



ADDAX PETROLEUM CORPORATION

NOTICE OF MEETING

AND

MANAGEMENT PROXY CIRCULAR

May 24, 2006



NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Addax Petroleum Corporation (the “**Corporation**”) will be held in the Sky Room at the Carlu, 7th Floor, 444 Yonge Street, Toronto, Ontario on Wednesday, June 28, 2006 at 10:00 a.m. (Eastern Standard Time) for the following purposes, which are described in more detail in the Management Proxy Circular of the Corporation (the “**Circular**”) accompanying this Notice, namely:

1. to receive the audited financial statements of the Corporation together with the Report of the Auditor thereon for the year ended December 31, 2005;
2. to appoint auditors of the Corporation for the ensuing year at such remuneration as may be approved by the Audit Committee of the Corporation;
3. to elect the directors of Addax Petroleum Corporation to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed;
4. to consider and, if deemed advisable, to pass an ordinary resolution approving the Long Term Incentive Plan of the Corporation, as more particularly described in the Circular of the Corporation dated May 24, 2006; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Only Shareholders of record at the close of business on May 24, 2006 will be entitled to notice of and to vote at the Meeting or any adjournment thereof.

If you are unable to attend the Meeting in person, please complete, sign and deliver a proper form of proxy 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 10:00 a.m. (Eastern Standard Time) on June 26, 2006 or, if the Meeting is adjourned, by 10:00 a.m. (Eastern Standard Time) on the second business day prior to the date on which the Meeting is reconvened.

**By Order of the Board of Directors of
Addax Petroleum Corporation**

(Signed)
David Codd
Chief Legal Officer and Corporate Secretary

Geneva, Switzerland
May 24, 2006



MANAGEMENT PROXY CIRCULAR

DATED MAY 24, 2006

SOLICITATION OF PROXIES

THIS MANAGEMENT PROXY CIRCULAR (THE “CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF ADDAX PETROLEUM CORPORATION (the “Corporation”) for use at the Annual and Special Meeting (the “Meeting”) of the shareholders of the Corporation (the “Shareholders”) and at any adjournment thereof. The Meeting will be held in the Sky Room at the Carlu, 7th Floor, 444 Yonge Street, Toronto, Ontario on Wednesday, June 28, 2006 at 10:00 a.m. (Eastern Standard Time) for the purposes set out in the Notice of Annual and Special Meeting (the “Notice”) accompanying this Circular.

The solicitation of proxies is intended to be made primarily by mail but may also be undertaken by way of telephone, facsimile transmission or other electronic means of communication or in person by the directors and officers of the Corporation. The cost of the solicitation of proxies will be borne by the Corporation. Except where otherwise stated, the information contained herein is given as of May 24, 2006.

PROXY INSTRUCTIONS

APPOINTMENT OF PROXIES

Those Shareholders who wish to be represented at the Meeting by proxy must complete, sign and deliver a proper form of proxy 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 10:00 a.m. (Eastern Standard Time) on June 26, 2006 or, if the Meeting is adjourned, by 10:00 a.m. (Eastern Standard Time) on the second business day prior to the date on which the Meeting is reconvened.

The document appointing a proxy must be in writing and completed and signed by the Shareholder or the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers,

attorneys, executors, administrator, trustees, etc., should so indicate and provide satisfactory evidence of such authority.

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS AND/OR OFFICERS OF THE CORPORATION. A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON AS HIS OR HER REPRESENTATIVE AT THE MEETING MAY DO SO BY EITHER: (I) CROSSING OUT THE NAMES OF THE MANAGEMENT NOMINEES AND LEGIBLY PRINTING THE OTHER PERSON'S NAME (WHO NEED NOT BE A SHAREHOLDER) IN THE BLANK SPACE PROVIDED IN THE ENCLOSED FORM OF PROXY, OR (II) COMPLETING ANOTHER VALID FORM OF PROXY. In any case, the form of proxy should be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

REVOCATION OF PROXIES

A Shareholder who has submitted a proxy has the power to revoke it before the proxy is exercised. In addition to revocation in any manner permitted by law, a Shareholder may revoke the proxy with an instrument in writing signed and delivered to Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or deposited with the chairman of the Meeting on the date of the Meeting or any adjournment thereof prior to the commencement of the Meeting. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or duly authorized attorney thereof. As well, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the chairman of the Meeting before the proxy is exercised) and vote in person (or abstain from voting).

EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The Common Shares represented by the enclosed proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. **IN THE ABSENCE OF SUCH DIRECTION, SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF ALL MATTERS IDENTIFIED IN THE NOTICE ACCOMPANYING THIS CIRCULAR.** If any amendment or variation to the matters identified in the Notice is proposed at the Meeting or any adjournment thereof, or if any other matters properly come before the Meeting or any adjournment thereof, the enclosed proxy confers discretionary authority on the proxy nominee to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. As at the date of this Circular, neither the directors nor management of the Corporation are aware of any amendments or variations or other matters to come before the Meeting.

INFORMATION FOR BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to Shareholders who do not hold Common Shares in their own name. Almost all of the Shareholders of the Corporation do not hold Common Shares in their own name.

Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will 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 Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) or withheld from voting upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares on behalf of their clients.

Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.

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 to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered shareholders of the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications Corporation ("ADP"). ADP typically asks Beneficial Shareholders to return proxy forms to ADP. ADP then tabulates the results of all instructions received and provides instructions respecting voting of shares represented at the Meeting. **A Beneficial Shareholder receiving an ADP proxy cannot use that proxy to vote Common Shares directly at the Meeting; the ADP proxy must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted.**

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

Unless otherwise indicated, all references in this Circular to dollar amounts are to U.S. dollars.

ADDAX PETROLEUM CORPORATION

The Corporation is an international oil and gas exploration and production company focused on Africa and the Middle East. The Corporation is the largest independent oil producer in Nigeria, and has increased its crude oil production from an average of 8,800 barrels per day for 1998 to an average to date of approximately 80,000 barrels per day for 2006. The Corporation has grown by acquiring under-developed properties in established basins and has increased its production by utilizing advanced and proven technologies.

The Corporation was incorporated pursuant to the *Canada Business Corporations Act* (the "CBCA") on September 6, 2005. Pursuant to a share transfer agreement among the Corporation, The Addax and Oryx

Group Ltd. (“AOG”) and Addax Mining Holdings B.V. dated February 10, 2006, the Corporation acquired all of the issued and outstanding shares of Addax Petroleum N.V. (“APNV”), a corporation incorporated under the laws of the Netherlands Antilles. The Corporation now carries on the business previously carried on by APNV, of evaluating and pursuing oil and gas exploration and production in Africa and the Middle East.

