



**Notice of Meeting  
and  
Information Circular**

**in respect of a**

**SPECIAL AND ANNUAL MEETING  
OF SHAREHOLDERS**

**to be held on June 9, 2009**

**ANTERRA ENERGY INC.  
NOTICE OF MEETING OF SHAREHOLDERS**

to be held on June 9, 2009

TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a Special and Annual Meeting (the "Meeting") of shareholders of Anterra Energy Inc. (the "Corporation") will be held at the office of Macleod Dixon LLP at 3700 Canterra Tower, 400 Third Avenue S.W., Calgary, Alberta on Tuesday, June 9, 2009 at 9:30 am (Calgary time) for the following purposes:

1. To receive the audited financial statements for the year ended December 31, 2008 and the report of the auditors thereon.
2. To elect the directors of the Corporation for the ensuing year.
3. To appoint the auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors.
4. To approve the Corporation's existing stock option plan.
5. To approve the grant of new stock options to directors and officers of the Corporation to replace previously cancelled stock options.
6. To transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders are referred to the Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

**If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Olympia Trust Company, registrar and transfer agent of the Corporation, at 2300, 125-9<sup>th</sup> Avenue S.E., Calgary, Alberta T2G 0P6 by no later than 4:30 p.m. (Calgary time) on June 8, 2009.**

**If you are an *unregistered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.**

The directors of the Corporation have fixed April 28, 2009 as the record date. Holders of Class A shares and Class B shares of record at the close of business on April 28, 2009 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof. The transfer books will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS



A. Giles Parker  
Vice-President, Finance and Chief Financial Officer

Calgary, Alberta  
April 28, 2009

# **ANTERRA ENERGY Inc.**

## **INFORMATION CIRCULAR**

### **FOR THE SPECIAL AND ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY JUNE 9, 2009**

#### **PURPOSE OF SOLICITATION**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Anterra Energy Inc (the "Corporation") for use at the Special and Annual Meeting (the "Meeting") of the shareholders of the Corporation.** The Meeting will be held at the office of Macleod Dixon LLP at, 3700 Canterra Tower, 400 Third Avenue S.W., Calgary, Alberta, on Tuesday, June 9, 2009 at 9:30 am (Calgary time), and at any adjournments thereof for the purposes set forth in the Notice of Meeting of Shareholders accompanying this Information Circular. Information contained herein is given as of April 28, 2009 unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Corporation who will not be additionally compensated therefore. Brokers, nominees or other persons holding shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by the Corporation.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and officers of the Corporation. **A shareholder submitting a proxy has the right to appoint a nominee (who need not be a shareholder) to represent him at the Meeting other than the persons designated in the enclosed proxy form by inserting the name of his chosen nominee in the space provided for that purpose on the form and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with the Registrar and Transfer Agent of the Corporation, Olympia Trust Company ("Olympia Trust"), 2300, 125-9<sup>th</sup> Avenue S.E., Calgary, Alberta T2G 0P6 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting or any adjournment(s) thereof, or with the chairman of the Meeting on the day of the Meeting or any adjournment(s) thereof.

A shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the office of Olympia Trust at any time up to and including the 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.

## **ADVICE TO BENEFICIAL HOLDERS OF CLASS A SHARES AND CLASS B SHARES**

**The Information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Class A shares and Class B shares in the capital of the Corporation (the "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 names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory 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 the broker) is similar to the form of proxy provided to registered shareholders by 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 Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge 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 his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend 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 the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

## VOTING OF PROXIES

All shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting, then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.**

At the time of printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

## INFORMATION CONCERNING THE CORPORATION

### Voting Shares and Principal Holders Thereof

The directors of the Corporation have fixed April 28, 2009 as the record date. Holders of Common Shares at the close of business on April 28, 2009, are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each Common Share held, except to the extent that (i) a registered shareholder has transferred the ownership of any shares, subsequent to April 28, 2009 and (ii) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the shares and demands, not later than ten days before the Meeting, that his or her name be included on the shareholder list before the Meeting, in which case, the transferee shall be entitled to vote his or her shares at the Meeting. The transfer books will not be closed.

As of April 28, 2009, 38,001,398 Class A Shares and 753,014 Class B Shares were issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and senior officers of the Corporation, no persons, firms or corporations beneficially own, directly or indirectly, or exercise control or direction over ten percent (10%) or more of the issued and outstanding Common Shares of the Corporation.

