

PACIFIC RODERA ENERGY INC.

**Notice of the Annual and Special Meeting of Shareholders
to be held on May 26, 2009**

The annual and special meeting (the "**Meeting**") of the holders of common shares of Pacific Rodera Energy Inc. ("**Pacific Rodera**" or the "**Company**") will be held at the offices of Pacific Rodera, 1100, 550 - 6th Avenue SW, Calgary, AB T2P 0S2 on May 26, 2009, at 2:00 p.m. (Calgary time) to:

1. receive and consider our financial statements for the financial year ended December 31, 2008 and the auditors' report on such statements;
2. fix the number of directors at eight;
3. elect eight directors for the ensuing year;
4. appoint the auditors of the Company and authorize the directors to fix their remuneration as such;
5. consider and if thought appropriate, to pass, with or without variation, an ordinary resolution ratifying the Company's existing stock option plan; and
6. transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying information circular – proxy statement.

Only shareholders of record at the close of business on April 21, 2009 (the "**Record Date**") are entitled to notice of and to attend the Meeting or any adjournments thereof and to vote thereat unless after the Record Date a holder of record transfer his or her common shares and the transferee establishes that he or she owns such shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee shall be entitled to vote those shares at the meeting.

Shareholders may vote in person at the Meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a shareholder) as their proxy to attend and vote in their place.

Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof to our transfer agent and registrar, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid, proxies must be received by Computershare Trust Company of Canada prior to 2:00 p.m. (Calgary time) on the second business day preceding the date of the meeting or any adjournment thereof.

Calgary, Alberta
April 22, 2009

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Michael G. Greenwood*"
Michael G. Greenwood
Chairman and Chief Executive Officer

PACIFIC RODERA ENERGY INC.

Information Circular – Proxy Statement – April 22, 2009

For the Annual and Special Meeting of Shareholders to be held on May 26, 2009

PROXIES

Solicitation of proxies

This information circular - proxy statement ("**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of our management for use at the special and annual meeting of our shareholders to be held at the offices of Pacific Roder Energy Inc. ("**Pacific Roder**" or the "**Company**"), 1100, 550 - 6th Avenue SW, Calgary, AB T2P 0S2, on May 26, 2009 at 2:00 p.m. (Calgary time) (the "**Meeting**"), and any adjournment thereof for the purposes set forth in the accompanying notice of meeting. Only shareholders of record on April 21, 2009 are entitled to notice of, to attend and to vote at the Meeting unless a shareholder has transferred any common shares of Pacific Roder (the "**Common Shares**") subsequent to that date and the transferee, not later than 10 days before the Meeting establishes ownership of the Common Shares and requests that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a company, under your corporate seal or by a duly authorized officer or attorney of the company.

The persons named in the enclosed instrument of proxy are our officers. **You have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the instrument of proxy furnished by us. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be mailed so as to be deposited at the office of our transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than 2:00 p.m. (Calgary time) on the second last business day preceding the date of the Meeting or any adjournment thereof. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution.

Advice to beneficial holders

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then, in almost all cases, those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such Common 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 your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your Common Shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the meeting. Often, the form of proxy supplied by your 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 your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications. If you receive a voting instruction form from ADP Investor Communications it cannot be used as a proxy to vote Common Shares directly

at the meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) to ADP Investor Communications well in advance of the meeting in order to have the Common Shares voted.

Revocability of proxy

You may revoke your proxy at any time prior to a vote. If you, or the person you give your proxy, attend personally at the Meeting, you or 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 an instrument in writing executed by you or your attorney authorized in writing or, if you are a Company, under your corporate seal or by a duly authorized officer or attorney of the Company. To be effective the instrument in writing must be deposited either with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time prior to 2:00 p.m. (Calgary time) on the second last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons making the solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this Circular. Proxies may be solicited by personal interviews, or by other means of communication, or by our directors, officers and employees who will not be remunerated therefore.

Exercise of discretion by proxy

The Common Shares represented by proxy in favour of management designees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted on any poll in accordance with the specification so made. **If you do not provide instructions, your Common Shares will be voted "FOR" the matters to be acted upon as set out in this Circular.** The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

VOTING COMMON SHARES AND PRINCIPAL HOLDERS

We are authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As of April 21, 2009 there were 109,789,946 Common Shares and no preferred shares outstanding. Holders of Common Shares are entitled to one vote for each Common Share held. Only holders of Common Shares of record on April 21, 2009 are entitled to notice of, to attend and to vote at the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than ten days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of shareholders.

To the knowledge of our directors and officers, no person beneficially owns directly or indirectly, or exercises control or direction over, more than 10% of the votes attached to the Common Shares except as set out below:

<u>Name and Place of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>
Michael G. Greenwood Alberta	Beneficial	21,267,149

MATTERS TO BE ACTED UPON AT THE MEETING

Presentation of financial statements

At the Meeting, shareholders will receive and consider our financial statements for the financial year ended December 31, 2008 and the auditors' report on such statements.

Fixing the number of directors

At the Meeting, shareholders will be asked to fix the number of directors for the present time at eight, as may be adjusted between shareholders' meetings by way of resolution of the board of directors of the Company. It is the intention of the management designees, if named as proxy, to vote "FOR" fixing the number of directors to be elected at the Meeting at eight.

Election of directors

Directors will be elected at the meeting. Our board of directors presently consists of eight members. It is proposed that the persons referred to in the table below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting or until his successor is duly elected or appointed, unless his office is earlier vacated.

It is the intention of the management designees, if named as proxy, to vote "FOR" the election of the following persons to our board of directors unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, **the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of directors.**

The following is a brief description of the proposed nominees, including their principal occupation for the past five years, all positions and offices with us held by them and the number of our Common Shares that they have advised are beneficially owned by them or over which control or direction is exercised by them.