As of the close of business on May 24, 2006, the Corporation had 140,100,100 Common Shares outstanding.

BUSINESS OF THE MEETING

Regular Business

RECEIPT OF THE FINANCIAL STATEMENTS AND AUDITOR’S REPORT

Shareholders will receive and consider the audited financial statements of the Corporation for the year ended December 31, 2005 and the Report of the Auditor thereof will be placed before the Meeting.

APPOINTMENT OF AUDITOR

Management of the Corporation proposes to nominate Deloitte & Touche LLP, Chartered Accountants, to serve as auditor of the Corporation until the next annual meeting of Shareholders, at such remuneration as may be approved by the Audit Committee of the Corporation. Deloitte & Touche LLP were first appointed auditors of the Corporation on November 23, 2005.

ELECTION OF DIRECTORS

The Corporation’s articles of incorporation provide for the board of directors to consist of a minimum of 1 and a maximum of 11 directors.

The following table includes information about each of the nominees for election as a director of the Corporation, including the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at May 24, 2006. Each director elected will hold office until the close of the next annual meeting of shareholders, or until his successor is duly elected or appointed. **The persons named below will be presented for election at the Meeting as management’s nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees at their direction.

Name and Municipality of Residence	Year of Birth	Position with the Corporation	Director Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Controlled, or Directed	Principal Occupation and Principal Positions Held During the Last Five Years
Peter Dey ⁽²⁾⁽⁴⁾ <i>Toronto, Ontario</i>	1941	Director, Chairman of the Board of Directors and Chairman of the Corporate Governance, Nominating and Compensation Committee	2005	27,100	Chairman, Paradigm Capital Inc. Former Partner, Osler, Hoskin & Harcourt LLP. Director of Workbrain Corporation and former Chairman of Morgan Stanley Canada Limited.
Jean Claude Gandur ⁽⁵⁾ <i>London, United Kingdom</i>	1949	Chief Executive Officer and Director	2005 ⁽¹⁾	6,024,250	Officer of the Corporation. Chairman of the Advisory Board of The Addax and Oryx Group Ltd. Non-Executive Chairman of AXMIN Inc.
Brian Anderson ⁽²⁾⁽³⁾ <i>Kowloon, Hong Kong</i>	1943	Director and Chairman of the Technical and Reserves Committee	2005	11,900	Chairman and Managing Director of Anderson Energy (Hong Kong) Limited.
James Davie ⁽²⁾⁽⁴⁾ <i>Toronto, Ontario</i>	1943	Director	2005	43,000	Director of Brompton Group of Funds, Profico Energy Management Ltd., Range Royalty Management Ltd., Navigo Energy Inc. and Taylor Gas Management Ltd. Prior to July 2002, Managing Director of RBC Dominion Securities Inc.
Stephen Paul de Heinrich ⁽²⁾⁽⁴⁾ <i>Dully, Switzerland</i>	1942	Director	2005	37,050	Independent Consultant. Associate with Beldi & Cie S.A. Vice Chairman of Advisory Board of The Addax and Oryx Group Ltd.
Gerry Macey ⁽³⁾⁽⁴⁾ <i>Calgary, Alberta</i>	1946	Director	2005	22,400	Director of Verenex Energy Inc. and PanOrient Energy Corp. Prior thereto, from 2002 to March 2004, Executive Vice President and President, International New Ventures Exploration, Division of EnCana Corporation and from 1999 to 2002, Executive Vice President, Exploration, of PanCanadian Petroleum Corporation.
Afolabi Oladele ⁽³⁾ <i>Mississauga, Ontario</i>	1951	Director	2005	1,500	Vice President, Oil and Gas, Capital Alliance Nigeria. Chairman of Subsurface Assets Management Co. and Formwork Ltd. Director of Freezone Fabrication International Oil & Gas Facilities Fabrication Co., Dorman Long Engineering Co., Sudelletra Nigeria Ltd. and The Addax and Oryx Group Ltd.

Name and Municipality of Residence	Year of Birth	Position with the Corporation	Director Since	Number of Common Shares Beneficially Owned Directly or Indirectly or Controlled, or Directed	Principal Occupation and Principal Positions Held During the Last Five Years
Wesley Twiss ⁽²⁾⁽³⁾ <i>Calgary, Alberta</i>	1945	Director and Chairman of the Audit Committee	2005	11,000	Director and Audit Committee Chair of the Canadian Oil Sands Trust, Hydrogenics Corporation, Enbridge Income Fund, Keyera Facilities Income Fund and EPCOR.

Notes:

- (1) Mr. Gandur has been an officer of APNV since 2002 and became a director and officer of the Corporation in 2005.
- (2) Member of the Audit Committee.
- (3) Member of the Technical and Reserves Committee.
- (4) Member of the Corporate Governance, Nominating and Compensation Committee.
- (5) Hydromel Financial Corp., which is beneficially owned by Mr. Gandur, is a significant shareholder in The Addax and Oryx Group Ltd. which itself beneficially owns, directly or indirectly, all the outstanding shares of Addax Mining Holdings B.V. a principal holder of Common Shares.

No proposed director of the Corporation:

- (a) is, as at the date of the Circular, or has been, within the 10 years before the date of the Circular, a director or executive officer of any company (including the Corporation), that while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Special Business

LONG TERM INCENTIVE PLAN

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution adopting a long term incentive plan (the “**Long Term Incentive Plan**” or “**LTIP**”) subject to regulatory approval. The Long Term Incentive Plan is not currently effective and will not become effective until Shareholder approval is obtained. The text of the resolution is as follows:

“**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the Long Term Incentive Plan, all or more particularly set forth and described in the Management Proxy Circular for the Annual and Special Meeting of the Corporation dated May 24, 2006, be and is hereby approved and adopted;
2. any director or officer of the Corporation be, and is hereby authorized and directed, for and on behalf of and in the name of the Corporation, to do all such acts and things and to execute and deliver all such documents and instruments as may be considered necessary or desirable to give effect to the foregoing.”

Shareholder Approval

To become effective, the resolution adopting the Long Term Incentive Plan must be approved by a simple majority of the votes cast by the Shareholders voting in person or by proxy at the Meeting.

The persons named as proxyholders in the enclosed form of proxy intend to cast the votes represented by proxy in favour of the resolution adopting the Long Term Incentive Plan unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.

