



PROBE RESOURCES LTD.

ANNUAL INFORMATION FORM

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Unless otherwise indicated
all information in this Annual Information Form
is presented as at August 31, 2009

Unless otherwise indicated, the terms “Probe Resources Ltd.”, “Probe” and “Corporation” are used interchangeably in this Annual Information Form to refer to Probe Resources Ltd. and its subsidiaries.

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Forward-Looking Information

This Annual Information Form contains certain forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on the Corporation's current expectations, estimates, projections, and assumptions that were made by the Corporation in light of its experience, and its perception of historical trends.

All information that addresses expectations or projections about the future, including information about the Corporation's strategy for growth, expected future expenditures, commodity prices, costs, schedules, production volumes, operating and financial results, and expected impact of future commitments, is forward-looking information. Some of the forward-looking information may be identified by words like "expects," "anticipates," "estimates," "plans," "scheduled," "intends," "may," "believes," "projects," "indicates," "could," "focus," "vision," "goal," "proposed," "target," "objective," "continue," and similar expressions. Such information is not a guarantee of future performance and involves a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to the Corporation's experience. The Corporation's actual results may differ materially from those expressed or implied by its forward-looking information.

Readers are cautioned not to place undue reliance on forward-looking information, as there can be no assurance that the plans, intentions, or expectations upon which it is based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking information will not occur.

Information relating to "reserves" is forward-looking information as it is based on certain estimates and assumptions, including assumptions that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future.

Further, any forward-looking information speaks only as of the date on which such statement is made, and, except as required by applicable securities laws, the Corporation undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Many of these risk factors and other specific risks and uncertainties are discussed in further detail throughout this Annual Information Form. Readers are cautioned that the risk factors described in this Annual Information Form are not exhaustive. New factors emerge from time to time and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement.

Corporate Structure

NAME AND INCORPORATION

Probe Resources Ltd. was incorporated under the laws of British Columbia in 1988 and was transitioned under the *Business Corporations Act* on March 27, 2006.

The registered office of the Corporation is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

INTERCORPORATE RELATIONSHIPS

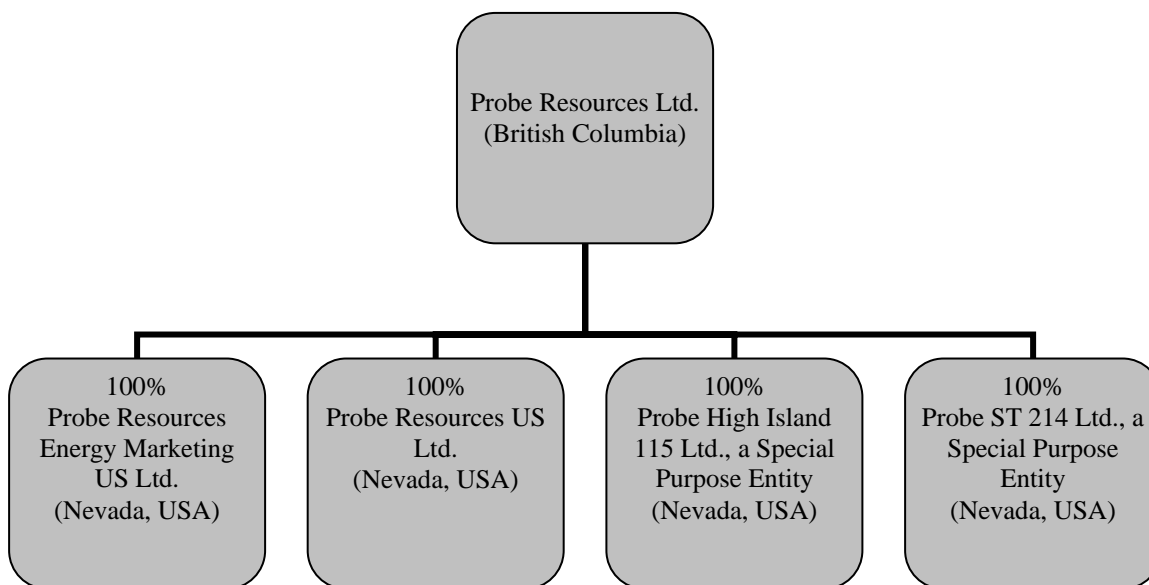
The Corporation’s principal subsidiary, Probe Resources US Ltd. (“Probe US”), is wholly owned by the Corporation and was incorporated under the Nevada *Revised Statute Chapter 78* on July 13, 2007. Probe US is engaged in the exploration and development of petroleum products.