Name and Place of Residence	Principal Occupations	Director Since	Number of Common Shares
Michael G. Greenwood ⁽³⁾ Alberta	Chairman and Chief Executive Officer of the Company since January 9, 2007; President, Chief Operating Officer and director of Canaccord Capital Company from 1997 to 2006 and its predecessor company from 1994 to 1997; President and Chief Operating Officer and director of Canaccord Capital Inc. from 1997 to 2006	2006	21,267,149
Mark Hornett Alberta	President and Chief Operating Officer of the Company since Sept 5, 2007; Operations Manager of Mission Oil & Gas Inc. from 2005 to 2007; Operations Manager of Burlington Resources Ltd. from 1993 to 2005	2007	1,020,000

Name and Place of Residence	Principal Occupations	Director Since	Number of Common Shares
David J.L. Williams Alberta	Senior Vice President of Corporate Development and Investor Relations of the Company since Sept 5, 2007; President of the Company from January 1, 2005 to September 5, 2007; Chief Executive Officer of the Company from January 1, 2005 to January 8, 2007; President of TWE Enterprises Ltd. since March 1983	1999	1,480,730
Grant Fagerheim ⁽²⁾ Alberta	President and Chief Executive Officer of Whitecap Resources Inc. since September, 2008; President and Chief Executive Officer of Barrick Energy Inc. (formerly Cadence Energy Inc.; Kereco Energy Ltd.) from January, 2005 to September, 2008; President and Chief Executive Officer of Ketch Resources Ltd. from October, 2002 to January, 2005; President and Chief Executive Officer of Ketch Energy Ltd. from April, 2000 to October, 2002	2005	373,666
A. Gordon Stollery ⁽²⁾ Alberta	Independent businessman since February 1, 2008; President and Chief Executive Officer of Highpine Oil & Gas Limited from May 2007 to February 1, 2008; Chairman and Chief Executive Officer of Highpine Oil & Gas Limited prior thereto	2006	350,000
C. Geoffrey Hampson ⁽¹⁾⁽³⁾ British Columbia	Chief Executive Officer of Live Current Media Inc. since June 2007; currently Chief Executive Officer of Corelink Data Centers LLC; President of Hampson Equities since 1983; President of Fibrox Technologies Ltd. since July 1993; President and Chief Executive Officer of Peer1.net from September 2000 to December 2005	2000	589,286
William B. Shupe ⁽¹⁾⁽³⁾ Saskatchewan	President of Shupe & Company Inc. since 1996; President of W. Shupe & Company Investment Advisory Services Inc. since July 2003; Chairman of Centurion Investment Advisors Inc. from January 2002 to April 2003	2005	33,000
John Greenwood ⁽¹⁾⁽²⁾ Alberta	President and Chief Executive Officer of Wood Composite Technologies Inc. since September 2002; Regional Manager of Canadian Imperial Bank of Commerce until 2000	2007	643,750

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Reserves Committee
- (3) Member of the Compensation and Corporate Governance Committee

The directors and officers of the Company as a group, beneficially own, or exercise control or direction over, an aggregate of 28,106,469 Common Shares (excluding Common Shares issuable pursuant to the exercise of outstanding options of the Company) representing approximately 25.60% of the Common Shares outstanding as of April 21, 2009. The information as to Common Shares beneficially owned, directly or indirectly or over which control or direction is exercised, is based upon information furnished to us by the respective nominees to the Company.

Cease trade orders, bankruptcies, penalties or sanctions

No proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was in effect for a period of more than 30 consecutive days and was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was in effect for a period of more than 30 consecutive days, was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, 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.

No proposed director has, within the 10 years before the date of this 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.

In addition, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of auditors

Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote "FOR" the reappointment of Ernst & Young LLP as the auditors of the Company until the next annual general meeting of shareholders or until their successors are duly elected or appointed and to authorize our board of directors to fix their remuneration as such.

Approval of rolling stock option plan

The policies of the TSX Venture Exchange require the Company to obtain shareholder approval of the Company's rolling option plan on an annual basis. Accordingly, shareholders will be asked at the Meeting to consider and, if deemed advisable, ratify and approve the rolling option plan. See "*Incentive plan awards*" – "*Rolling option plan*" - "*Fixed option plan*" for a description of the significant terms of our rolling option plan and fixed option plan.

There are currently stock options issued to acquire an aggregate of 8,285,000 Common Shares representing approximately 7.5% of the Company's outstanding Common Shares.

At the Meeting, the following resolution will, with or without variation, be placed before the shareholders:

"BE IT RESOLVED THAT:

1. the rolling stock option plan of the Company is hereby authorized and approved; and
2. any director or officer of the Company be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection therewith."

In order to be passed, the foregoing resolution must be approved by the affirmative vote of a simple majority of the votes cast by the shareholders who vote in person or by proxy at the Meeting. **The persons named in the accompanying instrument of proxy intend, unless otherwise directed, to vote in favour of the resolution approving the rolling option plan.**

STATEMENT OF EXECUTIVE COMPENSATION

Compensation discussion and analysis

Named executive officers

Our named executive officers, or NEO's, for the year ended December 31, 2008 were Michael G. Greenwood, our Chairman and Chief Executive Officer, and Roger Harman, our Chief Financial Officer. The other executive officers of the Company are Mark Hornett, our President and Chief Operating Officer, David J.L. Williams, our Senior Vice President, Corporate Development and Investor Relations, Douglas Crawford, our Vice President, Engineering, and John Nesbitt, our Vice President, Land. While none of these other executive officers are named executive officers for Canadian securities law purposes, we disclose below all compensation paid to these executive officers for the year ended December 31, 2008.

Compensation principles and objectives

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. We have developed a compensation strategy designed to attract, retain and motivate executive officers and to encourage them to focus on improving corporate and individual performance and increasing value for shareholders. We have developed a culture of ownership by encouraging our executive officers to invest a significant portion of their net worth into Common Shares and by making long-term equity-based incentives, through the granting of options to acquire Common Shares, a major component of executive compensation. This approach is based on the assumption that the performance of our share price over the long-term is an important indicator of long-term performance. We also recognize that our executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the regions in which we operate and the impact of internal and market related occurrences from time to time.

Our compensation philosophy is based on the following principles:

- executive compensation should be consistent with shareholders' interests and therefore our compensation strategy is significantly weighted towards a share ownership compensation strategy;
- executive compensation should be linked to our overall business strategy and objectives;
- executive compensation should be linked to our operating and share price performance and fluctuate with performance; and
- our compensation program should provide market competitive pay in order to retain existing employees who are performing according to their goals and objectives and to attract new, talented individuals.