Recommendation of Directors

The directors have determined that the Long Term Incentive Plan is in the best interests of the Corporation and its Shareholders and unanimously recommends that Shareholders vote in favour of adoption of the Long Term Incentive Plan.

Background to the Long Term Incentive Plan

The Corporation intends to adopt the Long Term Incentive Plan, the purpose of which is to motivate, reward and retain key employees. The Long Term Incentive Plan is to be an integral part of the overall compensation package for key management and professional staff.

Summary of the Long Term Incentive Plan

The maximum number of Common Shares which may be issued under the Long Term Incentive Plan will not exceed 7,500,005 Common Shares, representing five per cent of the outstanding share capital of the Corporation as at May 24, 2006. Under the Long Term Incentive Plan, Common Shares may be issued to directors, officers, employees of, and other service providers to the Corporation in such numbers and with vesting provisions as the Board may determine.

Details of the Long Term Incentive Plan

Annual amounts will be based on four factors (i) the Corporation's performance relative to the Corporation's Peer Group, (ii) the Corporation's performance related directly to the Corporation's Key Performance Indicators ("KPIs"), (iii) individual performance from annual performance evaluations, and (iv) Salary Grade ("SG") applied to a notional Share Grant amount.

- (a) **Peer Group.** The Corporation's Peer Group will be reviewed and agreed to by the Corporate Governance, Nominating and Compensation. At the end of the first quarter of each year the Corporation will evaluate the performance of the Corporation versus the peer group in terms of Total Shareholder Return (average stock price increase plus dividends), production and reserves additions for the previous year. On the basis of this evaluation a ranking of the peer group (including the Corporation) will be prepared. The ranking will place all companies into one of three groups: top tier, middle tier and bottom tier. This ranking will be presented to the Corporate Governance, Nominating and Compensation Committee prior to the second quarter Board meeting.
- (b) **KPIs.** The KPIs for the Corporation include: Production, Reserves Replacement Ratio, Unit OPEX, and LTI frequency. The overall KPI performance is based on how the Corporation performed in the previous year relative to the Targets for the four key factors. The Corporate Governance, Nominating and Compensation Committee shall endeavour to establish the KPIs at the meeting prior to the second quarter Board Meeting in each year for application to the subsequent years awards.
- (c) **Individual Performance.** An individual performance factor ("IPF") is set based on the performance of the individual during the year based on defined deliverables for the individual's job. The IPF factor shall be between 0.8 and 1.2.
- (d) **Salary Grade.** The annual notional Share Grants amounts are set per salary grade.

Award Recommendation

For the CEO, the Corporate Governance, Nominating and Compensation Committee shall determine the notional Share Grant amount (the "**X Factor**") (taking into account the Corporation's ranking against its Peer Group and the Corporation's overall performance ranking against its KPIs), and the CEO's IPF shall be applied to this amount in order to determine the number of shares to be awarded to the CEO. The CEO shall take the Corporate Governance, Nominating and Compensation Committee's determination of corporate performance implicit in the X factor and apply it to his assessment of the IPF of each of the other Corporate Officers and determine for each of them the number of shares to be awarded to them as part of the LTIP program. The CEO shall consult with the Corporate Governance, Nominating and Compensation Committee in respect thereof prior to award. It is the intention of the LTIP program for the Corporation's senior executives that they will receive conditional awards worth up to 150% of salary this percentage could be greater in exceptional circumstances, as determined by the Corporate Governance, Nominating and Compensation Committee.

The SG Grant amount per SG for other employees would be set by Executive Management annually within the constraints of the LTIP program set out below and the total shares to be awarded pursuant thereto shall be endorsed by the Corporate Governance, Nominating and Compensation Committee prior to award.

Other Key Features of the Program

- (i) Grants would be made effective 1 July each year commencing July 1, 2006.
- (ii) Shares would be issued from Treasury unless the Board decided otherwise.
- (iii) Upon “Change of Control” for the Corporation, all grant amounts would vest immediately.

A change of control shall be deemed to have occurred if any person other than The Addax and Oryx Group Ltd. or any related party (or a group of persons acting in concert):

- (A) obtains control of the Corporation as a result of making a general offer to acquire shares in the Corporation; or
- (B) having obtained control of the Corporation makes such an offer and such offer becomes unconditional in all respects; or
- (C) obtains control of the Corporation as a result of any other recognized arrangements; or
- (D) the Corporation passes a resolution for a voluntary winding up of the Corporation or an order is made for the compulsory winding up of the Corporation.

Control means in relation to the Corporation, the ability of a person, or persons acting in concert, to cast more than 50 per cent of the votes which the holders of Shares may cast at a general meeting of the members of the Corporation.

- (iv) The principal participants in the program are defined below by the Corporation’s Salary Grades:

Salary Grade 12	CEO
Salary Grade 11	COO/CFO
Salary Grade 10	CLO / Managing Director
Salary Grade 9	Senior Advisor / General Manager
Salary Grade 8	Advisor / Asset Manager / Senior Team Leader
Salary Grade 7	Senior Specialist / Team Leader

Lower Salary Grades would be included only by exception.

- (v) The total number of outstanding Common Shares is 140,100,100, representing the Corporation’s current outstanding share capital. No securities have been issued under the LTIP to date and none will be issued prior to approval of the Shareholders at the Meeting. The maximum number of Common Shares which may be issued under the LTIP will not exceed 7,500,005 Common Shares, representing five per cent of the outstanding share capital of the Corporation as at May 24, 2006.

- (vi) The maximum number of shares which may be issued under the LTIP and any other share compensation plans of the Corporation to insiders will not exceed 5,250,003 Shares (representing approximately 70 per cent of the 7,500,005 shares which may be issued under this Plan in aggregate).
- (vii) The maximum number of securities or shares any one person would be entitled to receive under the proposed arrangement would be 2,311,652. This would represent approximately 1.65 percent of the current outstanding capital.
- (viii) Grants to employees under the proposed arrangement would be on a yearly basis. Grants would vest in the following manner: 1/3rd immediately; 1/3rd one year after the Grant Date; and 1/3rd two years after the Grant Date. If an employee were to leave the Corporation for any reason within the year following the Grant Date, the employee's entitlement to the 2/3rd non vested Grant would be at the discretion of the Corporate Governance, Nominating and Compensation Committee. Grants would also vest fully on a change of control (see (iii) above) and on the death of the employee.
- (ix) Fully vested arrangements benefits can be assigned at the discretion of the employee. Otherwise employees' rights under this plan would be unassignable.
- (x) The Corporate Governance, Nominating and Compensation Committee may resolve to amend and/or terminate the LTIP at any time provided no amendments to the provisions relating to:
 - (A) the selection of participants;
 - (B) levels of participation;
 - (C) the transfer or assignment of unvested awards;
 - (D) the effects of a "Capital Reorganization" (as defined under the LTIP);
 - (E) the effects of termination of employment and a "Change of Control" (as defined under the LTIP) of the Corporation;
 - (F) Shares in Section 7 of the LTIP; and
 - (G) the provisions of Section 8.5 of the LTIP

may be made without the prior authority of the holders of shares in general meeting, save that amendments the purpose of which is to comply with any applicable exchange control regulations or rules of the Toronto Stock Exchange, or to obtain or maintain favourable tax treatment for the Corporation or participants may be made without such authority. Any amendment to the LTIP shall apply only to awards made after the date of the amendment.