On January 25, 2008, Probe Resources Energy Marketing US Ltd. (“PREMUS”), a wholly owned subsidiary of the Corporation, was incorporated under the Nevada *Revised Statute Chapter 78*. PREMUS is engaged in the distribution and marketing of petroleum products.

On January 8, 2009, Probe High Island 115 Ltd. (“High Island 115 Ltd.”), a wholly owned subsidiary of the Corporation, was incorporated under Nevada *Revised Statute Chapter 78*. High Island 115 Ltd. was formed as a special purpose entity to hold oil and gas interests in High Island 115.

On January 20, 2009, Probe ST 214 Ltd. (“Probe ST 214”), a wholly owned subsidiary of the Corporation, was incorporated under the Nevada *Revised Statute Chapter 78*. Probe ST 214 was formed as a special purpose entity to hold oil and gas interests in the leases for EC 246, EC 36, and ST 214.

The intercorporate relationships among Probe and its subsidiaries are as follows (jurisdiction of incorporation is indicated in parenthesis below the respective names):



General Development of the Business

The Corporation is an oil and gas exploration, development, and marketing company, with operations based in The Woodlands, Texas, U.S.A. The Corporation, through its operating subsidiaries, is principally engaged in the exploration and production of oil and natural gas reserves in the Outer Continental Shelf (OCS) in the Gulf of Mexico.

THREE-YEAR HISTORY

2007

In 2007, the Corporation acquired significant working interests (“WI”) in a US federal oil and gas lease in the Gulf of Mexico. In August 2007, the Corporation completed the acquisition of 47.0031% WI and 35.2746% net revenue

e interest (“NRI”) in the federal lease for High Island Block 115 Serial No. OCS-G 18936 (“High Island 115”), containing approximately 5,760 acres. Additionally, the Corporation acquired a 41.54486% WI and 30.91863% NRI in an existing well, High Island 115 #B-1 ST 2 (the “HI 115 Well”). The acquisitions were funded through private placements. Subsequently, the Corporation participated in the sidetrack drilling of the HI 115 Well. The drilling program was successful, and the HI 115 Well began producing in December 2007.

2008

In 2008, the Corporation expanded its asset portfolio by acquiring certain interests in six U.S. federal oil and gas leases in the Gulf of Mexico (the “Leases”) in July 2008 totalling 26,500 acres. The Corporation acquired 100% WI and approximately 69.5% NRI in the Leases. The Corporation is the operator for the Leases. The acquisition was funded by private placements. The Corporation’s drilling and development program on the Leases includes drilling nine wells (including exploration and development wells), completing all wells, and developing fields at an estimated cost of US\$169 million. On August 25, 2008, the Corporation announced the discovery of commercial reserves in multiple horizons in its East Cameron 36 #1 well (the “EC 36 Well”). The EC 36 Well was spud on August 5, 2008 and was drilled under budget to a total depth of 10,450 feet. On September 13, 2008, the HI 115 Well platform, export line, host platform at High Island 71, and the onshore facilities were all damaged in varying degrees by Hurricane Ike. On October 30, 2008, the Corporation announced the discovery of commercial reserves in its East Cameron 246 #2 well (the “EC 246 Well”).

