plan. The Option Plan is an important compensation tool for the Corporation. If the resolution ratifying and confirming unallocated Options is not passed, the Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

If the resolution ratifying and approving unallocated Options is passed, the Corporation will not be required pursuant to the rules of the TSX to seek re-approval of the grant of unallocated options under the Option Plan until September 9, 2013.

The Board has unanimously ratified and confirmed, subject to regulatory and Shareholder approval, all unallocated Options that were issuable under the Option Plan as at August 16, 2009.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

"BE IT RESOLVED THAT all unallocated options that were issuable under the stock option plan of Niko Resources Ltd. as at August 16, 2009 be and are hereby ratified, confirmed and authorized to be issued until September 9, 2013."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy thereon at the Meeting.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the foregoing resolution unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be voted against such resolution.

Ratification and Confirmation of Option Grants

As discussed above, the Corporation has granted 830,312 Options (excluding 574,500 Options granted as inducements as described above) under the Option Plan since August 16, 2009. The following table summarizes the terms of such Options:

Options Granted to	Number of Options	Exercise Price(s)	Date of Grant(s)	Expiry Date(s)
Employees of the Corporation	1,250	Cdn$72.91	August 23, 2009	August 23, 2014
Employees of the Corporation	5,000	Cdn$71.00	August 31, 2009	August 31, 2014
Employees of the Corporation	1,750	Cdn$79.88	September 24, 2009	September 24, 2011
Employees of the Corporation	1,750	Cdn$79.88	September 24, 2009	September 24, 2012
Employees of the Corporation	1,750	Cdn$79.88	September 24, 2009	September 24, 2013
Employees of the Corporation	1,750	Cdn$79.88	September 24, 2009	September 24, 2014
Employees of the Corporation	250	Cdn$81.31	September 26, 2009	September 26, 2014
Employees of the Corporation	2,250	Cdn$83.37	September 28, 2009	September 28, 2014
Employees of the Corporation	250	Cdn$88.65	October 29, 2009	October 29, 2014
Edward Sampson, President and CEO	59,375	Cdn$89.15	November 22, 2009	November 22, 2014
Employees of the Corporation	13,500	Cdn$89.15	November 22, 2009	November 22, 2014
Employees of the Corporation	2,500	Cdn$88.34	November 30, 2009	November 30, 2014
Edward Sampson, President and CEO	37,500	Cdn$93.15	December 2, 2009	December 2, 2011
Edward Sampson, President and CEO	37,500	Cdn$93.15	December 2, 2009	December 2, 2012
Edward Sampson, President and CEO	37,500	Cdn$93.15	December 2, 2009	December 2, 2013
Edward Sampson, President and CEO	37,500	Cdn$93.15	December 2, 2009	December 2, 2014
William Hornaday, COO	25,000	Cdn$93.15	December 2, 2009	December 2, 2011
William Hornaday, COO	25,000	Cdn$93.15	December 2, 2009	December 2, 2012
William Hornaday, COO	25,000	Cdn$93.15	December 2, 2009	December 2, 2013
William Hornaday, COO	25,000	Cdn$93.15	December 2, 2009	December 2, 2014
Employees of the Corporation	250	Cdn$94.05	December 8, 2009	December 8, 2011
Employees of the Corporation	250	Cdn$94.05	December 8, 2009	December 8, 2012
Employees of the Corporation	250	Cdn$94.05	December 8, 2009	December 8, 2013
Employees of the Corporation	250	Cdn$94.05	December 8, 2009	December 8, 2014
Employees of the Corporation	3,750	Cdn$93.41	December 11, 2009	December 11, 2011
Employees of the Corporation	3,750	Cdn$93.41	December 11, 2009	December 11, 2012
Employees of the Corporation	3,750	Cdn$93.41	December 11, 2009	December 11, 2013
Employees of the Corporation	3,750	Cdn$93.41	December 11, 2009	December 11, 2014
Employees of the Corporation	5,000	Cdn$104.10	January 9, 2010	January 9, 2012
Employees of the Corporation	5,000	Cdn$104.10	January 9, 2010	January 9, 2013
Employees of the Corporation	5,000	Cdn$104.10	January 9, 2010	January 9, 2014
Employees of the Corporation	27,187	Cdn$104.10	January 9, 2010	January 9, 2015
Edward Sampson, President and CEO	178,125	Cdn$104.10	January 9, 2010	January 9, 2015
William Hornaday, COO	50,000	Cdn$104.10	January 9, 2010	January 9, 2015
Employees of the Corporation	26,500	Cdn$105.86	January 12, 2010	January 12, 2015
Employees of the Corporation	750	Cdn$98.54	March 1, 2010	March 1, 2015
Employees of the Corporation	5,000	Cdn$101.44	March 19, 2010	March 19, 2015
Employees of the Corporation	250	Cdn$100.77	March 23, 2010	March 23, 2015
Employees of the Corporation	500	Cdn$108.38	April 1, 2010	April 1, 2012
Employees of the Corporation	500	Cdn$108.38	April 1, 2010	April 1, 2013
Employees of the Corporation	500	Cdn$108.38	April 1, 2010	April 1, 2014
Employees of the Corporation	750	Cdn$108.38	April 1, 2010	April 1, 2015
Employees of the Corporation	1,750	Cdn$108.38	April 3, 2010	April 3, 2015
Employees of the Corporation	250	Cdn$110.25	April 13, 2010	April 13, 2015
Employees of the Corporation	250	Cdn$112.64	April 22, 2010	April 22, 2012
Employees of the Corporation	250	Cdn$112.64	April 22, 2010	April 22, 2013
Employees of the Corporation	250	Cdn$112.64	April 22, 2010	April 22, 2014
Employees of the Corporation	250	Cdn$112.64	April 22, 2010	April 22, 2015
Employees of the Corporation	5,625	Cdn$111.35	April 30, 2010	April 30, 2015
Employees of the Corporation	3,125	Cdn$111.35	May 1, 2010	May 1, 2012
Employees of the Corporation	3,125	Cdn$111.35	May 1, 2010	May 1, 2013
Employees of the Corporation	3,125	Cdn$111.35	May 1, 2010	May 1, 2014

Options Granted to	Number of Options	Exercise Price(s)	Date of Grant(s)	Expiry Date(s)
Employees of the Corporation	3,625	Cdn$111.35	May 1, 2010	May 1, 2015
William Hornaday, COO	6,250	Cdn$98.80	May 22, 2010	May 22, 2015
Murray Hesje, VP Finance and CFO	12,500	Cdn$98.80	May 22, 2010	May 22, 2015
Employees of the Corporation	2,500	Cdn$103.07	May 28, 2010	May 28, 2015
Employees of the Corporation	1,250	Cdn$104.49	May 31, 2010	May 31, 2015
Employees of the Corporation	500	Cdn$101.92	June 1, 2010	June 1, 2015
Employees of the Corporation	500	Cdn$102.94	June 15, 2010	June 15, 2015
Employees of the Corporation	250	Cdn$106.04	June 20, 2010	June 20, 2015
Edward Sampson, President and CEO	37,500	Cdn$102.72	June 28, 2010	June 28, 2015
William Hornaday, COO	12,500	Cdn$102.72	June 28, 2010	June 28, 2015
Murray Hesje, VP Finance and COO	37,500	Cdn$102.72	June 28, 2010	June 28, 2015
Employees of the Corporation	14,500	Cdn$102.72	June 28, 2010	June 28, 2015
Employees of the Corporation	7,500	Cdn$99.01	July 1, 2010	July 1, 2015
Employees of the Corporation	1,250	Cdn$100.20	July 16, 2010	July 16, 2012
Employees of the Corporation	1,250	Cdn$100.20	July 16, 2010	July 16, 2013
Employees of the Corporation	1,250	Cdn$100.20	July 16, 2010	July 16, 2014
Employees of the Corporation	1,250	Cdn$100.20	July 16, 2010	July 16, 2015
Employees of the Corporation	500	Cdn$100.20	July 18, 2010	July 18, 2012
Employees of the Corporation	500	Cdn$100.20	July 18, 2010	July 18, 2013
Employees of the Corporation	500	Cdn$100.20	July 18, 2010	July 18, 2014
Employees of the Corporation	1,250	Cdn$100.20	July 18, 2010	July 18, 2015
Employees of the Corporation	5,250	Cdn$110.88	August 1, 2010	August 1, 2015
Total	830,312			

At the Meeting, the Corporation will be seeking Shareholder ratification and confirmation of the granting of the 830,312 Options described above. If the resolution ratifying and confirming the granting of such Options is not passed, all such Options will be cancelled and the Compensation Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, share appreciation rights and/or other means in order to reward and retain the personnel affected.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

> "BE IT RESOLVED THAT the 830,312 options granted under the stock option plan of Niko Resources Ltd. since August 16, 2009, as described in the management information circular and proxy statement of Niko Resources Ltd. dated August 5, 2010, be and are hereby ratified, confirmed and authorized."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy thereon at the Meeting.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the foregoing resolution unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be voted against such resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Committee

The Compensation Committee of the Corporation (the "**Compensation Committee**"), which is comprised of Wendell W. Robinson, Chairman, Conrad Kathol and C. J. (Jim) Cummings, is responsible for reviewing executive compensation matters and making recommendations to the Board for its approval. The compensation of the executive officers, including that of the

Chairman of the Board, President and Chief Executive Officer (who is the senior officer), the Chief Financial Officer and the Chief Operating Officer of the Corporation, is determined solely by the Compensation Committee. The senior executives are responsible for determining the compensation of officers and other employees, within the guidelines recommended by the Compensation Committee and approved by the Board.

Executive Compensation

The named executive officers ("**Named Executive Officers**") of the Corporation include the Chairman of the Board, President and Chief Executive Officer (who is the senior officer), the Chief Financial Officer and the Chief Operating Officer of the Corporation. The compensation awarded to, earned by, paid to, or payable to the Named Executive Officers for the financial year ended March 31, 2010 included base salary, performance-based cash bonuses and Options.