As of April 28, 2009, the directors and officers as a group owned beneficially, directly and indirectly, 8,387,362 Class A Shares and 138,801 Class B Shares of the Corporation, representing 22.1% and 18.4% respectively of the presently issued and outstanding Class A and Class B Shares.

### Indebtedness of Directors and Senior Officers

None of the directors or senior officers of the Corporation, nominees for election or associates or affiliates of such persons have been indebted to the Corporation at any time since the beginning of the last fiscal period.

## Compensation Discussion and Analysis

The Corporation's compensation program for Named Executive Officers ("NEOs") includes a base salary, an annual incentive scheme and option based awards. Each year the Corporation reviews industry compensation data to determine the equivalent market rate for executives with similar technical background and years of experience as each of the NEOs. The base salary for each NEO is established at a level relative to each of the other NEOs in the Corporation, but at a level that is lower than the average equivalent market rate. The annual incentive scheme is based on a graduated percentage of the Company's funds flow from operations (before changes in non-cash operating working capital) during the year and is set with the objective of bringing the NEOs' paid compensation for the year up to the average equivalent market rate as the Corporation's budgeted annual funds flow from operations (as established by the Board of Directors) is achieved. If the budget is exceeded, the NEO will receive more than the market equivalent rate. The NEOs also receive option based awards at the discretion of the Board of Directors to provide upside to the NEO if the Company is successful and to further align the NEOs interests with the interests of shareholders. Option based awards are generally awarded at the discretion of the Board, in a larger amount on commencing with the Company and with a smaller annual amount in subsequent years. All NEO compensation amounts are proposed by the CEO to the Compensation Committee and, based on the recommendation of the Compensation Committee, approved by the Board of Directors. In addition, each NEO receives minor perquisites including parking which, unless otherwise noted in the schedule below, total less than 10% of the total compensation.

The Corporation's annual incentive scheme for 2008, as approved by the Board of Directors, provided for payments to NEOs and other officers and employees totaling approximately 5% of the first \$1.4 million of annual funds flow from operations (as established by the Board of Directors), approximately 10% of the second \$1.4 million and approximately 18% of additional funds flow from operations. However, in the Company's current financial condition, the incentive compensation for 2008 will not be paid. For 2009, no award has been approved by the Board of Directors.

The following table discloses, for the three most recently completed financial years that end on or after December 31, 2008, total compensation received by the following executive officers: (i) those who acted as the Corporation's Chief Executive Officer during such period; (ii) those who acted as the Chief Financial Officer during such period; and (iii) each of the three highest paid executive officers whose total compensation exceeded \$150,000 during such period (collectively the "Named Executive Officers").

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Share-Based awards (\$)	Option-Based awards (\$) (3)	Non equity incentive Plan compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (2)	Long-term Incentive Plans			
Owen C. Pinnell Chairman & CEO	2008	120,000	Nil	15,525	Nil	Nil	Nil	(1)	135,525
Giles Parker, VP Finance & CFO	2008	120,000	Nil	5,175	Nil	Nil	Nil	(1)	125,175
William E. Johnson, President & COO (4)	2008	80,000	Nil	81,735	Nil	Nil	Nil	(1)	161,735

**Notes:**

- (1) The aggregate value of the benefits received was less than 10% of the indicated salary.
- (2) The annual incentive plan for 2008 was approved by the Board of Directors, and has been calculated based on the Company's Funds flow from operations for the year. The plan allocates a percentage of funds flow from operations (as presented in the Corporation's Management's Discussion and Analysis) to be paid to senior officers, including the Named Executive Officers. However, in the Company's current financial condition, the incentive compensation for 2008 will not be paid.
- (3) The calculation of option based awards is based on the number of options granted priced at the grant date fair value of the award. The formula used to calculate the grant date fair value is the same as used for accounting purposes, estimated using the Black-Scholes option pricing model with a volatility rate of 70%, a risk free rate of return based on grant date interest rates and an estimated weighted average life of 2 years. The entire calculated value has been attributed to the covered financial year.
- (4) Mr Johnson was appointed President and C.O.O effective July 1, 2008.