2009

In 2009, the Corporation concentrated its efforts on the exploration and development of its properties (or Leases). Production resumed at the HI 115 Well in early 2009. On January 5, 2009, the Corporation announced the discovery of commercial reserves in the South Timbalier 214 #A-6 ST#1 well (the “ST 214 Well”). The ST 214 Well was drilled to 15,825 feet measured depth and 14,751 feet true vertical depth. In connection with the completion and tie-in of the ST 214 Well, the Corporation completed a note issue (USD\$10,000,000) and a credit facility (USD\$8,500,000). The ST 214 Well commenced production on January 30, 2009. On April 29, 2009 the Corporation entered into a joint venture with Petrodome Energy, LLC and other parties for the drilling of its lease area in East Cameron 37. On June 2, 2009, the Corporation announced the discovery of commercial reserves at the East Cameron 37 #1 well (the “EC 37 Well”). On July 31, 2009 production ceased on the HI 115 Well due to the expiration of the lease underlying the High Island 71 host processing facility as well as the expiration of the “Production Handling Agreement” with the host and it is expected that production will resume in early 2010. During 2009, the Corporation entered into an Interim Creditor Agreement (“ICA”) with certain creditors for the rescheduling of its trade payables. On September 21, 2009, the Corporation announced that it had entered into a Debt Restructuring Agreement (replacing the ICA) for retirement of its outstanding trade and secured debt.

SIGNIFICANT ACQUISITIONS

Acquisition of High Island 115

The Corporation acquired its interests in High Island 115 by way of a Farmout Agreement, dated June 1, 2007, with Emperor World Trade LLC, for consideration of US\$550,000 and 33.574% of all costs to complete the HI 115 Well. In December 2007, the Corporation acquired additional interests in High Island 115 from Venture Capital Asset Management AG, for consideration of 3,000,000 Common Shares of the Corporation at a deemed price of \$0.445 per share. As a result of the acquisitions, the Corporation acquired a total of 47.0031% WI and 35.2746% NRI in High Island 115 and a 41.54486% WI and 30.91863% NRI in the HI 115 Well.

Acquisitions of Oil and Gas Leases in the Gulf of Mexico

The Corporation completed a two-part acquisition for certain oil and gas interests in the Gulf of Mexico, covering approximately 26,500 acres.

Pursuant to an Agreement, dated May 26, 2008, with PetroVal, Inc., Grimes Energy Company, Texas Standard Oil & Gas, LP, Trifecta Oil & Gas, LLC, and Trifecta Operating, LLC (collectively, the “Trifecta Group”), the Corporation, through Probe US, acquired an undivided 75% WI and 52.125% NRI in the Leases. The Leases consisted of East Cameron Blocks 36 (Serial No. OCS-G 24791) (“EC 36”), 37 (Serial No. OCS-G 25933) (“EC 37”), and 246 (Serial No. OCS-G 24805) (“EC 246”), South Timbalier Block 214 (Serial No. OCS-G 24979) (“ST 214”), Brazos Block 434 (Serial No. OCS-G 26458) (“BA 434”), and Vermilion Block 20 (Serial No. OCS-G 31329) (“VR 20”). The aggregate paid by Probe US to the vendors was US\$4,250,000 cash.

Pursuant to a Purchase and Sale Agreement & Conveyance, dated June 4, 2008 and made retroactive to April 1, 2008, with Cutter Energy, LLC (“Cutter”), the Corporation and Probe US jointly acquired an undivided 25% WI and approximately 17.375% NRI in the Leases. The acquisition of the Leases completed on June 30, 2008. The Corporation paid Cutter cash consideration of US\$829,594 and issued to Cutter 2 million Common Shares in the capital of the Corporation. In addition, the Corporation will issue to Cutter up to 2 million Common Shares in the capital of the Corporation in three instalments, each such issuance being subject to the completion of a producing well within 24 months of June 30, 2008. The first instalment of 666,666 Common Shares was issued to Cutter on March 3, 2009 upon the completion of the ST 214 Well.