- (xi) No financial assistance is planned at this time to facilitate the purchase of securities under the arrangement.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

The directors know of no other matters to come before the Meeting other than those referred to in the Notice accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation; (b) any proposed nominee for election as a director of the Corporation; and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting, other than the directors and officers of the Corporation being entitled to participate in the Long Term Incentive Plan, which is being presented to Shareholders for consideration and approval at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in the Corporation's Management's Discussion and Analysis for the three months ended March 31, 2006 (available on SEDAR at www.sedar.com) and other than as discussed elsewhere in this Circular, the Corporation is not aware of any material interests, direct or indirect, of any "informed person" of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, in any transaction since January 1, 2005 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of the determination above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Afolabi Oladele has a consulting agreement with Addax Petroleum Development (Nigeria) Limited for which Mr. Oladele is paid a fee of \$9,000 per month.

There are potential conflicts of interest to which the directors and officers of Addax Petroleum Corporation will be subject in connection with the operations of the Corporation. In particular, certain of the directors of the Corporation are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such

contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the CBCA.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting of Common Shares

Each Common Share entitles the holder thereof to one vote on all matters to come before the Meeting. Only holders of record of Common Shares as of the close of business on May 24, 2006 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting or any adjournment thereof. As of the Record Date, there were 140,100,100 Common Shares outstanding. A Shareholder of record on the Record Date will be entitled to vote the Common Shares shown opposite the Shareholder’s name on the Corporation’s register of Shareholders at the Meeting or any adjournment thereof, even though the Shareholder disposes of the Common Shares after that time. **No person becoming a Shareholder after the Record Date will be entitled to vote at the Meeting or any adjournment thereof.**

Principal Holder of Common Shares

To the knowledge of the directors and management of the Corporation, the only person who, or corporation which, beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to all outstanding Common Shares is:

Shareholder Name	Number of Common Shares	Percentage of Issued Common Shares
Addax Mining Holdings B.V.	110,830,650	79.1%

As at May 24, 2006 CDS & Co. held in aggregate 140,100,100 Common Shares, including those beneficially owned by the shareholder named above.

CORPORATE GOVERNANCE

Committees of the Board of Directors

The Corporation recognizes the importance of adhering to excellent corporate governance standards. The Corporation has developed comprehensive corporate governance policies and procedures, which will be assessed on a continuous basis, and has adopted a “best practices” approach to corporate governance. The Board of Directors has adopted all of the recommendations set out in National Policy 58-201 — *Corporate Governance Guidelines*. These include, among other things, having an Audit Committee and a Corporate Governance, Nominating and Compensation Committee, each comprised solely of independent directors, and a Technical and Reserves Committee, comprised of a majority of independent board members, adopting board mandates and a code of business ethics and conduct as well as approving regular board performance assessments. The Board of Directors may, from time to time, establish additional committees.

The mandates of each of the three committees are set forth below.

Audit Committee*

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling their responsibilities of oversight and supervision of, among other things:

- (a) the audit of the consolidated financial statements of the Corporation, managing the relationship with the Corporation's auditors and meeting with the auditors as required in connection with the audit services provided by the Corporation's auditors;
- (b) the Corporation's preparation and reporting of its annual and quarterly consolidated financial statements and management's discussion and analysis;
- (c) the accounting and financial reporting practices and procedures of the Corporation and its subsidiaries;
- (d) the adequacy of internal controls and accounting procedures of the Corporation and its subsidiaries; and
- (e) the quality and integrity of consolidated financial statements of the Corporation.

*Additional information relating to the Audit Committee is provided in the Corporation's Annual Information Form dated March 28, 2006 in the section entitled "Audit Committee" and in Schedule "C" attached thereto.

Corporate Governance, Nominating and Compensation Committee

The purpose of the Corporate Governance, Nominating and Compensation Committee is to assist the Board of Directors in fulfilling their responsibilities in relation to, among other things:

- (a) the monitoring and oversight of the quality and effectiveness of the corporate governance practices and policies of the Corporation and its subsidiaries;
- (b) considering nominees for the independent directors; and
- (c) determining the adequacy and appropriateness of the compensation of officers and employees of the Corporation as well as the directors.

Technical and Reserves Committee

The purpose of the Technical and Reserves Committee is to assist the Board of Directors in fulfilling their responsibilities in relation to, among other things:

- (a) the independent engineering evaluation of the petroleum reserves of the Corporation and its subsidiaries, managing the relationship with the independent engineer and meeting with the independent engineer as required;
- (b) the public disclosure and filings relating to the Corporation's petroleum reserves and operations;
- (c) the appointment of the independent engineer and, together with management, defining the scope and supervising the methodology of the independent engineer's evaluation; and
- (d) the monitoring of the operational performance of the Corporation.

STATEMENT OF GOVERNANCE PRACTICES

Attached as Schedule “A” to this Circular is a report on Form 58-101F1 with respect to the Corporation’s corporate governance policies.