The objectives of our executive compensation program are as follows:

- to attract and retain a high quality management and employee team and to motivate performance by aligning a significant portion of the compensation to enhancement in share value and to encourage all executive officers to become significant shareholders;
- to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
- to tie executive compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Compensation decision-making process

The purpose of the Compensation and Corporate Governance Committee is to assist our board of directors in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and employee retention. This committee is currently composed of two non-management directors, Messrs. Shupe (Chair) and Hampson, and one management director, Mr. M.G. Greenwood.

Our Chief Executive Officer is responsible for making recommendations to the Compensation and Corporate Governance Committee relating to the compensation of our executive officers, other than the Chief Executive Officer. In making such recommendations, the Chief Executive Officer is responsible for reviewing the compensation data compiled by management for, amongst other things, corporate performance and individual executive officer performance. In assessing corporate performance, the Company does not set specific objectives and targets. Rather, the Compensation and Corporate Governance Committee uses its experience and judgment in light of the Company's overall success in implementing its business plan and performance metrics which support our business plan, including, but not limited to (i) share price performance; (ii) year over year growth in production and reserves, both in aggregate and per share; (iii) cash flow per share and cash costs per share; and (iv) annual finding, development and acquisition costs. In assessing individual executive officer performance, consideration is given to factors such as level of responsibility, experience and expertise, as well as more subjective factors such as leadership and performance in such executive officer's specific role with the Company.

Upon the receipt of the recommendations from our Chief Executive Officer, the Compensation and Corporate Governance Committee is responsible for reviewing the evaluation and determining whether to accept the recommendation or make any changes. Recommendations are subject to the approval of the full board of directors.

Each element of the Company's executive compensation program is described in more detail below.

Elements of the executive compensation program

Compensation of the Chairman and Chief Executive Officer

Michael Greenwood, our Chairman and Chief Executive Officer, has not received any base salary since he commenced employment with the Company. This compensation arrangement was implemented at Mr. Greenwood's request based upon his significant ownership position of the Company and our strategy of setting our executive compensation commensurate with the growth, cash flow and operations of the Company. It is expected that Mr. Greenwood's compensation will increase based upon the factors described above.

Compensation of other executive officers

The executive compensation program for our other executive officers is comprised of base salary and long-term incentive compensation comprised of options to acquire Common Shares.

Base salaries

The base salary component is intended to provide a fixed level of pay that reflects each executive officer's primary duties and responsibilities. The Compensation and Corporate Governance Committee recognizes that the Company's size and stage of development prohibits base salary compensation for executive officers from matching those of larger companies in the oil and gas industry and, accordingly, base salary increases will be performance driven.

The Compensation and Corporate Governance Committee believes that the base salaries paid to the Company's executive officers for the year ended December 31, 2008 were below the salaries which these executive officers could have obtained with other companies in the oil and gas industry. This compensation arrangement is consistent with our strategy of setting our executive compensation commensurate with the growth, cash flow and operations of the Company. As such, it is expected that the current base salaries of our executive officers will be reviewed at least once in 2009 and may adjusted based upon the factors discussed above.

Long term incentive compensation - stock options

Options to acquire Common Shares are granted under the Company's rolling option plan to directors, executive officers, employees, consultants and other service providers of the Company and are intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the rolling option plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the rolling option plan enables executives to increase and maintain a significant ownership positions in the Company. Individual stock options are granted by our board of directors on the recommendation of the Compensation and Corporate Governance Committee and our Chief Executive Officer.

Options are normally awarded by the board of directors upon the commencement of an individual's employment or membership with the Company based on the level of responsibility within the Company. Additional option grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Company and to ensure that one of the primary purposes of the options, namely retention of the executives, is being maintained. In considering additional grants, we evaluate the number of options an individual has been granted, the exercise price and value of the options and the term remaining on those options. See "Incentive plan awards" – "Rolling option plan" – "Fixed option plan" for a description of our stock option plans.

Summary

Our board of directors believes that long-term shareholder value is enhanced by executive compensation based upon corporate performance. Through the compensation program described above, a significant portion of the compensation for our executive officers is based on corporate performance, as well as industry-competitive compensation practices.

Summary compensation table

The following table sets out information concerning the compensation paid to our executive officers for the year ended December 31, 2008.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽³⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Michael Greenwood Chairman & CEO	2008	Nil	Nil	Nil	Nil	Nil	Nil	1,389	1,389
Mark Hornett President & COO	2008	120,000	Nil	Nil	Nil	Nil	Nil	7,177	127,177
Roger Harman CFO	2008	120,000	Nil	Nil	Nil	Nil	Nil	6,504	126,504
Dave Williams Senior Vice President, Corporate Development & Investor Relations	2008	120,000	Nil	Nil	Nil	Nil	Nil	4,084	124,084
Doug Crawford Vice President, Production	2008	120,000	Nil	Nil	Nil	Nil	Nil	7,177	127,177
John Nesbitt Vice President, Land	2008	90,000 ⁽²⁾	Nil	132,044	Nil	Nil	Nil	4,235	226,279

Notes:

- (1) Reflects options issued under the rolling option plan. The amount shown reflects the fair value of the applicable awards as at the grant date. The fair value as at the grant date for compensation disclosure purposes is calculated using Black Scholes Option pricing methodology, using the following assumptions: a 5 year term for the options; a 3 year vesting period; a risk-free interest rate of 3.8%; no dividend payments; and a 75% volatility in the price of the Common Shares.
- (2) Mr. Nesbitt joined the Company on April 1, 2008. The salary figure presented reflects the salary paid to Mr. Nesbitt for the period April 1, 2008 to December 31, 2008.
- (3) The value of perquisites received by each of the executive officers, including property or other personal benefits provided to the executive officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the executive officers total salary for the financial year, except for Michael Greenwood who received no salary for the most recently completed financial year or the prior financial years.