After completion of both transactions, the Corporation owned a 100% WI and not less than 69.5% NRI in the Leases. A Form 51-102F4, Business Acquisition Report, has been filed and can be found on SEDAR at www.sedar.com.

On June 2, 2009 the Corporation announced it had relinquished its interest in BA 434 due to the impending expiration of its drilling commitment and in order to accelerate development of its existing discoveries.

Description of the Business

GENERAL

Business Description

The Corporation is an oil and gas exploration, development, and marketing company, with operations based in The Woodlands, Texas, U.S.A. The Corporation, along with Probe US, generates, acquires, develops, and operates drilling prospects within the Texas and Louisiana Outer Continental Shelf of the Gulf of Mexico. The Corporation is listed on the Toronto Stock Exchange – Venture Exchange (the “Exchange”) and trades under the symbol PBR.

The Corporation has interests in two producing natural gas wells and interests in six oil and gas leases in the Gulf of Mexico. The Corporation’s assets are located in prime locations, near to existing oil and gas fields and infrastructure. The Corporation’s assets are in fairly advanced stages of exploration with existing 3-D seismic data and identified leads and prospects. Reference is made to the National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101 Report”) filed by the Corporation on SEDAR at www.sedar.com.

One of the Corporation’s business strategies is to acquire properties situated in areas of proven hydrocarbon potential with well-established infrastructure. The Corporation’s assets in the OCS are situated close to producing oil and gas fields and have extensive seismic data that help to rapidly identify drilling targets, which reduces exploration risks. The Corporation believes in holding large WI in properties, which enable it to operate the projects and control their development and production.

During the current economic and commodity situations, the Corporation continues to implement its business model, which focuses on developing low-risk and low-cost resource opportunities, allowing the Corporation to respond flexibly to the current market uncertainty. The Corporation monitors risks and has

policies in place to manage and mitigate those risks. Management has been adjusting operational and financial risk strategies to proactively respond to the recent difficult economic conditions and to mitigate or reduce such risk. The capital budget for 2010 may be adjusted to allow for a reduction or increase in spending as commodity prices and forecasts are revised, including the impact of changes to the Corporation's long term plans. Cost containment and reduction strategies are in place to ensure all aspects of the Corporation's controllable costs are efficiently managed. The Corporation is focused on maintaining financial strength and generating significant cash flow.

Product Information

At least 92% of the Corporation's production volume historically has been natural gas produced from its operations at High Island 115 and South Timbalier 214 with the remainder being natural gas liquids and condensates.

Revenues by Product

Sales in 2009 were \$23,918,542 and consisted of sales to customers outside the consolidated entity of Probe. Sales in the year ended as at August 31, 2008 totalled \$5,110,861. There were no sales in the year ended August 31, 2007.

Reserves Information

Information related to reserves may be found in the NI 51-101 Report filed on SEDAR at www.sedar.com.

Source and Availability of Raw Materials

Commercial reserves were discovered in the HI 115, ST 214, EC 36, EC 37 and EC 246 properties. Production on the ST 214 Well commenced in late January 2009. In early February 2009, production at the HI 115 Well resumed. The HI 115 Well had been off production since Hurricane Ike impacted the Gulf of Mexico in early September 2008. On July 31, 2009 production on the HI 115 Well again ceased due to the expiration of the lease underlying the High Island 71 host processing facility, as well as the expiration of the "Production Handling Agreement" with the host. Resumption of production is expected in Q1, 2010 and will require either installation of full processing facilities on the Corporation's platform or connection to another host facility. Commercial Production for the EC 36 Well and EC 37 Well is also expected to commence in Q1, 2010. The availability of these reserves is subject to many factors. Reference is made to "Risk Factors" in this AIF.

Drilling Activity

EC 36 and EC 37

On August 25, 2008 the Corporation announced the discovery of commercial reserves in multiple horizons at the EC 36 Well. The well was spud on August 5, 2008 and was drilled under budget to a total depth of 10,450 feet. Production casing has been installed in the well, a caisson has been over-driven, and a caisson deck installed. As at August 31, 2009, the well completion remained suspended pending financing of the completion costs.