EXECUTIVE COMPENSATION

Set out below are particulars of compensation paid to the Corporation’s Chief Executive Officer, Chief Financial Officer and each of the Corporation’s three most highly compensated executive officers who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds CDN\$150,000 per year; and any additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

2005 Summary Compensation Table

Name and Position of Principal	Year	Annual Compensation			Long Term Compensation			All Other Compensation
		Salary (CHF ⁽⁹⁾)	Bonus (CHF ⁽⁹⁾)	Other Annual Compensation (CHF ⁽⁹⁾)	Awards		Payouts	
					Securities Under Options Granted	Common Shares subject to resale restrictions	LTIP Payouts	
Jean Claude Gandur ⁽²⁾⁽³⁾ Chief Executive Officer	2005	148,752	150,000	22,313	Nil	Nil	Nil	Nil
Michael Ebsary ⁽²⁾⁽³⁾ Chief Financial Officer	2005	436,000	585,000	65,400	Nil	Nil	Nil	Nil
Evert Jan Mulder ⁽²⁾⁽³⁾⁽⁵⁾⁽⁶⁾ Chief Operating Officer	2005	470,005	805,000	94,500	Nil	Nil	Nil	Nil
James Pearce ⁽²⁾⁽³⁾⁽⁴⁾⁽⁷⁾ Managing Director, Nigeria	2005	220,000	200,000	284,475	Nil	Nil	Nil	Nil
Leslie Blair ⁽²⁾⁽³⁾⁽⁸⁾ Business Development Manager, Nigeria	2005	256,200	118,400	179,340	Nil	Nil	Nil	Nil

Notes:

- (1) Based on the noon buying rate in New York City for cable transfers in Swiss francs as certified for customs purposes by the Federal Reserve Bank of New York, the average exchange rate for one Swiss franc, expressed in United States dollars was \$1.245945 in 2005.
- (2) Bonus amounts include compensation for performance in 2005 payable in 2006.
- (3) Messrs. Gandur, Ebsary, Mulder, Pearce and Blair participated in the Corporation's non-contributory pension plan and the Corporation's Accident Insurance Plan which is included in “Other Annual Compensation”.
- (4) Mr. Pearce was paid a hardship allowance and a sign-in bonus which are included in “Other Annual Compensation”.
- (5) Mr. Mulder received an accommodation allowance which is included in other annual compensation.
- (6) Mr. Mulder's employment with the Corporation ended effective December 31, 2005.
- (7) Mr. Pearce's employment with the Corporation began May 1, 2005 (eight months in 2005).
- (8) Mr. Leslie Blair was paid a hardship allowance which is included in “Other Annual Compensation”.
- (9) CHF means Swiss Francs.

Long-Term Incentive Plans - Awards in Most Recently Completed Financial Year

A long-term incentive plan (“LTIP”) is a plan providing compensation intended to motivate performance over a period greater than one financial year. A LTIP does not include option or stock

appreciation right (“SAR”) plans or plans for compensation through shares or units that are subject to restriction on resale.

The Corporation has no LTIP in place and therefore there were no LTIP awards made during the Corporation’s most recently completed financial year ended December 31, 2005.

Option/SAR Grants During the Most Recently Completed Financial Year

No incentive options or SARs were granted for the financial year ended December 31, 2005 as the Corporation had no option plan or SARs plan.

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year End Option/SAR Values

Not applicable.

Option and SAR Repricing

Not applicable.

Defined Benefit or Actuarial Plan Disclosure

Not applicable.

Termination of Employment, Change in Responsibilities and Employment Contracts

Employment Agreements

The Corporation has entered into employment agreements with each of Mr. Ebsary, the Chief Financial Officer, Mr. Pearce, the Chief Operating Officer and Mr. Codd, the Corporate Secretary and Chief Legal Officer. The employment agreements are for an indefinite period subject to termination by either party on nine months’ notice. The employment agreements also provide for non-contributory participation in the Corporation's pension plan and accident insurance, as well as providing for annual bonuses that may be assessed individually at the sole discretion of the Corporation.

The annual base salaries under the employment agreements as of May 24, 2006 were: CHF 500,000 for Mr. Ebsary; CHF 527,000 for Mr. Pearce plus an accommodation allowance of CHF 52,800; and CHF 425,000 for Mr. Codd.

The Corporation has also entered into a services agreement with AOG, effective January 1, 2006, and terminable on nine months’ notice by either party, for the procurement of services to be rendered by Mr. Gandur as Chief Executive Officer and member of the Board of Directors of the Corporation. The total fees paid by the Corporation to AOG for such services is \$1.1 million per annum (net of any amounts paid directly by the Corporation), subject to adjustment in certain circumstances. This amount does not include any annual bonus awarded by the Board on the recommendation of the Corporate Governance, Nominating and Compensation Committee or any Common Shares awarded under the LTIP.

Composition of the Compensation Committee

The Corporate Governance, Nominating and Compensation Committee is comprised of Peter Dey, James Davie, Stephen Paul de Heinrich and Gerry Macey. None of these Directors are officers of the Corporation and all are independent. The Committee assists the Board in determining the adequacy

and appropriateness of the compensation of officers and employees of the Corporation as well as Directors.

Executive Compensation

During the fiscal year ended December 31, 2005, the Corporation made no payments to officers, directors or employees.

Compensation Programme Design

At the meeting of the Board of Directors on May 8, 2006 a further report was received from the Corporate Governance, Nominating and Compensation Committee, which set out the Corporation's compensation philosophy. This report was adopted by the Board and it provides that total compensation for all senior staff including the CEO and other Corporate Officers shall consist of three elements, base salary, annual bonus and the LTIP.

1. Base Salary

- (a) Base salaries will be reviewed annually having regard to personal performance, the Corporation's performance, changes in responsibility and competitive market data from the Corporation's Peer Group and key competitors, to be reviewed and agreed by the Corporate Governance, Nominating and Compensation Committee ("**APC's Peer Group**").
- (b) The CEO's base salary will be reviewed annually with effect from the beginning of each calendar year by the Corporate Governance, Nominating and Compensation Committee. The other Corporate Officers will have their base salary reviewed annually by the CEO with effect from the beginning of each calendar year and the Corporate Governance, Nominating and Compensation Committee will be consulted with respect to the outcome of such review prior to its implementation. For all other staff, the base salary will be determined and reviewed annually by Executive Management.
- (c) For all staff a midpoint salary is set for each Salary Grade based on competitive data. For each individual in a given Salary Grade the salaries may range from 80% to 120% of the midpoint. For each individual his/her % midpoint is the annual salary divided by the midpoint salary. It is the midpoint salaries that may be adjusted annually to reflect market conditions. Each individual is to have an end salary objective ("**ESO**"), which is to be the % midpoint an individual should attain after sustained performance in a Salary Grade i.e. the ESO will depend upon performance

Ranking	ESO % Range
A	115-120
B	105-115
C	95-105
D	85-95
E	80-85

2. Annual Bonus

- (a) Executive Management will determine which employees are entitled to participate in the annual bonus plan.