The Corporation's compensation program is designed to be aligned with the strategic objectives of the Corporation. The Corporation's long-term strategic business philosophy is to commit significant resources to finding, developing and producing exploration opportunities with high impact potential. If successful, such prospects may materially add to the growth of the Corporation's assets, reserve base and longer term cash flow. The Board and the Compensation Committee believe it is these metrics that can translate into an enhancement in Shareholder value. Wishing to maximize the Corporation's internally generated cash flow and asset borrowing power to the commitment requirements and base development for the execution of the strategy, the Corporation's compensation program is comparatively simple. The program has two component types: (1) a fixed base salary; and (2) performance-based rewards in the form of an annual cash bonus and the Option Plan. Consequently, the Corporation does not provide longer term fixed cash cost compensation forms such as retirement plans, medical plans, saving benefit plans, insurance policies or plans, deferred compensation arrangements or stock appreciation or phantom stock option rights, but instead favours the two performance based types of compensation described above.

Provided below are the three compensation elements along with the objective of each element and how each element fits the Corporation's objectives and decisions concerning the other elements.

Compensation Element	**Objective of Compensation Element**	**How Element fits Corporation's objectives and decisions concerning other Elements**
Base Salary	The objective is to provide a competitive level of fixed compensation to attract and retain highly motivated professional managers.	The desire is for the base salary to be high enough to secure technically talented personnel which when coupled with performance based compensation provides for a direct correlation between individual accomplishment and the success of the Corporation as a whole.
Annual Performance Based Bonus Plan	The objective of the annual bonus plan is to focus management and professional technical staff attention on specific targeted goals that are of particular importance and are to be accomplished within a given time period in order to achieve Corporation objectives.	The performance goals are Corporation-wide and benefits are shared by all levels of the professional staff to encourage cooperation and mutual support. Potential individual benefits are related to base salary and length of service with a potential base of 50% of salary up to 150% in circumstances where performance exceeds targeted goals.
Option Plan	The primary objective of the Option Plan is to directly relate the creation of net worth for employees to the investment results of the Shareholders.	The Options are earned through vesting over a period of years in order to build long term employee loyalty and retention.

Thus, a significant portion of executive and employee compensation is dependent upon the performance of the Corporation. If the Corporation does not perform within expected parameters in the short or long term, then the executive and professional staff may receive only a fraction of their total potential amount of remuneration.

Base Salary

The Compensation Committee, in setting executive compensation and to provide a guide to executive management for compensation to professional and technical staff, utilized the Towers Perrin 2009 Energy Survey (the "**Survey**") as a framework for comparison. The specifics for the Survey were provided confidentially, so only a general description of the framework used by the Compensation Committee can be provided herein.

The Survey was a compendium of compensation statistics and comparisons for Canadian based energy firms of which one of the survey information providers was the Corporation. The contributors to the Survey were broken down into groups 1, 2, and 3 based upon size, with size defined as annual revenue.

- Group 1 consisted of 32 large companies with significant annual revenues and operational scope.
- Group 2 consisted of 21 medium sized companies with lower revenue levels and scope than the large companies.
- Group 3 consisted of 11 companies with the lowest level of annual revenues and operational scope.

In the Survey, the Corporation was included in the Group 3 category based upon its 2009 revenue. However, the Compensation Committee determined that (1) the Corporation's activities were international in scope and it often operated in partnership or competition with major or sub-major international entities, (2) the characteristics of the Corporation's management capabilities required it to be competitive with larger enterprises more typical of Groups 1 and 2 in the Survey, and (3) the Corporation's size from a revenue perspective was dramatically changing, and the Corporation was building staff to manage this enlarged scale. Consequently, the comparisons used by the Compensation Committee for its purposes were Groups 1 and 2; not Group 3. Where individual group data were not available the Survey provided "All Group" data.

The comparisons for base cash salary indicate that the Corporation's base salary amount was slightly above the "Mean Base" amount in the Group 2 category for each of the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The Corporation's base salaries for its Chief Executive Officer and Chief Financial Officer were materially below the "Mean Base" amounts for the Group 1 category, while the base salary for its Chief Operating Officer was slightly above the "Mean Base" for the Group 1 category.

When the cash compensation comparisons included salary and cash bonus, the executives were approximately equal to the "Mean Base" amounts in the Group 2 category and, with the exception of the Chief Operating Officer, well below the "Mean Base" amounts in the Group 1 category.

The Compensation Committee concluded from the comparison that the Company's cash compensation was reasonable and competitive compared to its peer group(s) as represented in the Survey.

The Compensation Committee set the executive salary amounts within the context of the Corporation's overall compensation package of salary, bonus potential and Options, which would allow the Corporation to remain competitive and be consistent with the qualitative parameters referred to above. In determining the salary amounts for other employees of the Corporation, the Compensation Committee directed that the senior executives responsible for the determination of employees' base salaries be guided by the same principles.

Bonus Plan

The objectives of the annual bonus plan are to (1) focus employees on achieving the targeted goals relative to building shareholder value and (2) encourage cooperation and mutual support among the participants based upon the view of the Compensation Committee that the success of the Corporation is dependent upon the integration of all key employees working together toward the achievement of common corporate objectives.

The bonus plan is designed to reward employees for their contribution towards achieving the targeted goals. The Corporation chooses this method of compensation to focus employees on meeting the short-term goals of the Corporation. The bonus plan also provides for the possible payment of additional discretionary amounts to individuals for exceptional or unusually important critical performance related to unforeseen events during the year.

Under the Corporation's bonus plan, the potential annual amount of the bonus pool is the sum of the amounts of the current annual salaries of all of the participants in the plan. In the event that performance exceeds 100% of the targeted criteria, the potential bonus pool amount can exceed 100% of the aggregate salaries with a cap of 150% of this amount, which amount would include any discretionary payment(s). At the beginning of each year, targeted goals are established that are based upon the Corporation's budget and development plan for the year and other factors relative to growing the Corporation and enhancing its value. The targeted goals are for the Corporation as a whole such that the potential size of the pool is determined by the total performance of all of the key employees of the Corporation in participating toward the achievement of these predefined objectives. As outlined more specifically below, there are three types of targeted goals: (1) those that relate to specific operating performance objectives for the year; (2) those that relate to enhancement of the assets and opportunities of the Corporation that can provide the base for building the longer term value of the Corporation; and (3) market performance of the Common Shares. There were five major targeted goals for the fiscal year ended March 31, 2010, with base weightings of 15 to 25% per target. Each goal was assigned a weighting based upon the Compensation Committee's assessment as to the relative importance of each factor to the Corporation's success in the current year and to the creation of Shareholder value over the longer term.

Potential individual payments under the bonus plan are allocated on the basis of a percentage of annual salary with the maximum potential payment to (1) the Chairman of the Board, President and Chief Executive Officer and Chief Operating Officer equal to 100% of salary, (2) the Chief Financial Officer equal to 75% of salary, and (3) all other participants equal to 50% of salary. The actual payment to each individual is further dependent upon the portion of three or more years of continuous service and employment by the Corporation of each recipient, unless otherwise specified in such recipient's employment contract. As described below, the bonus plan also provides for the payment of additional discretionary amounts to individuals that provided exceptional or unusually important critical performance related to unforeseen events during the year.

As a result of performance, the aggregate amount available in the bonus pool for fiscal 2010 was 100% of the total potential amount. The aggregate amount of the bonus was Cdn$3,018,035 and has been paid as of August 5, 2010.

Provided below is a listing of the major individual Corporation goals that were in place for the fiscal year of the Corporation ended March 31, 2010, the relative weighting that each factor had as a percentage of the total pool and what the contribution amount achieved was for the year, if any. While the amount of final individual bonuses paid to any particular participant in any year has some discretionary flexibility, the general criteria utilized during the fiscal year ended March 31, 2010 by the Compensation Committee for the determination of the total bonus pool from which allocations of annual bonuses to the employees and officers of the Corporation were made are as follows:

Performance Target	**Description**	**Potential Bonus %**	**Results**	**Awarded %**
Cash Flow From Operations	Targeted funds from operations plus changes in non-cash working capital and long-term accounts receivable of $210 million. For every $2 million above the target, a 1% greater weight is applied to a maximum potential bonus of 30%.	20%	The targeted cash flow from operations was not achieved.	0%
Reserve/ Resource increase	The target is a 10% increase over prior year end reserves and resources.	25%	The increase achieved was more than 20%, resulting in additional contribution benefit to the bonus pool.	45%
Long-Term Strategic Growth Plan	Formalize a long-term strategic growth plan including operations, corporate governance structure, management and a financial model.	25%	Achieved.	25%

Performance Target	Description	Potential Bonus %	Results	Awarded %
Relative Stock Price Performance	Every 1% price change per share in excess of the TSX Energy index average for the month of March 2010 versus the month of March 2009 adds 1% to the bonus to maximum contribution to the bonus of 15%.	15%	The Corporation's price per share doubled over the period compared to an approximate 40% increase in the index.	15%
Exploration Results	The Company considers its exploration efforts to be key to its long term growth and success. "Exploration efforts" include results from explored wells, but also additions to its portfolio of prospects, which could have a significant impact on the overall size, long term financial results and value of the Corporation.	15%	The Company had significant exploration success such as additions to existing properties as well as very material enlargements in the scope of its new exploration provinces with major impact potential.	15%

In addition to the calculated amount of the pool based upon actual results, the bonus plan provides for an added increment equal to 20% of the calculated pool. Any portion of the 20%, up to a maximum overpayment equal to 100% of the formula-calculated amount for any employee (as long as that amount when added to the total pool does not exceed the absolute maximum of 150%), may be given at the discretion of the Named Executive Officers and may be given to the Named Executive Officers at the discretion of the Compensation Committee. The payment is to be made based upon the determination that the to-be-rewarded individual(s) demonstrated and provided exemplary performance during the year. Examples of exemplary performance could include: (1) extraordinary effort in the fulfillment of targeted corporate goals; (2) successful handling of extreme difficulties or unforeseen major problems that impacted targeted corporate goals; (3) unusual insight and action in the mitigation of a major risk; and (4) new developments not foreseen in the year's plan that had a material impact on

the Corporation's success or future prospects. The Compensation Committee stipulated, however, that any possible payment from the increment is not expected to be simply a normal addition, but should adhere strictly to the concept of extraordinary performance related to unanticipated circumstances that developed during the year.