On April 29, 2009, the Corporation announced that it entered into a joint venture with Petrodome Energy, LLC and certain other parties for the drilling of its EC 37 Well and in respect of the Corporation's interest in the project area. The project area consists of the EC 36 Well, EC 37 Well and the Vermilion 20 host platform. Under the terms of the joint venture, the Corporation retains a 52% WI and 36.4% NRI prior to project payout and a 41.6% WI and 30.576% NRI after project payout in the project area.

On June 2, 2009 the Corporation announced the discovery of commercial gas reserves in the EC 37 Well. The well was spud on May 8, 2009 and directionally drilled under turnkey contract to a total depth of

12,039 feet. Upon completion of drilling activities, production casing was run and the well was suspended pending the financing of the completion costs. As at August 31, 2009 the Corporation was seeking financing to undertake the facilities work at the EC 37 Well and Vermilion 22.

On November 16, 2009 the Corporation announced that it had secured the necessary funding and was commencing facilities work at East Cameron 37 and the Vermilion 22 host platform, including the construction of an export pipeline from East Cameron 37 to Vermilion 22, and the completion of the East Cameron 37 #1 well. The expected gross production rate from the EC 37 Well is 20-25 MMcfd.

EC 246

On October 30, 2008 the Corporation announced the discovery of commercial reserves in its EC 246 Well. The Corporation encountered its primary objective in the Lentic formation, logging approximately 45 feet of net pay. The expected gross production rate from this formation is 10 to 15 MMcfd. Upon completion of the drilling activities, production casing was run, and the well was suspended awaiting evaluation of development alternatives. The Corporation is seeking a joint venture partner to assist in financing the further development of the discovery. The Corporation holds a 100% WI and 70% NRI prior to project payout and an 80% WI and 59.2% NRI after project payout.

HI 115

The HI 115 Well was off production since September 2008 as a result of damage caused by Hurricane Ike. Production resumed in early 2009 at an average production rate of approximately 7 MMcfd. On July 31, 2009 production again ceased due to the expiration of the lease underlying the High Island 71 host processing facility, as well as the expiration of the "Production Handling Agreement" with the host. The well is expected to resume production in early 2010 at its previous rate, which will require either installation of full processing facilities on the Corporation's platform or connection to another host facility. The Corporation is non-operator of field and holds a 41.55% WI and 30.92% NRI in the HI 115 Well.

ST 214

On January 5, 2009, the Corporation announced the discovery of commercial reserves in the ST 214 Well. The well was drilled to 15,825 feet measured depth and 14,751 feet true vertical depth from a Corporation-owned production platform in the adjacent block which is connected to NYMEX premium market via a ready for service export pipeline. On January 30, 2009, production commenced from the well. The well is currently producing approximately 16 - 20 MMcfd and 200 BCPD. The Corporation holds a 100% WI and a 70% NRI in the well prior to project payout and an 80% WI and 59.2% NRI after project payout.

Location of Wells

The Corporation, through Probe US, has wells at the following locations within the Texas and Louisiana OCS in the Gulf of Mexico:

Location	Existing Well
HI 115 (producing - temporarily off production)	High Island 115 # B-1 ST 2 (the "HI 115 Well")
EC 36	East Cameron 36#1 (the "EC 36 Well")
EC 37	East Cameron 37#1 and #2 (the "EC 37 Well")
EC 246	East Cameron 246#2 (the "EC 246 Well")
ST 214 (producing)	South Timbalier 214 #A6-ST#1 (the "ST 214 Well")
VR 20	Vermilion 20 #1 (VR 20 Well)

Source of Reserves Estimates

The Corporation's reserves were evaluated by Netherland, Sewell & Associates, Inc. ("NSAI"), independent petroleum consultants. NSAI was engaged by the Corporation to provide an evaluation of the Corporation's proved and probable reserves. The evaluation was prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook. Reference is made to the NI 51-101 Report filed on SEDAR at www.sedar.com.