Incentive plan awards

Outstanding share-based awards and option-based awards

The following table sets forth all option-based awards outstanding as at December 31, 2008 for each of our executive officers. The Company did not have any share-based awards outstanding as at the year ended December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Michael Greenwood Chairman & CEO	200,000	0.39	Nov. 30, 2011	Nil	-	-
Mark Hornett President & COO	600,000	0.50	Sept. 5, 2012	Nil	400,000	-
Roger Harman CFO	600,000	0.50	Sept. 5, 2012	Nil	400,000	-
Dave Williams Senior Vice President, Corporate Development & Investor Relations	1,160,000	0.39	Nov. 30, 2011	Nil	-	-
Doug Crawford Vice President, Production	600,000	0.50	Sept. 5, 2012	Nil	400,000	-
John Nesbitt Vice President, Land	400,000	0.65	Mar. 18, 2013	Nil	600,000	-

Note:

(1) The value of unexercised in-the-money options at year-end is based on the closing price of the Common shares on the TSX Venture Exchange on December 31, 2008. As at December 31, 2008, all of the options outstanding as at such time were out-of-the-money and, consequently, had no attributed value.

Incentive plan awards – value vested or earned during the year

The following table sets forth for each of our executive officers the value of option-based awards which vested during the year ended December 31, 2008. The Company did not have any share-based awards outstanding as at the year ended December 31, 2008, and no non-equity incentive plan compensation was earned during the year ended December 31, 2008.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael Greenwood Chairman & CEO	-	-	-
Mark Hornett President & COO	Nil	-	-
Roger Harman CFO	Nil	-	-
Dave Williams Senior Vice President, Corporate Development & Investor Relations	-	-	-
Doug Crawford Vice President, Production	Nil	-	-
John Nesbitt Vice President, Land	-	-	-

Note:

- (1) Calculated based on the difference between the market price of the Common Shares on the vesting date and the exercise price of the options on the vesting date. As at December 31, 2008, all of the outstanding options outstanding as at such time were out-of-the-money and, consequently, had no attributed value.

Rolling option plan

The Company has a rolling option plan (in this section the "**Rolling Plan**") which permits the granting of options to purchase Common Shares to certain directors, officers, key employees and consultants of the Company and its subsidiaries. The Rolling Plan is currently administered by our Compensation and Corporate Governance Compensation Corporate Governance Committee.

The Rolling Plan includes the following terms:

- the aggregate number of Common Shares that may be issued pursuant to the exercise of options awarded under all equity compensation plans is 10% of the Common Shares outstanding from time to time;
- the aggregate number of Common Shares reserved for issuance to any one optionee under all equity compensation plans shall not exceed 5% of the outstanding Common Shares;
- the aggregate number of Common Shares reserved for issuance to insiders under all equity compensation plans must not exceed 10% of the outstanding Common Shares;
- the aggregate number of Common Shares issuable to insiders under all equity compensation plans within any one-year period, must not exceed 10% of the outstanding Common Shares;
- the maximum number of Common Shares issuable on exercise of options outstanding at any time held by directors of the Company who are not officers or employees of the Company shall be limited to 3% of the outstanding Common Shares;
- options representing more than 2% of the outstanding Common Shares shall not be granted to any one consultant of the Company or a subsidiary in any 12 month period;

- the aggregate number of options granted to optionees who are employed to provide investor relation activities on behalf of the Company must not exceed 2% of the issued Common Shares in any 12 month period; and
- no options may be granted to employees or consultants of the Company or a subsidiary or employees of management companies providing services to the Company or a subsidiary unless such persons are bona fide employees or consultants of the Company or a subsidiary or employees of management companies providing services to the Company or a subsidiary.

Options granted under the Rolling Plan cannot have a term exceeding five years and vest in such a manner as determined by the Compensation and Corporate Governance Compensation Corporate Governance Committee, provided, however, that options granted to consultants performing investor relations activities on behalf of the Company must vest in stages over 12 months with no more than 25% of such options vesting in any 3 month period and must expire within 30 days after the consultant ceases to be employed or retained to provide investor relations activities. If an option is set to expiry within 10 calendar days following the end of a "blackout period, the expiry date of the option will be extended to the date that is 10 business days following the end of the blackout period. For the purposes of the Rolling Plan, "blackout period" means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons designated by the Company, including any holder of an option.

The exercise price of the options granted under the Rolling Plan will be fixed by the board of directors (on the recommendation of the Compensation and Corporate Governance Compensation Corporate Governance Committee) at the time of grant, provided that the exercise price will not be less than the "discounted market price" of the Common Shares. For the purposes of the Rolling Plan, "discounted market price" means the closing trading price of the Common Shares on the TSX Venture Exchange (or such stock exchange on which the Common Shares may be listed) on the last trading day preceding: (i) the issuance of a news release in respect of the option Grant, (ii) the filing of a price reservation form in respect of the option grant, or (iii) the date of grant, as applicable, on which there was a closing price, less the applicable discount, or, if the Common Shares are not listed on any exchange, a price determined by the Compensation and Corporate Governance Compensation Corporate Governance Committee.

In the case of the death of an optionee, any unvested portion of such option will vest immediately. An option may be exercised by the legal personal representative of the optionee's estate at anytime before 5:00 pm on the 90th day after the date of death of the optionee, subject to an extension of the expiry by the Compensation and Corporate Governance Compensation Corporate Governance Committee. Options will terminate at the earlier of: (i) the close of business 30 days after the optionee ceasing (other than by reason of death) to be at least one of an officer, director, employee (in active employment carrying out regular and normal duties), or consultant of the Company or a subsidiary, (ii) the close of business 30 days after the optionee has been provided with written notice of dismissal related to (i) above; and (iii) the expiry date of the option.

An optionee may, under the terms of the Rolling Plan, exercise an option by delivery to the Company an exercise notice. In the event that there has been a publicly announced take-over bid, amalgamation, arrangement or business combination pursuant to which any person or person will acquire greater than 50.01% of the outstanding Common Shares, the optionee may exercise the optionee's right to require the Company or acquiror to purchase all or any part of the options of the optionee. The Company or the acquiror will purchase the options at a price equal to the excess of the current market price (which means the market price of the common share on the date of receipt of the put notice by the Company or such lower price as the Compensation Corporate Governance Committee may determine. Notwithstanding, the foregoing sentence, in the event that there has been a publicly announced take-over bid, amalgamation or other transaction involving Common Shares, while such transaction is still outstanding, the current market price will be the consideration offered pursuant to such transaction) over the exercise price. The Compensation Corporate Governance Committee may decline to accept the exercise of a put right at any time.