In the ultimate allocation of annual bonuses, the Compensation Committee relies primarily on the recommendations of the Named Executive Officers with respect to bonuses paid to other employees. The bonuses to be paid to the Chairman of the Board, President and Chief Executive Officer are determined solely by the Compensation Committee.

Stock Option Plan

The allocation of stock options ("**Options**") and the terms designed in those Options are an integral component of the compensation package of the directors, officers and employees of, and other service providers to, the Corporation (collectively, "**Participants**"). The Corporation has a stock option plan (the "**Option Plan**") in place for the purpose of providing Options to Participants. The objective of the grant of Options to Participants is to allow them to share ownership of the Corporation and to motivate achievement of the Corporation's long-term strategic objectives and ultimately benefit all Shareholders.

The Option Plan rewards long-term service to the Corporation. The Corporation chooses this method of compensation in order to be competitive and to attract and retain technically competent professionals in the respective positions of responsibility.

As of August 5, 2010, an aggregate of 2,088,853 Common Shares have been issued upon the exercise of Options previously granted under the Option Plan (representing approximately 4% of the currently outstanding Common Shares) and an aggregate of 4,144,709 Common Shares are issuable upon the exercise of Options previously granted under the Option Plan (representing approximately 8% of the currently outstanding Common Shares).

Options are awarded to employees of the Corporation by the Board based upon the recommendation of the Named Executive Officers, who base their decisions upon the level of responsibility and contribution of the individuals toward the Corporation's objectives and goals. Also, the Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. The granting of these specific Options is reviewed by the Compensation Committee for final recommendation to the Board for approval. As for the grant of Options to the Chairman of the Board, the Compensation Committee bases its decision on how the Chairman of the Board performed based upon the criteria referred to above under "Bonus Plan" that may have particular affect on long-term Corporation objectives, the salary paid to the Chairman of the Board and the number of existing Options held by the Chairman of the Board. The Board, subject to Compensation Committee review, has allocated the responsibility for the award of Options to employees, up to a specified number of Options per employee, to the Corporation's Chief Executive Officer.

Currently, under the Option Plan:

(a) Options may be issued to directors, officers and employees of, and other service providers to, the Corporation and/or its subsidiaries, in such numbers and with such vesting provisions as the Board may determine;

(b) the number of authorized but unissued Common Shares that may be subject to options granted under the Plan at any time is 10% of the number of outstanding Shares from time to time;

(c) any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan;

(d) the exercise of any Options granted under the Plan will make new grants available under the Plan;

(e) the exercise price of Options shall not be less than the closing trading price per Common share on the TSX on the last trading day preceding the date of grant on which there was a closing price (unless otherwise provided by the TSX), provided that if the Board, in its sole discretion, determines that the closing trading price on the trading day preceding the date of grant would not be representative, then the exercise price of the option will be the greater of that closing trading price and the weighted average price per share for the Common Shares for five consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the TSX;

(f) the term of an Option shall be a period of time fixed by the Board, not to exceed the maximum period of time permitted by the TSX and, unless the Board determines otherwise, the Option shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods and blackout periods) as are contained in the Option Plan or as the Board may from time to time impose or as may be required by the TSX or under applicable securities laws;

(g) subject to any specific requirements of the TSX, the Board shall determine the vesting period(s) during which a holder of Options may exercise such options or a portion thereof; in certain circumstances, the Board has been granted the discretion to provide for accelerated vesting of Options and in other circumstances there will be automatic acceleration of vesting (as further described below);

(h) should an Option expire during a blackout period or within nine business days following the expiration of a blackout period, the expiry time of the Option shall be automatically extended without any further act or formality to 4:00 p.m. (Calgary time) on that date which is the 10^{th} business day after the end of the blackout period (or such other date as may be permitted by the TSX and approved by the Board);

(i) any grant of Options is subject to the following limitations: (i) the aggregate number of Common Shares reserved for issuance pursuant to Options outstanding at any time may not exceed 10% of the total number of issued and outstanding Common Shares; (ii) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant and pursuant to other share compensation arrangements may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis); (iii) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to insiders and pursuant to other share compensation arrangements may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis); (iv) the issuance of Common Shares to insiders pursuant to the

Option Plan and other share compensation arrangements within a one-year period may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and (v) the issuance of Common Shares to any one insider and such insider's associates within a one-year period pursuant to the Option Plan and other share compensation arrangements may not exceed 5% of the outstanding Common Shares (on a non-diluted basis);

(j) subject to the terms of the applicable Option agreement, in the event the holder of an Option ceases to be a director, officer or employee of, or a service provider to, the Corporation for any reason other than death or termination for cause, the Option may be exercised up to and including the earlier of the expiry time of the Option and the date that is 30 days following the effective date of the notice of resignation, retirement or termination, as the case may be; in the event of termination for cause of the holder of the Option, the Option will expire and terminate immediately at the time of delivery of the notice of termination; in the event of the death of the holder of the Option, the Option may be exercised up to and including the earlier of the expiry time of the Option and the date that is one year from the date of death;

(k) Options are non-assignable and non-transferable;

(l) the Board may, at any time and from time to time, amend, suspend or terminate the Option Plan or an Option without Shareholder approval, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or the consent or deemed consent of a Participant where such amendment, suspension or termination materially prejudices the rights of such Participant; notwithstanding the foregoing: (a) the Board may not, without the approval of the Shareholders, make amendments to the Option Plan or any Option for any of the following purposes: (i) to increase the maximum number of Common Shares allocated and made available to be granted to Participants; (ii) to increase the maximum number of Common Shares that may be reserved for issuance pursuant to Options outstanding at any time; (iii) to reduce the Option price for the benefit of an insider; (iv) to extend the expiry time of an Option for the benefit of an insider; and (v) to amend the provisions of the Option Plan pertaining to its amendment or discontinuance; and (b) the Board may, at any time and from time to time, without the approval of the Shareholders, amend any term of any outstanding Option, provided that: (i) any required approval of any regulatory authority or stock exchange is obtained; (ii) if the amendment would reduce the Option price or expiry time of an Option granted to an insider, Shareholder approval must be obtained; (iii) the Board would have the authority to initially grant the Option under the terms so amended; and (iv) the consent or deemed consent of the Participant is obtained if the amendment would materially prejudice the rights of the Participant.

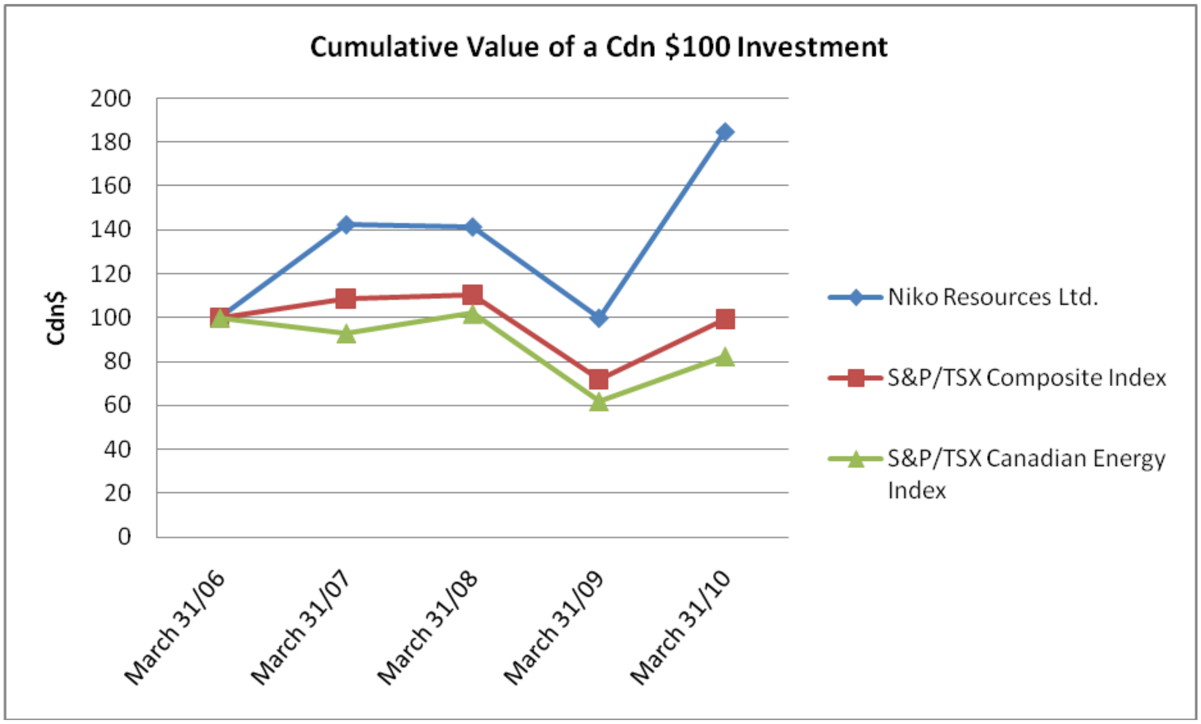
(m) no financial assistance is provided by the Corporation to participants in the Option Plan to facilitate the purchase of Common Shares upon the exercise of Options.