***Stock Option Plan***

The Corporation has established a stock option plan (the "Plan") for directors, officers, employees and consultants or advisors to the Corporation and its subsidiaries. The Board of Directors may designate which directors, officers, employees and other key personnel of the Corporation or its subsidiaries are to be granted options to acquire Common Shares, subject to the restriction that the aggregate number of Common Shares issuable upon the exercise of options granted thereunder shall not exceed 10% of outstanding Common Shares. The directors, in compliance with the requirements of the stock exchange or exchanges on which the Common Shares are listed, determine the exercise price associated with any options granted under the Plan. The options vest on a date set by the directors and expire at a time set by the directors, being not more than five years from the date of grant, provided that any outstanding options will expire on a date not exceeding 90 days following the date of termination of employment or service or, in the event of the death of the optionee on a date not to exceed one year from the date of death of the optionee. Options granted under the Plan are non-assignable. Outstanding options granted under the Plan may be adjusted in certain events, as to exercise price and number of Common Shares, to prevent dilution or enlargement. The Plan provides for immediate vesting in the event of a change of control.

***Outstanding share-based awards and option based awards***

During the year, options to acquire an aggregate of 1,355,000 Common Shares were granted to officers, directors, consultants and employees of the Corporation. The following table provides information regarding the options granted to the Named Executive Officers outstanding at the end of the financial year ended December 31, 2008. Since the end of the year, the Board of Directors proposed the cancellation of all outstanding stock options, subject to consent by all option holders. Consent has been received from all option holders and the options were cancelled on April 16, 2009. It is expected that new options will be granted within the next year.

<b>Option Based Awards</b>					<b>Share based awards</b>
<b>Name</b>	<b>Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$/Share)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised in-the-money options (\$/Share)</b>	
Owen C. Pinnell	300,000 75,000	\$0.56 \$0.52	May 29, 2012 Feb 11, 2013	Nil Nil	Nil
Giles Parker	150,000 25,000	\$0.56 \$0.52	May 29, 2012 Feb 11, 2013	Nil Nil	Nil
William E. Johnson	500,000 65,000	\$0.37 \$0.30	July 2, 2013 Sept 19, 2013	Nil Nil	Nil

***Incentive Plan Awards – Value Vested or Earned during the Year Ended December 31, 2008***

The following table sets forth the value vested or earned on options and share based awards and non-equity incentive plan compensation granted to the Named Executive Officers of the Corporation during the year ended December 31, 2008.

Name	Vested during the year		Value earned during the year
	Option-based awards – value vested during the year (\$) (note 1)	Share-based awards – Value (\$)	Non-equity incentive plan compensation (\$) (note 2)
Owen C.Pinnell	Nil	N/A	Nil
Giles Parker	Nil	N/A	Nil
William E. Johnson	Nil	N/A	Nil

**Notes:**

- (1) Discloses the value that would have been realized if the options under the option-based award had been exercised on the vesting date. The dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the award on the vesting date. All options are granted at the closing market price on the grant date. Accordingly, all options granted during the year with immediate vesting were granted at the market price on the grant date and there would be no incremental value. In all cases of options vesting during 2008 on previous year option based awards, the market price was lower than the exercise price.
- (2) The basic objectives of the annual non-equity incentive plan compensation are described in the introduction to the Compensation Discussion and Analysis and note 2 to the summary compensation table above.
- (3) Vesting provisions for all option-based awards reflected in the above tables are as follows: immediate vesting for Directors, including the Chairman and CEO, Owen Pinnell; and one third vesting immediately on the grant date with a further one third vesting on each of the first and second anniversaries of the grant date for all other NEOs. All options expire on the fifth anniversary of the grant date.

***Equity Compensation Plan Information 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))
Equity compensation plans approved by securityholders	3,113,333	\$0.51	686,807
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>3,113,333</b>	<b>\$0.51</b>	<b>686,807</b>

### ***Employment Contracts***

The Corporation has employment agreements with Mr Johnson and Mr Parker. Upon termination for any reason other than cause, or if there is a change of control: Mr Johnson is entitled to be paid, after January 1, 2009, an amount equal to eighteen times his base monthly salary; Mr. Parker is entitled to be paid an amount equal to six times his base monthly salary. Under these employment agreements the officers have agreed to a six month non-compete, non-solicitation clause and confidentiality agreement.

### ***Other Plans***

The Corporation has no retirement plans, pension plans or other forms of retirement or deferred compensation for its officers.