In the event of an adjustment to the number of Common Shares resulting from subdivisions, consolidations, reclassifications, the payment of stock dividends or other relevant changes in the authorized or issued capital of the Company occurring subsequent to the approval of the Rolling Plan by the board of directors, appropriate adjustments in the number of Common Shares subject to the Rolling Plan, options granted or to be granted, the number of Common Shares optioned and in the option price will be made by the Compensation Corporate Governance Committee.

The Compensation Corporate Governance Committee may, without the approval of holders of Common Shares: (i) reduce the percentage number of Common Shares that may be issued pursuant to the exercise of options awarded under the Rolling Plan, (ii) change the term of the options for non-insiders, (iii) alter the put-right provisions under the Rolling Plan or alter the vesting provision relating to the options, and (iv) discontinue the Rolling Plan or any option at any time. Notwithstanding the foregoing, no amendment to the Rolling Plan or options granted under the Rolling Plan may be made without the consent of the optionee, if it adversely alters or impairs any option previously granted such optionee under the Rolling Plan.

The Compensation Corporate Governance Committee may not, without the prior approval of holders of the Common Shares: (i) increase the number of Common Shares that may be issued pursuant to the exercise of options awarded under the Rolling Plan in the aggregate or to any person or group of persons, (ii) change the manner of determining the minimum price, (iii) extend the maximum period during which options may be exercised, or (iv) amend an option grant for an option held by an insider to lower the exercise price or to extend the expiry date.

Fixed option plan

The Company has a fixed option plan (in this section, the "**Fixed Plan**") which permits the granting of options to purchase Common Shares of the Company to directors, senior officers, employees, consultants, consultant companies and management company employees of the Company and its subsidiaries.

The Fixed Plan limits the number of Common Shares which may be issuable pursuant to options granted under the Fixed Plan to 4,094,000 (which represents less than 20% of the Company's issued share capital as at the date the board of directors approved the Fixed Plan). The number of Common Shares reserved for issuance under the Fixed Plan and all of the Company's previously established share compensation arrangements: (i) in the aggregate cannot exceed 20% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and (ii) to any one optionee within a 12 month period cannot exceed 5% of the total number of issued and outstanding shares on a non-diluted basis.

The number of shares which may be issuable under the Fixed Plan and all of the Company's previously established or proposed share compensation arrangements, within a one-year period: (i) to any one optionee cannot exceed 5% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis; and (ii) to any one consultant cannot exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and (iii) to all optionees who undertake investor relations activities cannot exceed 2% in the aggregate of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis.

The board of directors, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon which each option will become vested in respect of option shares. The expiry date of the options will be determined by the board of directors of the Company and will not be more than five years from the grant date. Options are not assignable by the optionee.

In the case of the death or disability (as defined in the Fixed Plan) of an optionee, the option held by the optionee is exercisable up to but not after the earlier of: (i) 365 days after the date of death or disability; and (ii) the expiry date of the option. If an optionee is terminated for cause, any outstanding option held by the optionee is cancelled as of the date of termination. If a person ceases to be an optionee due to retirement earlier than the normal retirement date under the Company's retirement policy, due to voluntary resignation or due to termination other than for cause, the options held by the optionee will be exercisable at any time up to but not after the earlier of the expiry date and the date which is 90 days after the person ceases to be an optionee.

If a bona fide offer for shares is made to the optionee or to shareholders of the Company generally or to a class of shareholders which includes the optionee, which offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, the Company will immediately upon receipt of the notice of the offer, notify each optionee of the full particulars of the offer. If: (i) the offer is not completed within the specified time; or (ii) all the option shares tendered by the optionee pursuant to the offer are not taken up or paid for by the offeror, then the option shares received upon such exercise, or in the case of clause (ii) above, the option shares that are not taken up and paid for, may be returned by the optionee to the Company and reinstated as authorized but unissued shares. With respect to such returned option shares, the option will be reinstated as if it had not been exercised. The Company will immediately refund the exercise price to the optionee for such option shares returned.

If at any time an option granted under the Fixed Plan remains unexercised, an offer is made by an offeror, the board of directors may, upon notifying each optionee of the full particulars of the Offer, declare all option shares issuable upon exercise of options granted under the Fixed Plan, vested, and declare that the expiry date for the exercise of all unexercised options granted under the Fixed Plan is accelerated so that all options are either exercised or will expire prior to the date upon which shares must be tendered pursuant to the offer. The board of directors will give each optionee not less than 5 business days notice of the acceleration of the options.

If there is a change of control, all option shares will become vested and such options may be exercised in whole or in part by the optionee. Any unissued option shares not acquired by the optionee under an option which has expired may be the subject of a further option pursuant to the provisions of the Fixed Plan.

Whenever there is a share reorganization then effective immediately after the record date or effective date, for each option the option price will be adjusted to a price per share which is the product of: (a)(i) the option price in effect immediately before the effective date or record date; and (ii) a fraction, the numerator of which is the total number of shares outstanding on that effective date or record date before giving effect to the share reorganization and the denominator of which is the total number of shares that are or would be outstanding immediately after such effective date or record date after giving effect to the share reorganization; and (b) the number of unissued option shares will be adjusted by multiplying (i) the number of unissued option shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in (a)(ii).

Whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of shares: (a) shares of the Company; (b) evidence of indebtedness; (c) any cash or other assets, excluding cash dividends; or (d) rights, options or warrants, then to the extent that the dividend or distribution does not constitute a share reorganization (in this section, a "**special distribution**"), effective immediately after the record date at which holders of shares are determined for purposes of the special distribution, for each option the option price is reduced, and the number of unissued option shares will be correspondingly increased, by such amount, if any, as is determined by the board of directors in its sole discretion to be appropriate in order to properly reflect any diminution in value of the option shares as a result such special distribution.

Whenever there is a corporate reorganization, the optionee will have an option to purchase and will accept on the exercise of such option, in lieu of unissued option shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that the optionee would have been entitled to receive as a result of the corporate reorganization, if on the effective date thereof, he would have been the holder of all unissued option shares or if appropriate, as the board of directors determines otherwise.

Any questions that arise with respect to the option price or number of unissued option shares deliverable upon exercise of an option following a share reorganization, special distribution or corporate reorganization will be conclusively determined by the Company's auditor or another firm of chartered accountants in Vancouver, if required.