In addition, under the Option Plan, in the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more entities, as a result of which the Corporation is not the surviving entity, are proposed or contemplated, the Board may, notwithstanding the terms of the Option Plan or Option agreements issued thereunder (a) exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time, and (b) in the event of acceleration of vesting as referred to in (a), exercise its discretion, by way of resolution, to cause the Options to terminate after the end of the period of accelerated vesting on such terms as the Board sees fit at that time, even if such termination of the Options is prior to the normal expiry time of the Options. If the Board, in its sole discretion, determines that the Common Shares subject to any Option shall vest on an accelerated basis, all participants in the Option Plan entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the expiry time of such Options.

If the Shareholders receive a take-over bid (as defined in the *Securities Act* (Alberta)) pursuant to which the offeror would, as a result of the bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, and the Corporation supports such bid, a Participant may exercise its right (the "**Acceleration Right**") to exercise all or any of its outstanding Options. The Acceleration Right commences on the date of mailing of the directors' circular recommending acceptance of the take-over bid and ends on the earlier of (a) the expiry time of the Options, and (b) in the event the take-over bid is unsuccessful, on the expiry date of the take-over bid, and in the event the take-over bid is successful, on the 10th day following the expiry date of the take-over bid.

Performance Graph

The following graph compares the yearly change in the cumulative total shareholder return over the last five years of a Cdn$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Canadian Energy Index, assuming the reinvestment of dividends, where applicable, for the comparable period.



	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
	(Cdn$)	(Cdn$)	(Cdn$)	(Cdn$)	(Cdn$)
Niko Resources Ltd.	100	143	142	100	185
S&P/TSX Composite Index	100	109	110	72	99
S&P/TSX Canadian Energy Index	100	93	102	62	82

Compensation levels for the Named Executive Officers from March 31, 2006 to March 31, 2010 are not consistent with the trend of total return on investment charted for the Corporation in the above performance graph. The Corporation does not base its executive compensation on total return on investment. For a discussion of the criteria upon which the Corporation bases executive compensation, see "Statement of Executive Compensation – Compensation Discussion and Analysis".

Option-based Awards

Stock options are awarded to employees of the Corporation by the Board based upon the recommendation of the Chief Executive Officer, and as reviewed and approved by the Compensation Committee. The individual amount of Options awarded are based upon the comparative level of responsibility and authority an individual has within the management structure and hierarchy, the length of tenure and the contribution of the individual toward the Corporation's objectives and goals**.** The grant of Options to the Named Executive Officers is based upon the recommendation of the Compensation Committee to the Board using the criteria noted in the previous sentence and in addition is based upon how these officers performed in relation to the criteria referred to above under "Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation – Bonus Plan". In general, a base number of Options have been set for each individual and new Options are granted when existing Options expire, however, the granting of new Options is always at the discretion of the Board. The base number of Options allocated to an individual is evaluated annually and may be altered depending on changes in the level of responsibility, authority and contribution of the individual towards the Corporation's objectives and goals. Also, the Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation – Stock Option Plan".

Mandatory Share Ownership

One way the directors of the corporation demonstrate their commitment to the Corporation's success is through share ownership. On June 22, 2009, the Board adopted share ownership guidelines. The directors of the Corporation are required to beneficially own, or control or direct, directly or indirectly, that number of Common Shares having a value of no less than five times their annual retainer, and to maintain such ownership. For purposes of the foregoing, the value of the Common Shares held by a director shall be the greater of: (i) the cost to the director of such Common Shares; and (ii) the number determined by multiplying the number of Common Shares so held by the weighted average trading price of the Common Shares on the TSX for the most recently completed fiscal year. Under the guidelines, an individual has one year from the effective date of the adoption of the guidelines (June 22, 2009) or from the date of his election as a director, whichever is the later, to acquire and hold the required number of Common Shares. Don R. Hansen was appointed as a director in January 2010 and is not required to comply with the share ownership guidelines at this time. The remaining directors are in compliance with the share ownership guidelines.

Summary Compensation Table

The following table provides a summary of all direct and indirect compensation for, or in connection with, services provided to the Corporation for the financial years ended March 31, 2010 and 2009 paid to the Named Executive Officers.

Name and principal position	Year	Salary (US$)(1)	Share-based awards (US$)	Option-based awards (US$)(1)	Non-equity incentive plan compensation (US$)(1)		Pension value (US$)	All other compensation(2) (US$)	Total compensation (US$)
					Annual incentive plans	Long-term incentive plans			
Edward S. Sampson, President, Chief Executive Officer, Chairman of the Board and Director	2010 2009	648,600 513,500	None None	13,845,041 9,503,892	662,400 212,589	None None	None None	None None	15,156,041 10,229,981
Murray E. Hesje Vice President, Finance and Chief Financial Officer	2010 2009	326,600 267,500	None None	1,931,185 3,299,773	255,300 67,456	None None	None None	None None	2,513,085 3,634,729
William T. Hornaday, Chief Operating Officer(1)	2010 2009	464,600 400,500	None None	7,578,867 4,434,950	478,400 147,177	None None	None None	None None	8,521,867 4,982,627

Notes:

(1) Salary and non-equity incentive plan compensation is earned and paid in Canadian dollars and the fair values of option-based awards are calculated in Canadian dollars. The average exchange rate for fiscal 2010 of US$0.92 per Cdn$1.00 has been used to calculate the U.S. dollar values in the above table. The average exchange rate for fiscal 2009 of US$0.79 per Cdn$1.00 has been used to calculate the U.S. dollar values in the above table.

(2) This column relates to fees paid for services performed as a director. Messrs. Sampson and Hornaday do not receive compensation with respect to their roles as directors.

Option-based Awards

Amounts in this column relate to Options granted under the Option Plan, as described earlier in this Information Circular. The Corporation uses a Modified Black-Scholes-Merton option-pricing model to calculate the grant date fair value of option-based awards. It is based on the Black-Scholes-Merton option-pricing model and modified to consider expected annual dividends per share. The Corporation chose this methodology because it was the most commonly used methodology for valuing options at the time it was implemented. The weighted average assumptions used by the Corporation in the Black-Scholes-Merton option-pricing model with respect to the Options granted to Named Executive Officers included a volatility rate of 49.8%, a forfeiture rate of 0%, an interest rate of 2.24% and an annual dividend rate of 0.16% per share.

Annual Incentive Plans

Amounts in this column relate to cash payments made under the Corporation's bonus plan, as described earlier in this Information Circular. All of such payments relate only to a single financial year, and are therefore part of the Corporation's annual incentive plan. The payments disclosed in the table for the years ended March 31, 2010 and 2009 were earned in respect of performance for that year but were paid in the following year.

Incentive Plan Awards

Outstanding Option-based Awards

The following option-based awards were outstanding for each Named Executive Officer as at March 31, 2010.

	Option-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price**	**Option expiration date**	**Value of unexercised in-the-money options(1) (US$)(2)**
Edward S. Sampson	37,500	Cdn$63.00	June 28, 2010	1,665,878
	59,375	Cdn$93.00	November 22, 2010	892,014
	62,500	Cdn$49.62	December 8, 2010	3,595,988
	178,125	Cdn$53.70	January 9, 2011	9,536,349
	37,500	Cdn$63.00	June 28, 2011	1,665,878
	59,375	Cdn$93.00	November 22, 2011	892,014
	37,500	Cdn$93.15	December 2, 2011	557,865
	62,500	Cdn$49.62	December 8, 2011	3,595,988
	59,375	Cdn$93.00	November 22, 2012	892,014
	37,500	Cdn$93.15	December 2, 2012	557,865
	62,500	Cdn$49.62	December 8, 2012	3,595,988
	178,125	Cdn$89.99	January 9, 2013	3,201,476
	37,500	Cdn$98.64	June 28, 2013	356,108
	37,500	Cdn$93.15	December 2, 2013	557,865
	62,500	Cdn$49.62	December 8, 2013	3,595,988
	178,125	Cdn$49.90	January 9, 2014	10,199,687
	37,500	Cdn$80.62	June 28, 2014	1,018,343
	59,375	Cdn$89.15	November 22, 2014	1,116,036
	37,500	Cdn$93.15	December 2, 2014	557,865
	178,125	Cdn$104.10	January 9, 2015	738,399
Total	1,500,000			48,789,606

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] (US$)[2]
Murray E. Hesje	12,500	Cdn$49.62	December 8, 2010	719,198
	12,500	Cdn$93.85	May 22, 2011	177,380
	37,500	Cdn$63.00	June 28, 2011	1,665,878
	12,500	Cdn$49.62	December 8, 2011	719,198
	12,500	Cdn$93.85	May 22, 2012	177,380
	37,500	Cdn$99.00	June 22, 2012	342,878
	12,500	Cdn$49.62	December 8, 2012	719,198
	12,500	Cdn$93.85	May 22, 2013	177,380
	37,500	Cdn$98.64	June 28, 2013	356,108
	12,500	Cdn$49.62	December 8, 2013	719,198
	12,500	Cdn$71.13	May 22, 2014	455,700
	37,500	Cdn$80.62	June 28, 2014	1,018,343
Total	250,000			7,247,839

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] (US$)[2]
William T. Hornaday	6,250	Cdn$93.85	May 22, 2010	88,690
	40,000	Cdn$53.70	January 9, 2011	2,141,496
	25,000	Cdn$60.39	April 30, 2011	1,174,530
	6,250	Cdn$93.85	May 22, 2011	88,690
	12,500	Cdn$63.00	June 28, 2011	555,293
	25,000	Cdn$93.15	December 2, 2011	371,910
	31,250	Cdn$49.62	December 8, 2011	1,797,994
	18,750	Cdn$80.90	December 18, 2011	504,026
	25,000	Cdn$60.39	April 30, 2012	1,174,530
	6,250	Cdn$93.85	May 22, 2012	88,690
	25,000	Cdn$93.15	December 2, 2012	371,910
	31,250	Cdn$49.62	December 8, 2012	1,797,994
	50,000	Cdn$89.99	January 9, 2013	898,660
	25,000	Cdn$60.39	April 30, 2013	1,174,530
	6,250	Cdn$93.85	May 22, 2013	88,690
	12,500	Cdn$98.64	June 28, 2013	118,703
	25,000	Cdn$93.15	December 2, 2013	371,910
	31,250	Cdn$49.62	December 8, 2013	1,797,994
	50,000	Cdn$49.90	January 9, 2014	2,863,070
	25,000	Cdn$60.39	April 30, 2014	1,174,530
	6,250	Cdn$71.13	May 22, 2014	227,850
	12,500	Cdn$80.62	June 28, 2014	339,448
	25,000	Cdn$93.15	December 2, 2014	371,910
	50,000	Cdn$104.10	January 9, 2015	207,270
Total	571,250			19,790,318

Notes:

(1) The value of the option-based awards outstanding at March 31, 2010 was calculated based on the closing price of the Common Shares on the TSX on March 31, 2010 of Cdn$108.33.