### ***Compensation of Directors***

The Corporation pays to directors who are not officers or employees of the Corporation fees or fees for membership in a club of their choice up to \$2,500 annually. In addition, directors may be entitled to receive stock options of the Corporation. During the fiscal year ended December 31, 2008, six directors other than the Chairman and Chief Executive Officer and the President and Chief Operating Officer, were granted options to purchase an aggregate of 150,000 Class A shares at an average market price of \$0.52. Directors are also reimbursed for travel and other expenses they incur when they attend meetings.

The following table summarises compensation for directors during the fiscal year ended December 31, 2008.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) (note 2)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other comp. (\$)	Total (\$)
James H. Coleman	2,500	Nil	5,175	Nil	Nil	Nil	7,675
Ross O. Drysdale	2,500	Nil	5,175	Nil	Nil	Nil	7,675
Jacob T. Halldorson	2,500	Nil	5,175	Nil	Nil	Nil	7,675
John McGilvary	2,500	Nil	5,175	Nil	Nil	Nil	7,675
John K. Read (note 1)	2,500	Nil	5,175	Nil	Nil	Nil	7,675
J. Ronald Woods	2,500	Nil	5,175	Nil	Nil	Nil	7,675

#### **Notes:**

- (1) Mr Read ceased to be a director on May 28, 2008.
- (2) The calculation of option based awards is based on the number of options granted priced at the grant date fair value of the award. The formula used to calculate the grant date fair value is the same as used for accounting purposes, estimated using the Black-Scholes option pricing model with a volatility rate of 70%, a risk free rate of return based on grant date interest rates and an estimated weighted average life of 2 years. The entire calculated value has been attributed to the covered financial year.

### **Interest Of Informed Persons in Material Transactions**

There were no material interests, direct or indirect, of directors and senior officers of the Corporation, nominees for director, any shareholder who beneficially owns more than 10% of the shares of the Corporation, or any known associate or affiliate of such persons in any transaction since the commencement of the Corporation's last completed financial period or in any proposed transaction which has materially affected or would materially affect the Corporation and which is not otherwise disclosed herein except for:

- The Corporation completed a private placement of 5,832,358 flow-through Class A shares in four tranches between October 7 and November 4, 2008, at a price of \$0.30 per share. Directors and officers of the Corporation subscribed for an aggregate of 636,358 Class A shares. The transaction was completed on the same terms as to other arms length participants in the private placement.
- A legal firm, of which James Coleman, a director, is a partner, charged the Corporation \$62,702 (2007 - \$239,081) for legal fees and services. A legal firm, of which Ross Drysdale, a director, is Counsel, charged the Corporation \$Nil (2007 - \$34,610).
- Douglas Wine, an officer, has an agreement with the Corporation whereby a company controlled by Mr. Wine has a 2% gross overriding royalty on all revenues from the earning well to be drilled on a lease of the Corporation and also with respect to future revenues arising from the area of mutual interest for the Judy Creek area. During 2008, the officer received \$3,129 (2007 - \$nil) from this royalty.
- Under an agreement dated October 11, 2007, a company owned by Jake Halldorson, a director, participated in a farmin on a property owned by the Corporation paying 30% of the costs of a test well for a 30% interest before payout and a 15% interest after payout in the scheduled farmout lands. There are no amounts owing and no revenue was received during 2008 or 2007.
- As of January 1, 2008, the Corporation assumed direct responsibility for the office lease and related services and \$nil was paid for these services to a company owned by Owen Pinnell, a director during the year ended December 31, 2008 (2007 - \$127,840).

#### **Interest Of Certain Persons In Matters To Be Acted On**

Management of the Corporation is not aware of any material interest of any director or nominee for director, or senior officer or anyone who has held office as such since the beginning of the Corporation's last financial period or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than as disclosed in this Information Circular in the discussion of each such matter.

#### **Corporate Cease Trade Orders or Bankruptcies**

Except as set forth herein, no proposed director of the Corporation has, within the ten years prior to the date of this information circular, been a director, officer or a promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been 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 that person. Ross Drysdale, a director of the Corporation proposed to be re-elected at the Meeting, was secretary of Patchgear.com Inc. ("Patchgear"), a company listed on the Alberta Stock Exchange. Patchgear was subject to a cease trade order in August 2001 for failure to file financial statements after ceasing operations. Mr. Drysdale was secretary to Equest Communications Inc. ("Equest") from March 1995 to March 2002. Equest was suspended pursuant to Rule C.1.07 on August 24, 2001.