- (b) For the Corporate Officers the bonuses payable are based on three factors, namely (i) the Corporation's performance related directly to the Corporation's key performance indicators ("KPIs") (to be reviewed annually by the Corporate Governance, Nominating and Compensation Committee), (ii) individual performance from annual performance evaluations, and (iii) Salary Grade. It is the Corporation's policy that for Corporate Officers a maximum annual bonus of 100% of salary would apply (except in exceptional circumstances).
- (c) The CEO's annual bonus will be determined by the Corporate Governance, Nominating and Compensation Committee annually in December (payable January) of each year. The other Corporate Officers will have their annual bonus determined annually by the CEO in December (payable January) of each year and the Corporate Governance, Nominating and Compensation Committee will be consulted in respect of such determination prior to its implementation.
- (d) For all other participants in the annual bonus plan both the principles to be applied and the annual bonus will be determined by Executive Management.

3. **LTIP**

The LTIP would be as described above, subject to shareholder approval. The LTIP has been developed in conjunction with MM&K Limited, U.K. based compensation consultants experienced in the upstream oil and gas sector.

Compensation of the Directors of the Corporation

During the fiscal year ended December 31, 2005, the Corporation did not pay any directors fees. However, during the fiscal year ended December 31, 2005, management committee fees were paid by APNV to certain of the individuals who were appointed directors of the Corporation on December 4, 2005 as follows: \$30,000 to each of Mr. Anderson and Mr. Macey; \$37,500 to Mr. Twiss; \$52,000 to Mr. Gandur; \$60,000 to Mr. Dey; \$70,000 to Mr. de Heinrich; \$45,000 to Mr. Davie; and \$70,000 to Mr. Oladele.

Directors of the Corporation are eligible to receive Common Share allocations. During 2005, no options to purchase Common Shares or Common Share allocations were granted. Directors of the Corporation are also reimbursed for their reasonable out-of-pocket disbursements incurred for the business of the Corporation.

Based on the recommendations of the Corporate Governance, Nominating and Compensation Committee of the Board, the Board of Directors has implemented remuneration and reimbursement arrangements for its directors that reflect current market practices and align the interests of directors with those of Shareholders. The Board of Directors has approved remuneration for each director (other than Mr. Gandur) in the amount of \$100,000 per annum, with a further \$20,000 per annum for committee chairs and \$10,000 per annum for committee participation, plus reimbursement of expenses and compensation of \$200,000 per annum to the Chairman of the Board. At least \$40,000 of each director's annual base compensation will be paid in Common Shares and each director may elect to receive additional Common Shares in lieu of cash compensation. The additional fees paid to committee chairs or for participation on committees will be paid in cash, unless the director otherwise elects to receive Common Shares.

The Corporation has adopted share ownership guidelines for directors requiring each director, within five years after becoming a director of the Corporation, to hold a minimum number of Common Shares equivalent to at least three times his annual base compensation.

With effect from February 16, 2006, the Corporation has put in place Directors and Officers Liability (“**D&O**”) and Public Offering of Securities Insurance (“**POSI**”) policies on a world-wide cover basis for all Directors and Officers of the Corporation with limits of \$50,000,000 each Policy and per claim, subject to an annual aggregate limit of \$50,000,000 each Policy. Deductible levels under the D&O vary from \$250,000,000 for claims in the USA and \$75,000 outside the USA. Deductibles under the POSI are max \$500,000 per claim. The total 2006 premium payable is \$374,500 for the D&O twelve month cover and \$505,000 for the POSI 72 month cover both subject to five per cent Swiss Stamp Duty. Neither Directors nor Officers will pay any portion of the premium.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There are no directors, executive officers, employees nor former directors, executive officers and employees indebted to the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available at www.sedar.com and on the Corporation’s website at www.addaxpetroleum.com. Shareholders may contact the Corporation to request copies of the Corporation’s financial statements, MD&A and any documents incorporated by reference herein without charge by emailing investor.relations@addaxpetroleum.com.

Financial information regarding the Corporation is provided in the Corporation’s audited financial statements for the year ended December 31, 2005 and the related management’s discussion and analysis.

SCHEDULE “A”

FORM 58-101F1 CORPORATE GOVERNANCE DISCLOSURE

GOVERNANCE DISCLOSURE REQUIREMENT	COMPLIANCE	COMMENTS
1. (a) Disclose the identity of directors who are independent.	<input checked="" type="checkbox"/>	Peter Dey, Brian Anderson, James Davie, Stephen Paul de Heinrich, Gerry Macey, and Wesley Twiss are all independent. None have a direct or indirect material relationship with the Corporation.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	<input checked="" type="checkbox"/>	Jean Claude Gandur and Afolabi Oladele are not independent. Jean Claude Gandur is the CEO of the Corporation whose services are provided pursuant to a services agreement with The Addax and Oryx Group Ltd under which it receives fees for management services. Afolabi Oladele has a consulting agreement with Addax Petroleum Development (Nigeria) Limited for which Mr. Oladele is paid a fee of \$9,000 per month.
(c) 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.	<input checked="" type="checkbox"/>	Only two directors, Jean Claude Gandur and Afolabi Oladele, are not independent. The remaining six directors are independent.
(d) 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.	<input checked="" type="checkbox"/>	The following directors of the Corporation are presently directors of the following reporting issuers: Peter Dey: Workbrain Corporation James Davie: Taylor Gas Management Ltd., Navigo Energy Inc., Brompton Group of Funds. Jean Claude Gandur: Axmin Inc. Gerry Macey: Verenex Energy, Pan Orient Energy Wesley Twiss: Canadian Oil Sands Limited, Hydrogenics Corporation, Keyspan Energy Management Ltd., (Manager of Keyera Facilities Income Fund), Enbridge Commercial Trust (Enbridge Income Fund), Epcor Utilities Inc.
(e) 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.	<input checked="" type="checkbox"/>	Since the beginning of the Corporation’s most recently completed financial year, the independent members of the Board have met on three occasions without the non-independent members of the Board and without Management being present. It is the intention of the Board to meet without Management being present on a regular basis. In addition, the Charter of the Corporate Governance, Nominating and Compensation Committee states that it will ensure the Board has appropriate structures in place so that the Board can function independently of Management.