(2) The value of unexercised in-the-money options in the above table was converted to U.S. dollars using the March 31, 2010 exchange rate of US$0.98 per Cdn$1.00.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned during the year ended March 31, 2010 for the incentive plan awards to the Named Executive Officers.

Name	Option-based awards[(1)] – Value vested during the year (US$)[(3)]	Non-equity incentive plan compensation[(2)] – Value earned during the year (US$)[(3)]
Edward S. Sampson	11,421,915	662,400
Murray E. Hesje	1,118,835	255,300
William T. Hornaday	3,798,393	478,400

Notes:

(1) The value of option-based awards vested during the year is the aggregate dollar value that would have been realized if the Options constituting the option-based awards had been exercised on their vesting dates and was calculated based on the difference between the closing market price of the underlying securities on the applicable vesting date and the exercise price of the in-the-money Options on such vesting date.

(2) All non-equity incentive plan compensation referred to in this section relates to cash payments made under the Corporation's bonus plan, as described earlier in this Information Circular.

(3) The values of option-based awards vested during the year and non-equity incentive plan compensation earned during the year in the above table were converted to U.S. dollars using the average rate for the year ended March 31, 2010 of US$0.92 per Cdn$1.00.

Termination and Change of Control Benefits

The Corporation does not provide termination benefits to its employees, except as required by law. In the event an employee is terminated or ceases to be employed by the Corporation, any unvested Options are forfeited and the employee has 30 days from the date of ceasing employment to exercise any vested Options.

The Corporation has a change of control agreement with each Named Executive Officer, which agreement provides for payments in the event of a "change of control" of the Corporation. In certain circumstances when a change of control of the Corporation occurs, payments will be made to the Named Executive Officers. The definition of "change of control" in these agreements includes (1) a change in ownership of Common Shares which results in a person or group of persons acting jointly or in concert (or their affiliates or associates) being in a position to exercise effective control of the Corporation (which shall be deemed to include ownership or control of in excess of 50% of the Common Shares) and (2) the sale, lease or transfer of all or substantially all of the assets of the Corporation. In addition, upon the occurrence of a change of control, all outstanding Options will immediately vest and become exercisable.

The following table outlines payments that would be made by the Corporation to Named Executive Officers and the value of option-based awards that would vest in the event of a change of control:

<table>
<tr><th>Name</th><th>Description of change of control compensation</th><th>Change of control compensation (US$)[(1)]</th><th>Value of outstanding options[(2)] (US$)[(1)]</th><th>Total (US$)[(1)]</th></tr>
<tr><td>Edward S. Sampson</td><td>24 months salary plus the amount of bonus received in the previous year</td><td>2,116,800</td><td>48,789,606</td><td>50,906,406</td></tr>
<tr><td>Murray E. Hesje</td><td rowspan="2">18 months salary plus the amount of the bonus received in the previous year</td><td>815,850</td><td>7,247,839</td><td>8,063,689</td></tr>
<tr><td>William T. Hornaday</td><td>1,274,000</td><td>19,790,318</td><td>21,064,318</td></tr>
</table>

Notes:

(1) The values of change of control compensation and values of outstanding options as at March 31, 2010 in the above table were converted to U.S. dollars using the March 31, 2010 exchange rate of US$0.98 per Cdn.$1.00

(2) The value of the option-based awards outstanding at March 31, 2010 that would vest in the event of a change of control was calculated based on the closing price of the Common Shares on the TSX on March 31, 2010 of Cdn$108.33.

(3) The Corporation also has change of control agreements with employees who are not Named Executive Officers. In the event of a change of control, each of (1) the middle management and senior professionals of the Corporation will receive an amount equal to 12 months' worth of his or her salary plus the amount of bonus received by him or her in the previous year, (2) the junior professionals and clerical staff of the Corporation will receive an amount equal to three months' worth of his or her salary plus one month for each year of service to the Corporation to a maximum of 12 months plus the amount of bonus received by him or her in the previous year, and (3) the non-management directors of the Corporation in an amount equal to Cdn$100,000.

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors of the Corporation, other than directors who are also Named Executive Officers, for the year ended March 31, 2010. The compensation of the directors who are also Named Executive Officers, namely, the President, Chief Executive Officer, Chairman of the Board and the Chief Operating Officer, are included under "Statement of Executive Compensation – Summary Compensation Table".

Name	**Fees earned (US$)[(1)]**	**Option-based awards** (US$)[(1)]	**All other compensation (US$)**	**Total** (US$)[(1)]
C. J. (Jim) Cummings	23,000	-	-	23,000
Walter DeBoni	23,000	-	-	23,000
Don R. Hansen	-	-	-	-
Conrad P. Kathol	23,000	249,259	-	272,259
Wendell W. Robinson	23,000	249,259	-	272,259

Note:

(1) Fees are earned and paid in Canadian dollars and the fair values of option-based awards are calculated in Canadian dollars. The average exchange rate for fiscal 2010 of US$0.92 per CDN$1.00 has been used to calculate the U.S. dollar value in the above table.

Fees Earned

The Board, through the Compensation Committee, periodically reviews the adequacy and form of compensation of directors. Since January 1, 2005, the directors (other than Messrs. Sampson and Hornaday) have been, and will continue to be, paid Cdn$25,000 per annum as compensation for acting as directors of the Corporation. The directors are reimbursed for any third-party costs that they have paid personally, but only for those costs incurred while acting on behalf of the Corporation.

Option-based Awards

All option-based awards referred to in this section relate to Options granted under the Option Plan, as described earlier in this Information Circular. The Corporation uses a Modified Black-Scholes option-pricing model to calculate the grant date fair value of option-based awards. It is based on the Black-Scholes option-pricing model and modified to consider expected annual dividends per share. The Corporation chose this methodology because it was the most commonly used methodology for valuing options at the time it was implemented. The weighted average assumptions used by the Corporation in the Black-Scholes-Merton option-pricing model with respect to the Options granted to the directors named above were a volatility rate of 66.6%, a forfeiture rate of 0%, an interest rate of 2.15% and an annual dividend rate of 0.16% per share.

Incentive Plan Awards – Outstanding Option-based Awards

The following option-based awards were outstanding for each director, other than directors who are also Named Executive Officers, as at March 31, 2010. The option-based awards of the directors who are also Named Executive Officers, namely, the President, Chief Executive Officer, Chairman of the Board and the Chief Operating Officer, are included under "Statement of Executive Compensation – Incentive Plan Awards".

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] (US$)[2]
C. J. (Jim) Cummings	68,750	Cdn$41.00	November 14, 2010	4,536,359
	6,250	Cdn$49.62	December 8, 2010	359,599
	6,250	Cdn$49.62	December 8, 2011	359,599
	6,250	Cdn$49.62	December 8, 2012	359,599
	6,250	Cdn$49.62	December 8, 2013	359,599
Total	93,750			5,974,755

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] (US$)[2]
Walter DeBoni	60,000	Cdn$41.00	November 14, 2010	3,959,004
	6,250	Cdn$49.62	December 8, 2010	359,599
	6,250	Cdn$49.62	December 8, 2011	359,599
	6,250	Cdn$49.62	December 8, 2012	359,599
	6,250	Cdn$49.62	December 8, 2013	359,599
Total	85,000			5,397,400

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] US$[2]
Don R. Hansen	n/a	n/a	n/a	n/a

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1] (US$)[2]
Conrad P. Kathol	6,250	Cdn$63.00	June 28, 2010	277,646
	6,250	Cdn$49.62	December 8, 2010	359,599
	12,500	Cdn$53.70	January 9, 2011	669,218
	6,250	Cdn$63.00	June 28, 2011	277,646
	12,500	Cdn$93.00	November 22, 2011	187,793
	6,250	Cdn$49.62	December 8, 2011	359,599
	12,500	Cdn$93.00	November 22, 2012	187,793
	6,250	Cdn$49.62	December 8, 2012	359,599
	12,500	Cdn$89.99	January 9, 2013	224,665
	6,250	Cdn$98.64	June 28, 2013	59,351
	6,250	Cdn$49.62	December 8, 2013	359,599
	12,500	Cdn$49.90	January 9, 2014	715,768
	6,250	Cdn$80.62	June 28, 2014	169,724
Total	112,500			4,208,000

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options[(1)] (US$)[(2)]
Wendell W. Robinson	12,500	Cdn$53.70	January 9, 2011	669,218
	6,250	Cdn$63.00	June 28, 2011	277,646
	6,250	Cdn$49.62	December 8, 2011	359,599
	31,250	Cdn$80.90	December 18, 2011	840,044
	6,250	Cdn$49.62	December 8, 2012	359,599
	6,250	Cdn$49.62	December 8, 2013	359,599
	12,500	Cdn$49.90	January 9, 2014	715,768
	6,250	Cdn$80.62	June 28, 2014	169,724
Total	87,500			3,751,197

Notes:

(1) The value of the option-based awards outstanding at March 31, 2010 was calculated based on the closing price of the Common Shares on the TSX on March 31, 2010 of Cdn$108.33.