## **ANNUAL MEETING BUSINESS**

#### **Financial Statements and Auditors' Report**

Audited financial statements for the fiscal year ended December 31, 2008 and the report of the auditors thereon have been sent to registered shareholders. The presentation of such audited financial statements to the shareholders at the Meeting will not constitute a request for approval or disapproval.

## Election of Directors

The Articles of the Corporation provide that the Board of Directors shall consist of a minimum of three and a maximum of 11 directors to be elected annually. The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

The Board of Directors of the Corporation currently consists of six directors. At the Meeting, a board of six directors is to be elected.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of the nominees specified below as directors of the Corporation. If, prior to the Meeting, any vacancies occur in the slate of proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by management of the Corporation and FOR the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The following table states the names of all persons proposed to be nominated for election as directors, the position or office now held by them, if applicable, their principal occupation or employment for the past five years, the date on which they became directors of the Corporation and the number of shares in the capital of the Corporation beneficially owned directly or indirectly or over which they exercise control or direction.

Name and Municipality of Residence	Office Held	Principal Occupation for the Past Five Years	Director Since	Number of Shares Held
James H. Coleman <sup>(3)</sup> Calgary, Alberta	Director	Partner, Macleod Dixon LLP, Barristers and Solicitors.	April 2002	591,619 Class A 13,666 Class B
Ross O. Drysdale <sup>(1,3)</sup> Calgary, Alberta	Director	Lawyer and Counsel to the law firm of Burstall Winger LLP since February 2005. Previously, partner with Baker & McKenzie LLP from June 2002 to January 2005. Prior thereto, partner for 12 years with McCarthy Tétrault LLP	April 2007	1,050,000 Class A 4,379 Class B
Jacob T. Halldorson <sup>(1,2,3)</sup> Calgary, Alberta	Director	Chief Executive Officer since April 2002 and Director since 1998 of Aqua-Pure Ventures Inc. Prior thereto, a senior executive and founding partner of Colt Engineering.	June 2004	1,716,190 Class A 35,794 Class B
William E. Johnson Calgary, Alberta	President, Chief Operating Officer and Director	Engineering and operations manager for Encana from March 2004 to July 2008. Business Development engineer for Murphy Oil Company from November 2001 to February 2004.	July 2008	182,000 Class A
Owen C. Pinnell <sup>(2)</sup> Calgary, Alberta	Chairman and Chief Executive Officer	Founder and Managing Partner since 1999 of i3 Capital Partners Inc., a private company focusing on providing venture capital expertise to start-up companies.	March 2000	3,131,888 Class A 68,813 Class B
J. Ronald Woods <sup>(1)</sup> Toronto, Ontario	Director	Independent businessman since 2000 and director of several oil and gas companies listed on the Toronto Stock Exchange and TSX Venture Exchange.	November 2005	764,476 Class A 3,722 Class B

### Notes:

- (1) Member of the Audit and Reserves Committee. The Corporation does not have an Executive Committee.
- (2) Member of the Environment and Safety Committee.
- (3) Member of the Compensation Committee

## **Auditors**

The Corporation recommends the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual meeting of the Corporation at such remuneration as may be fixed by the Board of Directors.

## **SPECIAL MEETING BUSINESS**

### **Annual Approval of Stock Option Plan**

At the Meeting, the Corporation will be asked to consider and, if deemed advisable, approve a resolution approving the Corporation's existing stock option plan (the "Plan"). The TSX Venture Exchange Inc. requires annual shareholder approval of the Plan. The terms of the Plan are described in this Information Circular (see "Information Concerning the Corporation – Compensation Discussion and Analysis – Stock Option Plan") and no changes are proposed.

The form of resolution to be considered by shareholders at the Meeting is as follows:

"BE IT RESOLVED THAT:

1. The incentive stock option plan (the "Plan") of the Corporation, be and is hereby approved;
2. Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and to do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution."

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in the enclosed form of proxy intend to vote in favour of this resolution at the Meeting.

### **Approval of the Grant of New Stock Options to Directors and Officers of the Corporation to Replace Previously Cancelled Stock Options**

Pursuant to the Stock Option Plan all existing stock options, totaling 3,105,000 stock options to purchase Class A Shares, which had been issued to directors, officers, employees and consultants, were cancelled on April 16, 2009. The weighted average exercise price of the options prior to cancellation was \$0.51.