Pension plan benefits

The Company does not have any pension plan or similar benefit program.

Termination and change of control benefits

There are no termination or change of control benefits with any director, executive officer or employee. However, vesting of options granted under our rolling option plan and fixed option plan accelerate on a change of control of the Company.

Director compensation

During the financial year ended December 31, 2008, we did not pay any cash compensation, share-based awards, option-based awards, non-equity incentive plan awards or any other compensation to our non-management directors, nor were our directors paid for attendance at board or committee meetings. Our directors were, however, entitled to be reimbursed for all reasonable expenses incurred in carrying out their duties as directors.

Directors' outstanding option-based awards and share-based awards

The following table sets forth for each of our directors, other than directors who are also executive officers, all option-based awards outstanding at the end of the year ended December 31, 2008. The Company did not have any share-based awards outstanding as at the year ended December 31, 2008.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested (\$)
C. Geoffrey Hampson	310,000	0.39	Nov. 30, 2011	Nil	-	-
William Shupe	200,000	0.39	Nov. 30, 2011	Nil	-	-
Grant Fagerheim	200,000	0.39	Nov. 30, 2011	Nil	-	-
A. Gordon Stollery	200,000	0.39	Nov. 30, 2011	Nil	-	-
John Greenwood	200,000	0.39	Nov. 30, 2011	Nil	-	-

Note:

- (1) The value of unexercised in-the-money options at year-end is based on the closing price of the Common shares on the TSX Venture Exchange on December 31, 2008. As at December 31, 2008, all of the options outstanding as at such time were out-of-the-money and, consequently, had no attributed value.

Directors' incentive plan awards – value vested or earned during the year

As at December 31, 2008, all of the outstanding options held by directors were out-of-the-money and, consequently, had no attributed value.

Securities authorized for issuance under equity compensation plans

The following sets forth information in respect of securities authorized for issuance under our equity based compensation plans as at December 31, 2008.

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⁾⁽²⁾	5,591,200	0.444	5,387,794
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	5,591,200	0.444	5,387,794

Notes:

- (1) The Company has a (i) fixed option plan and (ii) a rolling option plan. Not more than 10% of our outstanding Common Shares may be issued under our equity compensation plans.
- (2) Shareholders of the Company last approved the rolling option plan at the annual and special meeting of shareholders of the Company held on May 29, 2008. The fixed option plan was last approved at the annual and special meeting of shareholders of the Company held on May 31, 2006.

STATEMENT OF CORPORATE GOVERNANCE AND PRACTICES

Set forth below is a description of the Company's current corporate governance practices, as prescribed by Form 58-101F2 of National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

Board of directors

Our board of directors determines whether a director of the Company is independent on the basis of whether that director has a material relationship with us, or any of our affiliates or our external auditor, either directly or indirectly, or as a partner, shareholder or officer of an entity that has a relationship with us.

Our board of directors has determined that the following four directors of the Company are independent:

A. Gordon Stollery
C. Geoffrey Hampson
William B. Shupe
Grant Fagerheim

Our board of directors has determined that the following directors of the Company are not independent:

Michael G. Greenwood
Mark Hornett
David J.L. Williams
John Greenwood

Mr. Michael G. Greenwood is not independent because he is the Chief Executive Officer of the Company, Mr. Mark Hornett is not independent because he is the President and Chief Operating Officer of the Company, Mr. Williams is not independent because he is the Senior Vice President, Corporate Development and Investor Relations of the Company and Mr. John Greenwood is not independent because he is the brother of Mr. Michael G. Greenwood, the Chief Executive Officer of the Company.

Directorships

The following directors of the Company are directors of the following reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Names of Other Issuers</u>
A. Gordon Stollery	High Pine Oil & Gas Limited
Grant Fagerheim	IROC Systems Corp.
C. Geoffrey Hampson	Live Current Media Inc. Carat Exploration Inc. Cricket Capital Corp.
John Greenwood	Wood Composite Technologies Inc.

Orientation and continuing education

Due to the size of our board of directors no formal program exists for the orientation of new directors of the Company. New directors are given copies of the (i) mandates/charters of our board of directors and all committees of the board of directors; (ii) code of conduct for the Company; (iii) code of conduct and conflict of interest guidelines for the directors and officers of the Company; and (iv) disclosure and insider trading policy of the Company. Existing directors of the Company provide orientation and education to new members on an informal basis.

No formal continuing education program exists for our directors.

Ethical business conduct

Our board of directors has adopted a code of conduct for the Company and a code of conduct and conflict of interest guidelines for the directors and officers of the Company.

Compensation and Corporate Governance Committee

Nomination of directors

The Compensation and Corporate Governance Committee is responsible for:

- (a) in consultation with our board of directors, establishing criteria for board membership, considering the competencies and skills that the board, as a whole, should possess; assess the competencies and skills of each existing director and any new nominees; and, recommend board composition; and
- (b) in conjunction with our Chairman, proposing to the Board, annually, the members proposed for re-election to our board of directors and identifying and, where appropriate, recommending new nominees for our board of directors.

Compensation and governance

The Compensation and Corporate Governance Committee is also responsible for recommending to our board of directors compensation policies and general human resources policies and guidelines concerning employee compensation and benefits. The Compensation and Corporate Governance Committee is also responsible for making recommendations to our board of directors with respect to the compensation of the Chief Executive Officer having consideration to the Committee's evaluation of the Chief Executive Officer's performance and to approve compensation for all other designated officers in the Company after considering the recommendations of the Chief Executive Officer, all within the compensation policies and general human resources policies and guidelines concerning employee compensation and benefits approved by our board of directors.

The Compensation and Corporate Governance Committee is also responsible for overseeing and assessing the functioning of our board of directors and the committees of our board of directors and for the development, recommendation to our board of directors, implementation, and assessment of effective governance principles.

Assessments

As part of its mandate, the Compensation and Corporate Governance Committee is responsible for establishing and administering a process (including a review by the full board of directors and discussion with management) for assessing the effectiveness of our board of directors as a whole and the committees of our board of directors.