(2) The values of unexercised in-the-money options in the above table were converted to U.S. dollars using the March 31, 2010 exchange rate of US$0.98 per Cdn$1.00.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned during the year ended March 31, 2010 for each incentive plan award to directors of the Corporation who are not also Named Executive Officers. The vested value of option-based awards of the directors who are also Named Executive Officers, namely, the President, Chief Executive Officer, Chairman of the Board and the Chief Operating Officer, are included under "Statement of Executive Compensation - Incentive Plan Awards - Incentive Plan Awards - Value Vested or Earned During the Year".

Name	Option-based awards – Value vested during the year[(1)] (US$)[(2)]
C. J. (Jim) Cummings	1,265,633
Walter DeBoni	1,265,633
Don R. Hansen	-
Conrad P. Kathol	936,388
Wendell W. Robinson	936,388

Notes:

(1) The value of option-based awards vested during the year is the aggregate dollar value that would have been realized if the options constituting the option-based awards had been exercised on their vesting dates and was calculated based on the difference between the closing market price of the underlying securities on the applicable vesting date and the exercise price of the in-the-money Options on such vesting date.

(2) The values of option-based awards vesting during the year in the above table were converted to U.S. dollars using the average exchange rate for the year ended March 31, 2010 of US$0.92 per Cdn$1.00.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information with respect to compensation plans under which equity securities of the Corporation were authorized for issuance as at March 31, 2010:

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** **(a)**	**Weighted-average exercise price of outstanding options, warrants and rights** **(b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** **(c)**
Equity compensation plans approved by securityholders[(1)]	4,056,714	Cdn$75.88	1,025,097[(1)]
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,056,714	Cdn$75.88	1,025,097

Note:

(1) This number represents 10% of the total outstanding Common Shares less the number of Options outstanding as at March 31, 2010. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation – Stock Option Plan".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, each proposed nominee for election as a director of the Corporation and each associate of the foregoing, has been, at any time, indebted to the Corporation or has indebtedness to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation (meaning any director or executive officer of the Corporation, any insider of the Corporation, and any director or executive officer of a person or company that is itself an informed person of the Corporation), nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has had any material interest in any transaction or proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries at any time since the beginning of the most recently completed financial year of the Corporation.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* provides guidance on corporate governance practices. These guidelines, while not mandatory, deal with the constitution of boards of directors and board committees, their functions, their independence from management and other means of addressing corporate governance practices**.** National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, certain prescribed disclosure respecting corporate governance matters be included in its management information circular.

Set out below is a description of the Corporation's current corporate governance practices, relative to Form 58-101F1 requirements (which are set out below in italics).

1. **Corporate Governance**

Disclose the identity of directors who are independent.

C.J. (Jim) Cummings, Walter DeBoni, Don Hansen, Conrad Kathol and Wendell W. Robinson are independent, unrelated directors of the Corporation.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

Edward S. Sampson and William T. Hornaday are not independent directors as they are both executive officers of the Corporation.

Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.

A majority of the Corporation's directors are independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors of the Corporation are directors of other reporting issuers listed on the TSX:

- Walter DeBoni is a director of ARC Resources Ltd. (the administrator of ARC Energy Trust (TSX:AET.UN)) and Sterling Resources Ltd. (TSX:SLG).
- Don R. Hansen is a director of InterOil Corporation (TSX: IOL) (AMEX: IOC) (POMSoX: IOC).

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

The independent directors of the Corporation meet regularly without non-independent directors and management at the conclusion of each scheduled Board meeting and whenever they see fit. There were 11 board meetings held between April 1, 2009 and the date hereof.

In addition, the Audit Committee and the Compensation Committee are comprised entirely of independent directors. Meetings of these committees provide a forum for open and candid discussion among the Corporation's independent directors. There were 17 committee meetings of the independent directors held between April 1, 2009 and the date hereof.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Chairman of the Board is Mr. Sampson who, as an executive officer, is not an independent director. The Corporation's independent directors each play an important leadership role on the Board and have sufficient influence on Board decisions. To date, a lead director or independent chair has not been considered necessary.

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

Name	Board Meeting Attendance
Edward S. Sampson	11/11
C. J. (Jim) Cummings	11/11
Walter DeBoni	8/11
Don R. Hansen	3/5[(1)]
William T. Hornaday	11/11
Conrad P. Kathol	10/11
Wendell W. Robinson	11/11

Note:

(1) Don R. Hansen was appointed as a director in January 2010.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Board mandate is included in Appendix A to this Information Circular.

3. Position Descriptions

Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board, in conjunction with the Chairman of the Board, has developed written position descriptions for the Chairman of the Board and for the chair of each Board committee.

Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board, in conjunction with the Chief Executive Officer, has developed a written position description for the Chief Executive Officer.

4. Orientation and Continuing Education

Briefly describe what measure the board takes to orient new directors regarding the role of the board, its committees and its directors and the nature and operation of the issuer's business.

The Corporation has an orientation program for its new directors. The orientation program is designed to build each director's understanding of and identification with the Corporation by:

(a) providing an introduction to the Corporation, notably through an interview with the Chairman of the Board and other Board members;

(b) providing presentations on the Corporation's operations in all countries;

(c) providing an introduction to selected members of the Corporation's team, notably through an interview with the Chairman and management;

(d) providing an overview of the Corporation's corporate governance practices;

(e) providing an introduction to governance practices;

(f) clarifying the expectations of directors, noting that this process will have begun from the initial contact of the director by the Corporation's Corporate Governance Committee;

(g) exposing the directors to the Corporation's organizational structure; and

(h) acquainting directors with the Corporation's annual objectives and ongoing operations.

Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

The Corporation provides educational information on relevant topics in the form of documents and formal presentations to the Board. The Corporation encourages the directors to enrol in courses and programs that will enhance their knowledge and skills in areas that are relevant to their roles as directors and members of committees of the Corporation.

The directors of the Corporation are encouraged to make site visits and participate in a strategic planning session. The Corporation places an obligation on its directors to maintain a high level of knowledge of the industry and a high level of professional skills.

5. Ethical Business Conduct

Disclose whether or not the board has adopted a written code for the directors, officers and employees. Disclose how a person or company may obtain a copy of the code. Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code.

A written code of conduct has been implemented by the Corporation for all directors, officers and employees. A person may obtain a copy of the code by visiting the Corporation's page at www.sedar.com. The board monitors compliance with the code through communications with management, reports through the whistleblower policy (as described below) and employee signoff of compliance with the code.

Describe any steps the board takes to ensure directors exercise independent judgment considering transactions and agreements in respect of which a director or executive officer has a material interest.

The directors and officers are required to complete an annual statement of compliance under the Corporation's code of conduct policy. This ensures directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board ensures that a director who has a material interest in a transaction or agreement doesn't participate in discussions if competitive information is being presented or vote on that matter at Board meetings.

Should such a circumstance arise, the matter would be referred to the Audit Committee and the Chairman of the Board for appropriate action.

Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Corporation is committed to the highest standards of openness, honesty and accountability. To this end, in addition to the code of conduct applicable to employees, the Corporation has adopted a whistleblower policy. This policy provides an avenue for individuals to confidentially and anonymously report, directly to the Board, complaints and concerns regarding accounting, internal auditing controls or auditing matters without the fear of victimization, discrimination or disadvantage.

The Corporation also has a share trading policy. The share trading policy prescribes rules for Restricted Persons and Employees (as such terms are defined in the policy) with respect to trading in securities in the capital of the Corporation by these individuals when there is undisclosed material information or undisclosed pending material developments with respect to the Corporation.

6. **Nomination of Directors**

Describe the process by which the board identifies new candidates for board nomination.

The Corporation's Corporate Governance Committee, consisting of a majority of independent directors, considers and recommends candidates to fill new positions on the Board created either by expansion or vacancies created by the resignation, retirement or removal of any of the Corporation's directors.

Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Board does not have a separate nominating committee; however, the Corporate Governance Committee is charged with the responsibility for handling the nomination process. The Corporate Governance Committee is comprised of a majority of independent directors. The fact that a majority of the members of the Corporate Governance Committee are independent ensures that the nomination process is objective.

7. **Compensation**

Describe the process by which the board determines the compensation for the issuer's directors and officers.

The Board has created a Compensation Committee to review and approve the compensation for the officers of the Corporation and to ensure that compensation is fair, equitable and consistent with that of its industry peers. The Corporation compensates its executive officers through a base salary, an annual performance based bonus pool and the award of Options.

The Compensation Committee generally reviewed compensation arrangements paid by a number of Canadian public oil and gas companies that either had growth profiles similar to that of Niko, were of similar size and complexity to Niko, or had significant international operations. The Compensation Committee then set the salary within the context of the Corporation's overall compensation package of salary, bonus potential and options, which would allow Niko to remain competitive and be consistent with the qualitative parameters referred to above. See "Statement of Executive Compensation - Compensation Discussion and Analysis- Executive Compensation - Base Salary".

Under Niko's bonus pool, the Compensation Committee allocates a basic aggregate amount on an annual basis. The potential amount of the bonus pool is the sum of the aggregate amount of the current annual salary of each of the participants in the plan. At the beginning of each year, targeted goals are established that are based upon the Corporation's budget and development plan for the year. The targeted goals are for the Corporation as a whole such that the potential size of the pool is determined by the total performance of all of the key employees of the Corporation in participating toward the achievement of these predefined objectives. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Executive Compensation – Bonus Plan".

The Board believes that the grant of Options to employees and officers of the Corporation and share ownership by these employees and officers serves to motivate achievement of the Corporation's strategic objectives and the result will benefit all Shareholders. Options are awarded to employees of the Corporation by the Board based upon the recommendation of the Chief Executive Officer and the Chief Operating Officer, who base their decisions upon the level of responsibility and contribution of the individuals toward the Corporation's objectives and goals. Also, the Board considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grant. See "Statement of Executive Compensation - Compensation Discussion and Analysis- Executive Compensation - Stock Option Plan".