As a result of the general economic decline and the reduced interest by investors in companies with small market capitalization, the value of the Corporation's Class A Shares on the TSX Venture Exchange had fallen from a 52 week high of \$0.49 to the current trading level of \$0.04 as at April 28, 2009.

The Stock Option Plan is a key instrument used by the Corporation in attracting and retaining top performing people with the entrepreneurial characteristics needed to further the Corporation's objectives and prospects for growth. The Corporation believes that long-term performance is achieved through an ownership culture that encourages performance by the Corporation's directors, officers, employees and consultants through the use of Option grants. In order to attract and retain executives and other key employees, the Corporation has provided in the past, and expects to continue to provide in the future, long-term incentive awards through Option grants. The result of the sharp deterioration in the valuation of the Corporation's Class A Shares is that the Stock Option Plan is not currently achieving the compensation and incentive goals it was intended to achieve.

As a result, the directors of the Corporation have decided that, in order for the Stock Option Plan to achieve its intended goals and having cancelled all previously granted Options, subject to the approval of the Corporation's shareholders, new Options may be granted to the previous option holders. If shareholders approve the resolution set out below, new Options may be granted at a time chosen at the discretion of the Board of Directors and would have an exercise price equal to the Class A Shares at the close of trading on the TSX Venture Exchange on the grant date agreed by the Board of Directors. In accordance with the Stock Option Plan, each of the new Options would have a term of five years and vesting terms for the Options would be at the discretion of the Board of Directors.

In accordance with the Stock Option Plan, the Corporation may grant new Options issued to non-insiders, who previously held Options, without requiring shareholder approval. However, in order to issue new Options to insiders (current directors and officers) within one year of the cancellation of previously held options, a majority of the shareholders (on a disinterested basis) must approve the grant of the new Options at the meeting.

At the meeting, the shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution to allow the Board of Directors, at their discretion, to grant new Options to such directors and officers.

The form of resolution to be considered by shareholders at the Meeting is as follows:

“BE IT RESOLVED THAT:

1. At the discretion of the Board of Directors, new Options may be granted to directors and officers of the Corporation, to replace the Options previously cancelled on April 16, 2009. Such Options shall have an exercise price equal to the closing market price of the Class A Shares on the TSX Venture Exchange on the trading day when the new Options are granted, shall expire 5 years from the grant date and shall vest at the discretion of the Board of Directors, all in accordance with the Stock Option Plan of the Corporation; and
2. Any one officer or director of the Corporation is hereby authorized to execute and deliver all such documents and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution.”

**Unless otherwise directed, it is intended that the Common Shares represented by the proxies hereby solicited will be voted in favour of the ordinary resolution approving the grant of new options to directors and officers of the Corporation.**

To be adopted, the resolution must be approved by a majority of the votes cast at the meeting by shareholders, excluding an aggregate of 8,387,362 Class A Shares and 138,801 Class B Shares held, directly or indirectly, or over which control or direction is exercised, by the directors and officers or other insiders of the Corporation or their associates or affiliates to whom new Options may be granted pursuant to the foregoing resolution.

## **OTHER BUSINESS**

Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting of Shareholders. If any other business properly comes before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

## CORPORATE GOVERNANCE

In establishing its corporate governance practices, the board of directors (the "Board") of the Corporation has been guided by Canadian securities legislation and the TSX guidelines for effective corporate governance, including National Policy 58-201 Corporate Governance Guidelines and other regulatory requirements such as National Instrument 52-110 *Audit Committees*.

### *Board of Directors*

The Board is currently comprised of six individuals, three of whom are independent (Ross O. Drysdale, Jacob T. Halldorson, and J. Ronald Woods). Two of the directors are members of management (Owen C. Pinnell and William E. Johnson) and, accordingly, are not independent within the meaning of that term set out in National Instrument 52-110 *Audit Committees*. The sixth director (James H. Coleman) is not considered to be independent due to the fact that Mr. Coleman is a partner in a law firm that provides services to the Corporation.

### *Directorships*

The following table sets out the directors of the Corporation who are currently directors of other reporting issuers:

<u>Name</u>	<u>Other Reporting Issuers</u>
James H. Coleman	Energold Drilling Corp. Gold Reserve Inc. Sulliden Exploration Inc.
Ross O. Drysdale	Arrowhead Water Products Ltd. Bandon Capital Resources Ltd. Nexstar Energy Ltd. West High Yield (W.H.Y.) Resources Ltd.
Jacob T. Halldorson	Aqua-Pure Ventures Inc.