Reserves Committee

The Reserves Committee is responsible for assisting our board of directors in monitoring (i) the integrity of the oil and gas reserves of the Company, (ii) compliance by the Company with legal and regulatory requirements related to reserves, (iii) qualifications, independence and performance of the Company's independent reserve evaluators and (iv) performance of the Company's procedures for providing information to the independent reserve evaluators.

AUDIT COMMITTEE INFORMATION

Audit Committee mandate and terms of reference

The mandate and responsibilities (the "**Mandate**") of the audit committee (the "**Audit Committee**") of our board of directors is attached to this Circular as Appendix A.

Composition of the Audit Committee

The members of the Audit Committee for the financial year ended December 31, 2008 were William B. Shupe (financially literate and independent), C. Geoffrey Hampson (financially literate and independent) and John Greenwood (financially literate but not independent).

C. Geoffrey Hampson

Mr. Hampson has been involved as President and Chief Executive Officer of many start up and operating companies over the last thirty years. He is currently the Chairman and Chief Executive Officer of Live Current Media, Inc., an eCommerce company listed on the OTCBB exchange and founder and Chief Executive Officer of Corelink Data Centers LLC, a collocation business with multiple locations in the USA. He was the founder and Chief Executive Officer of Novocon International Inc., a manufacturer of specialty fibre for composite reinforcement until it was sold to Synthetic Industries in 1997. Mr. Hampson was also Chief Executive Officer of Peer 1 Network Enterprises Inc., an internet and infrastructure company based in Vancouver listed on the TSX V. In addition, Mr. Hampson is President and Chief Executive Officer of Fibrox Technologies Ltd., a manufacturer of specialty mineral fiber products, a director of Carat Exploration Inc., a junior mining exploration company listed on the TSX Venture Exchange with properties in Canada and in Chile, a director of Cricket Capital Corp., a capital pool company listed on the TSX Venture Exchange and a director and investor in various other entities in both Canada and the United States.

William B. Shupe

Mr. Shupe is President and Chief Investment Advisor of W. Shupe & Company, a Regina based investment advisory firm. W. Shupe & Company, together with its predecessor firm, Shupe & Company Inc., has been providing investment and corporate finance advisory services to businesses, governments and individuals since 1996. Prior to establishing Shupe & Company in 1996, Mr. Shupe was President and Chief Executive Officer and Crown Life Investment Management Inc. and prior to that, was Vice President, Corporate Finance of Pemberton Houston Willoughby Inc. Mr. Shupe also serves as Executive-in-Residence and Lecturer in Finance of the Faculty

of Business Administration of the University of Regina. He is also an advisory board member of the GrowthWorks Canadian Fund and a director of Observatory Credit Markets Fund Limited. Mr. Shupe is a Chartered Financial Analyst (CFA) and is a Sloan fellow and Masters graduate of London Business School. He also holds a law degree from the University of Saskatchewan; he is a member of the CFA institute and Law Society of Saskatchewan (non-practicing) and is a registered portfolio manager with the Saskatchewan Financial Services Commission.

John Greenwood

Mr. J. Greenwood is President, Chief Executive Officer and Director of Wood Composite Technologies Inc. Prior to his position with Wood Composite Technologies Inc., Mr. Greenwood was employed by the Canadian Imperial Bank of Commerce for over twenty-three years in a variety of roles. Mr. Greenwood's experience with Canadian Imperial Bank of Commerce includes sales leadership, commercial and corporate credit, compliance and customer service with exposure to a wide variety of industries.

Pre-approval of policies and procedures

The Audit Committee must review and approve the fee, scope and timing of the audit and other audit related and non-audit services rendered by the Company's external auditors. The Audit Committee is also responsible for reviewing with the external auditors, upon completion of their audit, the non-audit services provided by the external auditors, as pre-approved pursuant to the audit and non-audit services pre-approval policy of the Company.

External auditor service fees

The aggregate fees for services performed our external auditors in the past three financial years were as follows:

	December 31, 2008 (C\$)	December 31, 2007 (C\$)	November 30, 2007 (C\$)
Audit and audit-related fees	\$48,150	\$23,485	\$50,235
Tax fees	\$5,000	\$2,500	\$5,000
All other fees	Nil	\$500	Nil
Total	\$53,150	\$26,485	\$55,235

Exemption

The Company is exempt from the disclosure requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110 *Audit Committees*.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Company, any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other informed person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the year ended December 31, 2008 or in any proposed transaction which has materially affected or would materially affect the Company.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the Meeting other than as set forth above and in the notice of meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting by proxy.

ADDITIONAL INFORMATION

Additional information relating to us is available on SEDAR at www.sedar.com. Financial information is provided in our comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2008. Shareholders can access this information on SEDAR at www.sedar.com or by contacting us at Pacific Rodera Energy Inc. 1100, 550 – 6th Avenue SW, Calgary, AB T2P 0S2.

APPENDIX A

PACIFIC RODERA ENERGY INC.

AUDIT COMMITTEE CHARTER AND TERMS OF REFERENCE FOR AUDIT COMMITTEE CHAIR

Introduction

Pacific Rodera Energy Inc. (the "**Company**") is an Alberta based junior oil and gas exploration and development company. The Board of Directors of the Company (the "**Board**") has the responsibility for the overall stewardship of the conduct of the business of the Company and its subsidiaries and the activities of management of the Company, which is responsible for the day-to-day conduct of the business.

Purpose

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls and disclosure controls and procedures, to review and report on the integrity of the consolidated financial statements of the Company, to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts and to review the Company's externally disclosed oil and gas reserves estimates including reviewing the qualifications of, and procedures used by, the independent engineering firm responsible for evaluating the Company's reserves.

Composition, Procedures And Organization

1. The Committee shall consist of at least three members of the Board of Directors (the "**Board**"), a majority of whom shall be "independent", as that term is defined in Sections 1.4 and 1.5 of Multilateral Instrument 52-110, Audit Committees (provided that, if the Common Shares of the Company are listed and posted on the Toronto Stock Exchange, then all of the members of the Audit Committee shall be "independent").
2. All of the members of the Committee shall be "financially literate" (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of those of the Company and that can be reasonably expected to be raised by the Company's financial statements).
3. The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which the Company lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.
4. The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
5. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
7. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers necessary or advisable in order to perform its duties and responsibilities.

8. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

Chief Executive Officer
President
Chief Financial Officer
Chief Operating Officer
Controller

Other management representatives shall be invited to attend as necessary.

2. The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee of the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.
3. The Committee may retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties and may set and pay the compensation for any advisor engaged. The Committee will notify the Chairman of the Board whenever independent consultants are engaged.

Handling of Complaints

The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters (a "**whistleblower policy**").

Annual Review

The Committee shall review and assess the adequacy of its mandate annually, report to the Board of Directors thereon and recommend any proposed changes to the Board of Directors for approval. The Committee shall also perform an annual evaluation of the performance of the Committee and shall report the results of the evaluation to the Chairman of the Board of the Company's Board of Directors.

Roles And Responsibilities

The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and management's discussion and analysis;
- (b) to establish and maintain a direct line of communication with the Company's internal (if any) and external auditors and assess their performance;

- (c) to assist the Board in the discharge of its responsibilities relating to oversight of the Company's internal, financial and disclosure controls and procedures;
- (d) to periodically review the audit and non-audit services pre-approval policy and recommend to the Board any changes which the Committee deems appropriate;
- (e) to periodically consider whether there is a need to outsource internal audit functions or create an internal audit department;
- (f) to assist the Board in the discharge of its responsibilities relating to the evaluation and disclosure of its oil and gas reserves and oil and gas activities and the approval and filing of all necessary statements and reports related thereto;
- (g) to receive and review complaints received pursuant to the Company's Whistleblower Policy and oversee and provide direction on the investigation and resolution of such concerns and to periodically review the said policy and recommend to the Board changes which the Committee may deem appropriate;
- (h) to report regularly to the Board on the fulfilment of its duties and responsibilities;
- (i) to identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- (j) to ensure that it satisfies those responsibilities set out in Part 2 of MI 52-110 and provisions contained within the Companion Policy to 52-110; and
- (k) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) to be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (l) to recommend to the Board a firm of external auditors to be nominated for appointment by the shareholders of the Company, and to monitor and verify the independence of such external auditors;
- (m) to review and approve the fee, scope and timing of the audit and other audit related and non-audit services rendered by the external auditors;
- (n) review the audit plan of the external auditors prior to the commencement of the audit;
- (o) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;

- (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors, as pre-approved pursuant to the audit and non-audit services pre-approval policy;
- (p) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles;
 - (q) to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
 - (r) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
 - (s) to receive a written statement not less than annually from the external auditor describing in detail all relationships between the auditor and the Company that may impact the objectivity and independence of the auditor. The Committee shall review annually with the Board of Directors the independence of the external auditors and either confirms to the Board of Directors that the external auditors are independent or recommend that the Board of Directors take appropriate action to satisfy itself of the external auditor's independence.

The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (t) review compliance under the Company's Code of Business Conduct Policy with those matters addressed in the policy which affect the financial integrity of the Company and to periodically review this policy and recommend to the Board changes which the Committee may deem appropriate; and
- (u) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff or by the external auditors have been implemented.

The Committee is also charged with the responsibility to:

- (a) review and recommend to the Board for its approval, the Company's annual financial statements, management's discussion and analysis, annual information form and annual earnings press releases before the Company publicly discloses this information;
- (v) review and approve the Company's interim financial statements, interim management's discussion and analysis including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and interim earnings press releases before the Company publicly discloses this information;
- (w) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;

- (iii) prospectuses;
 - (iv) other public reports requiring approval by the Board; and
 - (v) press releases related thereto,
- and report to the Board with respect thereto;
- (x) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (y) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (z) review and report on the integrity of the Company's consolidated financial statements;
 - (aa) review the minutes of any audit committee meeting of any subsidiary of the Company;
 - (bb) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (cc) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
 - (dd) develop a calendar of activities to be undertaken by the Committee for each ensuing year related to the Committee's duties and responsibilities as set forth in this Charter and to submit the calendar in the appropriate format to the Board of Directors within a reasonable period of time following each annual general meeting of shareholders;
 - (ee) ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board of Directors. In certain cases which involve severe timing considerations, the Committee may designate the responsibility for review to any two members of the Committee. The Committee shall review and monitor practices and procedures adopted by the Company to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board of Directors;
 - (ff) The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial disclosure presentation; and
 - (gg) The Committee shall prepare or review such reports as may be required by any applicable securities regulatory authority to be included in the Company's Circular or any other disclosure document of the Company.

Accountability

The Committee shall report its activities and proceedings to the Board by distributing the minutes of its meetings or by oral or written report at the next Board meeting.

Standards of Liability

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this mandate are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Annual Review And Assessment

The Committee shall conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board of Directors.

Committee Timetable

The major activities of the Committee with respect to scheduled meetings will be outlined in an annual schedule.

TERMS OF REFERENCE FOR AUDIT COMMITTEE CHAIR

The Chair is appointed annually by and reports to the Board. The Chair's primary role is managing the affairs of the Committee, including ensuring the Committee is organized properly, functions effectively and meets its obligations and responsibilities. The Chair works with the Chief Financial Officer ("CFO") of the Company to ensure effective relations with Committee members. The Chair maintains on-going communications with the CFO and with such other officers of the Company as the Chair determines appropriate. The Chair, in conjunction with the Committee, maintains ongoing communications with the Trust's external auditors. The Chair has the responsibility to lead the Committee and report to the Board after each Committee meeting.

The Chair also has the responsibility to ensure the Committee is alert to its obligations to the Board and pursuant to law and to chair Committee meetings.

The Chair must also:

- (a) assist the Board in its recommendation of Committee members and its review of the performance and suitability of the Committee;
- (b) ensure the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the Board Chair, the CFO and the Corporate Secretary;
- (c) maintain a liaison and communication with Committee members, other directors and the Board Chair to co-ordinate input from Committee members and directors, and optimize the effectiveness of the Committee;
- (d) in collaboration with the CFO and other officers, ensure information requested by Committee members is provided and meets their needs;
- (e) in conjunction with the Nomination and Corporate Governance Committee, the Board and the Board Chair, review and assess Committee attendance, performance and compensation and the size and composition of the Committee; and
- (f) in conjunction with the Compensation Committee, lead the Committee in assessing the performance of the Company's financial management team.