GOVERNANCE DISCLOSURE REQUIREMENT	COMPLIANCE	COMMENTS
(f) 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.	<input checked="" type="checkbox"/>	Peter Dey is the Chair of the Board and is an independent director. Mr Dey's background and experience enable him to provide effective independent leadership of the Board and ensures that the Corporation adheres to the highest standards of corporate governance. His formal responsibilities are set out in the Chair Position Description set out in Schedule "B".
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	<input checked="" type="checkbox"/>	December 5, 2005: all members in attendance February 7, 2006: all members in attendance February 8, 2006: all members in attendance with the exception of Afolabi Oladele February 14, 2006: all members in attendance with the exception of Stephen Paul de Heinrich, Afolabi Oladele and Wesley Twiss February 17, 2006: all members in attendance with the exception of James Davie March 2, 2006: all members in attendance March 21, 2006: all members in attendance May 8, 2006: all members in attendance
2. 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.	<input checked="" type="checkbox"/>	The terms of the Board Charter are set out in Schedule "B".
3. (a) 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.	<input checked="" type="checkbox"/>	The Board has adopted a written position description for the Chair and the Chair of Each Board Committee and these are available at the Corporation's website www.addaxpetroleum.com .
(b) 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.	<input checked="" type="checkbox"/>	The Board has developed a written position description for the CEO.

GOVERNANCE DISCLOSURE REQUIREMENT	COMPLIANCE	COMMENTS
<p>4. (a) Briefly describe what measures the board takes to orient new directors regarding:</p> <p>(i) the role of the board, its committees and its directors, and</p> <p>(ii) the nature and operation of the issuer's business.</p>	<input checked="" type="checkbox"/>	<p>The initial Directors of the Corporation are business executives with extensive experience and directorship responsibilities on boards or as part of management of other public and private entities. Orientation for these individuals is provided through meetings with the CEO, CFO, other Directors and members of Management. All Directors are also provided with materials (financial and narrative) regarding the business of the Corporation.</p> <p>Presentations are also made to the Directors at each regular Board meeting with regard to the Corporation's operations, financial performance and key risk areas.</p> <p>The Corporation is at an advanced stage in organizing an orientation and information visit to the Corporation's Nigerian operations and will arrange further visits with regard to other operating sites as they develop.</p>
<p>(b) 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.</p>	<input checked="" type="checkbox"/>	<p>The Corporate Governance, Nominating and Compensation Committee is responsible for overseeing the development and implementation of a program of orientation for Directors as part of its Charter.</p> <p>The Corporation encourages its Directors to attend formal continuing education programmes and to date has contributed to the attendance by Mr. Wesley Twiss at the Director's Education Program, Corporate Governance College of the Institute of Corporate Directors.</p>
<p>5. (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) 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; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<input checked="" type="checkbox"/>	<p>The Board has adopted a Code of Business Conduct</p> <p>(i) The Code is available at the Corporation's website www.addaxpetroleum.com and on SEDAR at www.sedar.com.</p> <p>(ii) The Board and the Corporation's internal systems monitor compliance with the Code. All individuals subject to the Code are obligated to report any illegal or unethical behaviour or violations of the Code in a timely manner.</p> <p>(iii) Not applicable</p>
<p>(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<input checked="" type="checkbox"/>	<p>The Board insists that the provisions of the <i>Canada Business Corporations Act</i> be followed with respect to actual or potential conflicts of interest that may exist in considering transactions and agreements. As noted previously, the independent members of the Board meet separately from non-independent members and Management. The Board ensures that any Director having a conflict or material interest in any transaction does not vote in respect of such transaction.</p>

GOVERNANCE DISCLOSURE REQUIREMENT	COMPLIANCE	COMMENTS
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<input checked="" type="checkbox"/>	<p>In addition to the Code of Business Conduct, the Board has also adopted a Disclosure Policy which is available at the Corporation's website www.addaxpetroleum.com. The Policy applies to all employees, consultants, and the Board, as well as the Corporation's subsidiaries. The objective of the Policy is to ensure that communications to the investing public are timely, factual and accurate and broadly disseminated.</p> <p>The Corporation provides its Directors, officers and employees with on-line interactive ethics and compliance training through "Integrity Interactive" a leading provider of web based interactive compliance training. So far two courses have been rolled out. The first to senior employees in respect of OECD anti-bribery rules, and the second to all staff in respect of the Corporation's Code of Business Conduct.</p>
6. (a) Describe the process by which the board identifies new candidates for board nomination.	<input checked="" type="checkbox"/>	The Corporate Governance, Nominating and Compensation Committee is responsible for identifying new candidates for appointment to the Board. It will annually review the size, composition and operation of the Board. It will also annually review and recommend to the Board for consideration new candidates for nomination to be elected at the annual general meeting of shareholders.
(b) 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.	<input checked="" type="checkbox"/>	The Chair of the Corporate Governance, Nominating and Compensation Committee is Peter Dey. The members as at May 8, 2006 are James Davie, Stephen Paul de Heinrich and Gerry Macey. The Chair and each member are independent.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<input checked="" type="checkbox"/>	The Corporate Governance, Nominating and Compensation Committee has the responsibility of identifying qualified candidates for appointment to the Board as well as other nomination responsibilities set out in 6. (a).
7. (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	<input checked="" type="checkbox"/>	The Corporate Governance, Nominating and Compensation Committee consults with senior management to establish the Corporation's general compensation philosophy. The Committee also reviews and approves the compensation programs of senior management and is responsible for keeping abreast of current developments in executive compensation in corporations engaged in similar industries. The Committee also conducts an annual review of senior management performance. CEO compensation is reviewed by the Corporate Governance, Nominating and Compensation Committee and recommended to the independent directors for approval. The compensation of the other corporate officers is reviewed and determined by the CEO in consultation with the Corporate Governance, Nominating and Compensation Committee.

GOVERNANCE DISCLOSURE REQUIREMENT	COMPLIANCE	COMMENTS
(b) 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.	<input checked="" type="checkbox"/>	The Chair of the Corporate Governance, Nominating and Compensation Committee is Peter Dey. The members as at May 8, 2006 are James Davie, Stephen Paul de Heinrich and Gerry Macey. The Chair and each member are independent.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<input checked="" type="checkbox"/>	The Charter of the Corporate Governance, Nominating and Compensation Committee is available at the Corporation's website www.addaxpetroleum.com .
(d) 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.	<input checked="" type="checkbox"/>	The Corporation is consulting with U.K. based compensation consultants experienced in the upstream oil and gas sector, MM&K Limited, who prepared the Corporation's Long Term Incentive Plan in conjunction with the Corporation.
8. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	<input checked="" type="checkbox"/>	The Board has a Technical and Reserves Committee. The Technical and Reserves Committee assists the Board in fulfilling obligations under National Instrument 51-101 and oversees the operational performance of the Corporation. The Charter of the Technical and Reserves Committee is available at the Corporation's website www.addaxpetroleum.com .
9. 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.	<input checked="" type="checkbox"/>	As part of its responsibilities under its Charter, the Corporate Governance, Nominating and Compensation Committee is responsible for establishing and implementing procedures to evaluate the performance and effectiveness of the Board, the Board Committees, all individual Directors and the Corporation's senior management. The primary component of the Board and Committee assessments will be based on answers received in the Annual Directors' Evaluation Questionnaire, which will cover topics such as: (i) the performance and effectiveness of the Board, Board Committees and individual Directors; (ii) individual Director independence; (iii) individual Director and overall Board Skills; (iv) individual Director financial acumen; and (v) individual Director peer evaluations.