### *Orientation and Continuing Education*

New directors to the Board are provided with a director's package containing pertinent information about the Corporation. Members of the Board are provided with ongoing education respecting the Corporation's operations by way of management presentations. In addition, directors are encouraged to attend industry workshops respecting the responsibilities of directors.

### *Ethical Business Conduct*

The Board encourages and promotes a culture of ethical business conduct by actively overseeing the management of the business.

### *Nomination and Assessment of Directors*

The members of the Board share responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis. Due to the small number of Board members, this duty is not delegated to a committee.

### *Compensation*

The Board as a whole reviews the compensation for the directors and senior management annually, following recommendations from the Compensation Committee.

## ***Board Committees***

To facilitate its exercise of independent supervision over management, the Board has established the Audit and Reserves committee, the Compensation committee and the Environment and Safety Committee.

### **Audit and Reserves Committee**

The Audit Committee is comprised of three individuals, all of whom are independent and financially literate as defined by National Instrument 52-110 *Audit Committees*.

The Audit Committee reviews the annual financial statements and related financing reporting of the Corporation and meets with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Corporation's policies, business practices and internal controls. The members of the Audit Committee have direct access to the external auditors of the Corporation. The Audit Committee also reviews the unaudited quarterly financial statements, management's discussion and analysis of financial results and earnings press releases. The charter of the Corporation's Audit Committee is set out in an appendix to the Information Circular filed on SEDAR on April 15, 2005 in respect of the Annual and Special Meeting of Shareholders held on May 19, 2005. This document is available on SEDAR at [www.sedar.com](http://www.sedar.com) and, upon request, the Corporation will promptly provide a copy of such document free of charge to shareholders of the Corporation.

The members of the Audit Committee have the following relevant education and experience for performing their responsibilities on the Committee – Mr. Woods, chairman of the Audit Committee, has CFA, MBA and B.Com. designations and has been a financial executive for many years. He has also served as a Board member and audit committee member on several oil and gas companies listed on the Toronto Stock Exchange and TSX Venture Exchange. Mr. Drysdale is a lawyer and Counsel to the law firm of Burstall Winger LLP in Calgary, Alberta. Mr. Drysdale has over thirty years of experience in the legal profession and specializes in corporate and business law with a particular focus on public companies. Mr. Drysdale is a Director and officer of a number of private and public companies and has served on a number of Audit Committees where he obtained significant experience and exposure to accounting and financial issues. Mr. Halldorson is a professional engineer and is Chief Executive Officer of Aqua-Pure Ventures Inc., a water treatment company listed on the TSX Venture Exchange. Mr. Halldorson's experience as a director and senior officer of other public companies has provided him with the background necessary to be a member of the Corporation's audit committee.

As a company listed on the TSX Venture Exchange, the Corporation is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of National Instrument 52-110 *Audit Committees*.

### **Compensation Committee**

The compensation committee is comprised of a minimum of three directors, all of whom are independent, taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchange.

The Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving overall compensation policies and practices of the Corporation and administering the Corporation's share compensation plans.

## **Environment and Safety Committee**

The Environment and Safety Committee is comprised of three individuals, a majority of whom are not members of management.

The Environment and Safety Committee is responsible for ensuring that management has designed and implemented effective programs relating to safety and environment, including the prevention or mitigation of risks and compliance with applicable legal requirements.

All matters outside the mandates of the Audit and Reserves Committee, the Compensation Committee or the Environment and Safety Committee are considered by the full Board. The Board has considered this appropriate in light of the size of the Corporation and its stage of development.

### ***Fees Charged by External Auditors***

The following table sets out the aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for the category of fees described.

	<b>2008</b>	<b>2007</b>
Audit Fees	\$70,394	\$53,652
Audit-Related Fees	\$2,526	\$1,023
Tax Fees	\$53,891	\$15,169
Resolve amalgamation information circular and 3 <sup>rd</sup> qtr review	-	\$45,750
All Other Fees	\$13,959	\$2,359
Total	\$140,770	\$117,953

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is contained in the Corporation's financial statements and Management's Discussion and Analysis for the year ended December 31, 2008. If you wish to request copies of the Corporation's financial statements and Management's Discussion and Analysis, please contact Giles Parker, Chief Financial Officer, at 1420, 1122 – 4th Street SW, Calgary, Alberta, T2R 1M1, Tel: (403) 215-2427.