The Board, through the Compensation Committee, periodically reviews the adequacy and form of compensation of the Board. Directors are paid Cdn$25,000 per annum as compensation for acting as directors of the Corporation. The directors are reimbursed for any third party costs that they have paid personally, but only for those costs incurred while acting on behalf of the Corporation. Members of the Board are entitled to receive Options under the Option Plan. See "Statement of Executive Compensation - Director Compensation".

The Board grants Options to directors as a means to compensate them for their knowledge and advice to the management of the Corporation and for their involvement in determining and directing the strategic direction of the Corporation. The number of Options granted are based upon competitive requirements to retain experienced competent professionals and to ensure concerted attention is paid to critical corporate matters prior to and during meetings of the Board, to technical matters for Board Committees, and to consultation and advice to management on a continuous basis related to operating, financial and governance matters.

Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Compensation Committee is composed entirely of independent directors.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The responsibilities, powers and operations of the compensation committee are set forth in the mandate of the Compensation Committee included in Appendix B to this Information Circular.

If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work

Towers Perrin has been retained to provide an Energy Industry Total Rewards Database Report. This report was provided to the Compensation Committee. The report was used to assist the Compensation Committee in determining the compensation for the Named Executive Officers.

8. **Other Board Committees**

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

In addition to the Audit Committee and Compensation Committee, the Board has a Corporate Governance Committee and an Environment and Reserve Committee.

The function of the Corporate Governance Committee is set forth in the Mandate of the Corporate Governance Committee set forth in Appendix C to this Information Circular.

The Corporation's Environment and Reserve Committee has a mandate to:

(a) select and determine remuneration for the reserves evaluator (the "R**eserves Evaluator**");

(b) monitor the Corporation's processes and procedures to ensure flow of relevant information to the Reserves Evaluator;

(c) review the annual and periodic independent engineering reports;

(d) provide oversight of the Corporation's systems for complying with regulatory requirements;

(e) provide oversight of the Corporation's systems for disclosure of reserves information;

(f) review the disclosed oil and gas reserves data; and

(g) review the reserves data of the Reserves Evaluator.

9. **Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Directors complete an annual Board Effectiveness Questionnaire commenting on Board responsibility, organization, composition, independence from management, operations, effectiveness, and performance. The results of the questionnaires are analyzed by the Chairman of the Board together with the Corporate Governance Committee, who then recommend and implement changes to enhance the overall performance of the Board and monitor ongoing progress in any areas identified for improvement.

AUDIT COMMITTEE INFORMATION

For information on the charter of the Audit Committee of the Board and for the disclosure regarding the Audit Committee required under Canadian Securities Administrators' National Instrument 52-110 *Audit Committees*, please see the information provided under the heading "Audit Committee" contained in the Corporation's Annual Information Form for the year ended March 31, 2010, which document can be found at the Corporation's page on SEDAR at www.sedar.com.

OTHER MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any matter to come before the Meeting other than as set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

The Corporation shall provide to any person, without charge, following a written or oral request to Mr. Edward Sampson, Chairman of the Board of the Corporation, by mail at Suite 4600, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 or by telephone at (403) 262-1020, copies of this Information Circular, the Corporation's annual financial statements and management's discussion and analysis and any interim financial statements since March 31, 2010. Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Furthermore, financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

APPENDIX A
BOARD MANDATE

The Board of Directors (Board) of NIKO RESOURCES LTD. (NIKO) has the oversight responsibility and duties as described herein. In addition, each Director has the responsibility and duties provided in any other mandate or Position Description that applies to them.

GENERAL

The Board has responsibility for the stewardship of NIKO and its subsidiaries to ensure the long-term financial operational viability and efficiency of the Corporation, and to generally further NIKO's objectives by establishing policies and implementing, directing and monitoring the same exercising the care, diligence and skill of a reasonably prudent person in comparable circumstances, in good faith with a view to the best interests of NIKO. Without limiting the generality of the foregoing, the Board will perform the following duties.

STRATEGIC, OPERATING, CAPITAL PLANS AND FINANCING PLANS

- in consultation with the management of NIKO, define the principal objectives of NIKO;
- require the Chief Executive Officer to present periodically to the Board for approval a long range strategic plan of NIKO designed to achieve the principal objectives as adopted by the Board;
- establish a strategic planning process and monitor performance versus plans;
- review and approve annual budgets, operating plans, and corporate objectives and monitor performance and compliance;
- identify the principal risks to NIKO and ensure the implementation of systems to mange such risks;
- review the integrity of internal control and management information systems;
- approve acquisitions and dispositions and the establishment of credit facilities;
- confirming on an annual basis the appointment of Officers;

MONITORING/IMPLEMENTING

- monitor NIKO's progress toward its goals, and revise and amend strategic planning in response to change in business and corporate circumstances;
- monitor employment policies including compensation, performance and succession planning;
- in consultation with the Chief Executive Officer, establish and monitor and foster ethical and responsible decision making by management, and ethical standards to be observed by NIKO and its employees;
- approve all matters relating to any takeover bid of NIKO;
- with the advice of the Compensation Committee, monitor and approve compensation of senior management personnel and appropriate compensation programs for NIKO's employees;
- on the recommendation of the Corporate Governance Committee and Audit Committee, approve NIKO's Ethics Policy;
- with the Audit Committee and the Board Chair, respond to potential conflict of interest situations;
- monitor compliance with NIKO's Ethics Policy, and provide for appropriate disclosure of any waivers of the policy for directors and officers;

- review and approve succession, including approving development of and monitoring of the performance of senior management personnel;
- with the Corporate Governance Committee, develop NIKO's approach to corporate governance;
- receive for consideration the Corporate Governance Committees evaluation and recommendations of amendments to Corporate Governance Policies, the Board Mandate and Position Descriptions;
- on an annual basis review:
    - The Capital Management Policy
    - The Code of Conduct and Compliance Sign-offs
    - The Communications Policy
    - The Whistleblower Policy
    - The Document Preservation Guidelines
    - The Share Trading Policy

  and amend the same if considered necessary to ensure that such policies are achieving their intended purpose.

COMMUNICATIONS, DISCLOSURE AND COMPLIANCE

- ensure timely compliance with the reporting obligations of NIKO, and that the financial performance of NIKO is properly reported to shareholders, other security and regulators on a timely and regular basis;
- recommend to shareholders of NIKO a firm of chartered accountants to be appointed as NIKO's auditors;
- ensure the timely reporting of any change in the business, operations or capital of NIKO that would reasonably be expected to have a significant effect on the market price or value of the shares of NIKO;
- ensure the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles;
- report annually to shareholders on the Boards' stewardship for the preceding year;
- establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the Whistleblower Policy; and
- ensure that NIKO has a policy in place to enable effective communication with its shareholders and the public generally.

GOVERNANCE

- in consultation with the Chairman of the Board develop a position description for the Chairman of the Board and in consultation with the Chief Executive Officer a position description for the Chief Executive Officer and review such position descriptions as necessary to ensure the same are practical and appropriate;
- facilitate the continuity, effectiveness and principles of independence of the Board by, among other things:
- appointing a Chair of the Board with experience and expertise in foreign investment and operations;
- appointing an Audit Committee comprised solely of financially competent independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and

quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the system of internal accounting and financial reporting controls that Management has established; (v) performance of the internal and external audit process and of the independent auditor; and (vi) implementation and effectiveness of the Ethics Policy and the compliance programs under the Ethics Policy;

- appointing a Compensation Committee comprised solely of independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) key compensation and employment policies; (ii) Chief Executive Officer and executive Management compensation; and, (iii) executive Management succession and development;

- appointing an Environmental and Reserves Committee comprised of a majority of independent directors with the responsibility to assist the Audit Committee and the Board in fulfilling their oversight responsibilities with respect to the annual review of NIKO's petroleum and natural gas reserves, and disclosure of reserves data and related oil and gas and mining activities, and environmental practices;

- appointing a Corporate Governance Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; and, (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, all with a view to ensuring NIKO has corporate governance practices appropriate for NIKO;

- in the Board's discretion, appointing any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board;

- defining the terms of reference for the Chairs of such Committees;

- ensuring that processes are in place and are utilized to assess the effectiveness of the Board and the Committees established by the Board;

- establishing a system to enable any director or Committee to engage an outside advisor at the expense of NIKO;

- overseeing the development and implementation of the Director orientation program;

- overseeing the process of the Corporate Governance Committee's annual evaluation of the performance and effectiveness of the Board and Board Committees and participate in the annual evaluation of Board performance by the Corporate Governance Committee;

- receiving and considering a report and recommendations of the Corporate Governance Committee or the results of the annual evaluation of Board Performance;

- review annually the compensation of directors.

DELEGATION

The Board may delegate its duties to and receive reports from the Audit, Environment and Reserves, Compensation and Corporate Governance and any other committee created by the Board to assist the Board in the performance of its duties.

COMPOSITION

- the Board shall be comprised of at least six individuals appointed by the shareholders at the Annual Meeting;

- a majority of the Board Members will be independent (within the meaning of National Instrument 58.101) and free from any direct or indirect material relationship which could in the opinion of the Board, reasonably interfere with the members independent judgment;

- all Board members will have the skills and abilities appropriate to their appointment as directors, it being recognized that an appropriate combination of education, experience and competencies will ensure that the Board will discharge its duties effectively. Board members should have sufficient knowledge of NIKO and petroleum industry to assist in providing advice and counsel on relevant issues;

- Board members shall review available materials in advance of meetings and endeavour to attend all meetings of the Board and its subcommittees;

- once or more annually, as the Corporate Governance Committee decides, this Mandate shall be evaluated and updates recommended to the Board for consideration.

APPENDIX B
COMPENSATION COMMITTEE MANDATE

The Compensation Mandate Committee ("the Committee") is appointed by the Board of Directors ("the Board") to assist the Board in fulfilling its oversight responsibilities with respect to compensation policies of the Corporation ("NIKO"), and such other matters as may be delegated by the Board.