SCHEDULE “B”

CORPORATE GOVERNANCE DOCUMENTS

BOARD OF DIRECTORS CHAIR POSITION DESCRIPTION

The Chair (“**Chair**”) of the Board of Directors (“**the Board**”) of Addax Petroleum Corporation (the “**Company**”) has the responsibility and specific duties described below.

Appointment

The Chair is appointed by the Board and shall be re-appointed at the first meeting of the Board following the Annual General Meeting of shareholders of the Company. The Chair will be independent under applicable law and will have the competencies and skills determined by the Board.

Responsibility

The Chair provides independent, effective leadership to the Board and leads the Board in fulfilling the duties set out in its Charter.

Specific Duties

The Chair will:

Leadership

1. Provide overall leadership to enhance the effectiveness of the Board.
2. Take all reasonable steps to ensure that the responsibility and duties of the Board, as outlined in its Charter, are well understood by the Board members and executed as effectively as possible.

Ethics

3. Foster ethical and responsible decision-making by the Board and its individual members.

Board Governance

4. Provide effective Board leadership, overseeing all aspects of the Board’s direction and administration in fulfilling the terms of its Charter.
5. With the Board, oversee the structure, composition, membership and activities delegated to the Board.

Board Meetings

6. Ensure that the Board meets at least four times annually and as many additional times as necessary to carry out its duties effectively.
7. With the President and CEO and the Corporate Secretary establish the dates, location and agenda for each Board meeting.

8. Chair all meetings of the Board, including closed sessions and in camera sessions. If the Board Chair is not present, the Board members present will choose a Board member to chair the meeting.
9. Ensure sufficient time during Board meetings to fully discuss agenda items.
10. Encourage Board members to ask questions and express viewpoints during meetings.
11. Deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus.
12. Ensure that the Board meets in separate, regularly scheduled, non-management, in camera sessions.

Board Reporting

13. Ensure that Board materials are available to any Director on request.
14. Ensure that all business that is required to be brought before a meeting of shareholders is brought before a meeting of shareholders.

Board Management Relationships

15. Take all reasonable steps to ensure that Board members receive all necessary training and support to enable them to fulfill the Board Charter.
16. Facilitate effective communication between Board members and the CEO, both inside and outside of Board meetings.
17. Have an effective working relationship with the CEO.

Evaluations

18. Ensure that a performance evaluation of the Board and the Board Chair is conducted, soliciting input from all Board members and appropriate members of Management.

Advisors/Resources

19. Ensure that resources and expertise are available to the Board so that it may conduct its work effectively and efficiently.
20. Coordinate with the Board to retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.

Other

21. Carry out any other appropriate duties and responsibilities assigned by the Board or delegated by the Board.
22. To honour the spirit and intent of applicable law as it evolves.

CHARTER OF THE BOARD OF DIRECTORS OF ADDAX PETROLEUM CORPORATION

Mission Statement

The Board of Directors (the “**Board**”) of Addax Petroleum Corporation (the “**Company**”) has adopted this Charter to assist the Board in fulfilling its obligations to all stakeholders.

Composition

The Board shall consist of as many Directors as the Board shall determine from time to time but in any event, not fewer than six and not more than eleven, a majority of which shall be independent as defined by applicable law

Chair

The Board following each Annual General Meeting of the Company shall designate the Chair of the Board. The initial Chair of the Board shall be Peter Dey. If the Chair is not present at a meeting of the Board, the members of the Board may designate an interim Chair for the meeting by majority vote of the members present.

Meetings

The Chair of the Board, in consultation with the Board members, shall determine the schedule and frequency of the Board meetings provided that the Board will meet at least four times in each fiscal year and at least once in every fiscal quarter. The Board shall convene additional meetings, as circumstances require. The Corporate Secretary of the Company shall be the Secretary of the meetings.

Where possible, agendas for meetings of the Board shall be developed by the Chair of the Board in consultation with management and the Secretary, and shall be circulated to Board members as far in advance of each Board meeting as is reasonable.

The Board shall meet separately at each meeting without management including any member of management who is a Director.

Decisions or recommendations of the Board shall be evidenced by resolutions passed at meetings of the Board and recorded in the minutes of such meetings or by an instrument in writing signed by all members of the Board entitled to vote on that resolution. A copy of the draft minutes of each meeting of the Board and any written resolutions evidencing decisions or recommendations of the Board shall be transmitted promptly by the Secretary to each member for adoption at the next meeting

Resources and Authority

Each Director shall have the authority, subject to the prior approval of the Corporate Governance, Nominating and Compensation Committee (“**CGNCC**”), to engage outside consultants, independent legal counsel and other advisors and experts as he or she determines necessary to carry out his or her duties. The Company shall reimburse the Director such amounts as may be agreed by the CGNCC.

Responsibilities

The principal responsibility of the Board is to assume a stewardship role in respect of the business and affairs of the Company. In this capacity it is the responsibility of the Board to oversee the Officers of the Corporation who are responsible for the management of the Company.

In discharging its stewardship responsibilities, the Board shall in particular:

- (i) oversee the preparation and implementation of the Company's strategic plan, its annual work programme and budget and all major capital investment proposals;
- (ii) monitor the effectiveness of managements' Health, Safety and Environmental processes and procedures and ensure that the Company is fully compliant in respect of its obligations in these areas;
- (iii) have a full understanding of the principal business risks associated with the Company's operations and ensure that management adopts appropriate risk management systems and internal financial controls;
- (iv) appoint the CEO and other officers of the Company and monitor their performance to ensure the Company's objectives are met;
- (v) monitor the key personnel succession plans;
- (vi) ensure that the Company has an effective shareholder communications programme which communicates with shareholders and can enable feedback from shareholders;
- (vii) appoint such Committees as are required by law or deemed advisable by the Board in order to assist the Board in carrying out its responsibilities. Where necessary or desirable such committees shall be comprised of independent directors or a majority of them;
- (viii) comply with the Company's By-Laws and all legal requirements, whether statutory or otherwise, which apply to Directors of publicly quoted companies.

Limitation on the Oversight Role of the Board

Each member of the Board shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.