1. General

The purpose of the Committee is:

- to review and report to the Board on matters of compensation provided to all employees of NIKO; and
- to review and report to the Board on matters respecting the policies of NIKO concerning employee benefits; and
- to monitor and make recommendations to the Board with respect to recruitment, retaining and motivating employees and ensuring conformity between compensation and other objectives of the Corporation.

The Committee will continuously review and modify its terms of reference with regards to changes in the business environment, industry standards, matters of compensation in corporate governance and additional standards which the Committee believes may be applicable to NIKO's business in consultation with the Committee and submit such modifications to the Board for approval.

2. Composition, Procedures and Organization

- The Compensation Committee will be comprised of three or more Directors as determined from time to time by resolution of the Board.
- Each member of the Compensation Committee must be independent as that term is defined in NI58-101 and as such must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Compensation Committee.
- Consistent with the appointment of other Board committees, the members of this committee will be appointed by the Board at the first meeting of the Board following each AGM or at such of the time as may be determined by the Board.
- The Board will designate the Chairman of the Compensation Committee. The presence in person or by telephone of a majority of the committees' members constitutes a quorum for any meeting.
- All actions of the Compensation Committee will require a vote of the majority of its members present at a meeting of such Committee at which a quorum is present.
- The Compensation Committee will meet at least twice annually or otherwise as may be directed by the Board or as circumstances warrant.
- Meetings of the Committee may be called by any member.
- The Chairman of the Compensation Committee will appoint a member to act as secretary for the purposes of recording the minutes of each meeting.
- All members of the Committee must be familiar with any corporate governance guidelines established by the Canadian Securities Administrators and relevant securities regulators with respect to compensation matters at the time of their appointment or become so within a reasonable period of time following such appointment. The competence of the members of the Compensation Committee in this regard will be determined by the Board in the exercise of its business judgment.

3. Accountability and Reporting

The Compensation Committee is accountable to the Board. The Compensation Committee must provide the Board with a summary of all meetings and its recommendations, together with a copy of the minutes of each such meeting. If applicable, the Chairman will provide oral reports as requested.

All information reviewed and discussed by the Compensation Committee at any meeting must be retained and made available for examination by the Board. The Compensation Committee will review its mandate annually and will forward to the Corporate Governance Committee any recommended alterations to that mandate.

4. Responsibilities

The Compensation Committee must:

- review and recommend the annual salary, incentive compensation and other benefits or perquisites, direct or indirect, of the employees and officers of NIKO and to ensure the compensation is fair, equitable and comparable with others in the petroleum industry.
- review and recommend the policies of NIKO concerning employee benefits and perquisites and periodically review their application;
- review and recommend incentive compensation for employees of NIKO;
- review with the CEO the performance, development of management of NIKO;
- ensure compliance with management compensation disclosure rules in the annual management information circular and proxy statement;
- review and approve corporate goals and objectives relevant to senior management and the CEO compensation, evaluating the performance of senior management and the CEO in light of those corporate goals and objectives and making recommendations to the Board with respect to the compensation of senior management and the level based on this evaluation; and
- review and make recommendations to the Board for determining and establishing compensation of Directors.

The Compensation Committee may request such officers of NIKO as it may see fit to attend its meeting and to assist in the discussion and consideration of such matters as the committee may determine.

The Compensation Committee may retain, on a periodic basis, an outside consulting firm to evaluate the overall compensation arrangements for executives or to develop new incentive plans.

5. Communication, Authority to Engage Advisors and Expenses

The Committee shall have direct access to such officers and employees of NIKO and to any other consultants or advisors, and to such information respecting NIKO it considers necessary to perform its duties and responsibilities.

Any employee may bring before the Committee, on a confidential basis, any concerns relating to matters over which the Committee has oversight responsibilities.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and other advisors, such engagement to be at NIKO's expenses. NIKO shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate by the Committee in order to carry out its duties.

APPENDIX C
CORPORATE GOVERNANCE MANDATE

The Corporate Governance Mandate Committee ("the Committee") is appointed by the Board of Directors ("the Board") to assist the Board in fulfilling its oversight responsibilities with respect to the Corporate governance and nomination issues facing the Corporation (" NIKO"), and such other matters as may be delegated by the Board.

1. General

The purpose of the Committee is:

- to review and report to the Board on matters of corporate governance and Board composition; and
- to provide oversight review of NIKO's systems for achieving compliance with regulatory and legal requirements provided the Committee's oversight role shall not include responsibility for NIKO's actual compliance with applicable laws and regulations; and
- to monitor NIKO's corporate process and structure used to direct and manage the business and affairs of NIKO in assisting the Board in discharging its legal and fiduciary obligations; and
- to promote appropriate standards of behavior with respect to all aspects of NIKO's business.

The Committee will continuously review and modify its terms of reference with regards to changes in the business environment industry, standards on matters of corporate governance, and additional standards which the Committee believes may be applicable to the business of NIKO and submit such modifications to the Board for approval.

2. Composition, Procedures and Organization

- The Committee will be comprised of three or more Directors as determined from time to time by resolution of the Board.
- The majority of the members of the Committee must be independent as that term is defined in NI 58-101 and as such must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Committee. A Director who is part of management may be appointed to the Committee on the unanimous approval of the Board to assist in promoting prudent corporate governance policies and procedures.
- Consistent with the appointment of other Board committees, the members of the Committee will be appointed by the Board at the first meeting of the Board following each AGM or at such of the time as may be determined by the Board.
- The Board will designate the Chairman of the Committee. The presence in person or by telephone of a majority of the Committee's member's constitutes a quorum for any meeting.
- All actions of the Committee will require a vote of the majority of its members present at a meeting of such Committee at which a quorum is present.
- The Committee will meet at least twice annually or otherwise as may be directed by the Board or as circumstances warrant.
- Meeting of the Committee may be called by any member.
- The Chairman of the Committee will preside at Committee meetings, and the Committee will appoint a secretary for the purposes of recording the minutes of each meeting.
- All members of the Committee must be familiar with any corporate governance guidelines established by the Canadian Security Administrators and relevant securities regulatory authorities at the time of their appointment or become so within a reasonable period of time following such appointment. The competence of the members of the Committee in this regard will be determined by the Board in the exercise of its business judgment.

3. Accountability and Reporting

The Committee is accountable to the Board. The Committee must provide the Board with a summary of all meetings and its recommendations together with a copy of the minutes of each such meeting. If applicable, the Chairman will provide oral reports as requested.

All information reviewed and discussed by the Committee at any meeting must be retained and made available for examination by the Board. The Committee will review its mandate annually. The Committee will also review the mandate and responsibilities of other committees of the Board annually.

- monitor procedures to ensure that the Board can function independently of management;
- ensure that there is a process in place to allow all levels of employees access to the Board to bring "whistleblower" issues to the Board which are not being adequately dealt with by the management of the Corporation;
- ensure that the Corporation's legal counsel, external engineering consultants and external auditors are currently instructed to make the Corporation aware of current and evolving legislation, regulations and guidelines relating to applicable corporate governance issues;
- establish procedures, as required, to enable individual directors to engage outside advisors under appropriate circumstances;
- make recommendations to the Board for the appropriate resolutions of any conflict of interest between or among an officer, Director or shareholder, which is properly directed to the Committee by the Chair of the Board, a Director, a shareholder, the Board, the external Auditors, or an officer of the Corporation (in respect of conflicts of interest relating to audit, finance or risk matters, the Committee will liaise with the Audit Committee);
- after consultation with the Chair of the Board, identify, evaluate and if appropriate recommend those circumstances which warrant a request by a Board for the retirement of a Director or which should act to disqualify a Director from re-election (including, but not limited to the level of attendance at, or participation in, meetings of the Board or a committee thereof, or a change in the affiliation or employment of a Director.

4. Corporate Governance Responsibilities

The Corporate Governance Committee is responsible for proposing to the full Board new nominees to the Board and for assessing the effectiveness of the Directors and Committees of the Board on an ongoing basis. Further, the Corporate Governance Committee is responsible for NIKO's response to, and implementation of, the guidelines of the Canadian Securities Administrators and relevant securities regulatory authorities relating to the corporate governance, as amended from time to time. The specific functions of the corporate Governance Committee in carrying out these areas of responsibility are set out below.

The Corporate Governance Committee must:

- consider and review NIKO's corporate governance principles and processes and compare the same to the guidelines of the Canadian Securities Administrators and relevant securities regulatory authorities relating to corporate governance as amended from time to time;
- propose changes to the Board necessary to respond to the guidelines;
- review NIKO's disclosure of its corporate governance program and compliance with the guidelines in the management proxy circular for each AGM; and
- monitor compliance with, and review and approve, if considered appropriate, all proposed waivers to NIKO's Code of Conduct.

5. Nomination and Assessment of Directors

The Corporate Governance Committee must:

- after consultation with the Chairman of the Board, consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason;
- review Board candidates recommended by Shareholders;
- conduct inquiries into the backgrounds and qualifications of potential candidates;
- recommend the suitable director nominees for approval by the Board and the Shareholders;
- consider questions of possible conflicts of interest of Directors;
- recommend members and chairs of committees;
- establish and implement a Director Orientation Program; and
- make a recommendation to the Board as to whether to accept or reject any resignation tendered by a Director as provided in the Mandate of the Board of Directors.

6. Communication, Authority to Engage Advisors and Expenses

The Committee shall have direct access to such officers and employees of NIKO and to any other consultants or advisors, and to such information respecting NIKO it considers necessary to perform its duties and responsibilities.

Any employee may bring before the Committee, on a confidential basis, any concerns relating to matters over which the Committee has oversight responsibilities.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and other advisors, such engagement to be at NIKO's expenses. NIKO shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate by the Committee in order to carry out its duties.