The Reserves Committee reviewed the Corporation's processes and related procedures for the disclosure of conventional oil and gas reserves data as prescribed by NI 51-101 Standards of Disclosure for Oil and Gas Activities and found them to be adequate.

Specialized Skill and Knowledge

The Corporation considers the knowledge of its people to be one of its most important assets. Success in the oil and gas industry requires its personnel to possess a very high level of technological sophistication and solid experience. The officers and directors of the Corporation are industry professionals who have extensive expertise and highly-technical experience particular to the oil and gas market. They provide a strong foundation of advanced field engineering skills and advanced knowledge and specialized oil and gas exploration experience, complemented by their demonstrated ability to succeed in the management and administration of an oil and gas company. Each with their own proven expertise and results-driven entrepreneurial style, together their knowledge base ranges from negotiating and administering commercial contracts, supervising personnel, land budget administration, risk management, field engineering, troubleshooting, operations, and site management and maintenance.

Competitive Conditions

The petroleum industry in the U.S.A. is highly competitive in all its aspects, including the exploration for and development of new sources of supply; the acquisition of oil and gas interests; the construction and operation of crude oil, natural gas and refined products pipelines; and the refining, distributing and marketing of petroleum products. The exploration rights on federal-owned lands in the U.S.A. are acquired through a competitive bidding process. Exploration seismic and drilling data are generally considered trade secrets. Prices of all products are market prices based upon current market conditions and are evaluated and reviewed by Management. Prices are determined on a monthly or daily basis and can fluctuate significantly from period to period. The Corporation has not used hedging instruments on its sales price determination historically. The Corporation will compete with numerous other organizations in the search for and the

acquisitions of oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors will include oil and natural gas companies that have substantially greater financial resources, staff, and facilities than those of the Corporation. The Corporation's ability to successfully bid on and acquire additional property rights, discover reserves, participate in drilling opportunities, and identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. Competition may also be presented by alternate fuel sources. The Corporation's ability to increase reserves in the future will depend not only on its ability to select and acquire suitable producing properties or prospects for exploratory drilling, but also on its ability to develop or continue to develop existing properties.

Cycles

The Corporation's business is generally cyclical. The exploration and development of oil and natural gas reserves is dependent on access to areas where production is to be conducted. Seasonal weather variations affect access in certain circumstances. Because of the concentration of oil and gas production, processing, and transportation facilities in the U.S. Gulf of Mexico, a substantial percentage of domestic oil and gas production and processing is subject to disruptions caused by hurricanes.

Historically in the OCS, there is minimal adversity on production caused by hurricanes due primarily to industry pre-planning and preparedness. The Corporation is focused on the safety of its personnel and it will pull crews off a rig well before a storm moves into the Gulf of Mexico. Consequently, most disruptions to production in connection with hurricanes are caused by suspension of operations as a safety precaution in the event that an approaching hurricane threatens offshore production. As a result, average hurricane disruptions are short-lived with full production typically re-established within a reasonable amount of time.

Despite the fact that historic average hurricane damage and production curtailment have been relatively modest, actions to mitigate impacts from hurricanes are necessary. Current Gulf of Mexico production and infrastructure are more widespread than in the past, which means that hurricanes that enter the Gulf of Mexico may cause greater damage and curtail critical exploration and production activities.

In response to the increase in major hurricanes striking the Gulf of Mexico in recent years, and meteorological forecasts for stronger storm seasons ahead, the oil and gas industry has improved evacuation plans and shut-in and restart procedures to ensure safety, and to mitigate leaks and production loss.

Within economic limits, offshore structures are being engineered to withstand severe hurricanes. In addition, the Minerals Management Service has mandated new design specifications for offshore facilities and for rig fitness requirements, platform tie-downs and ocean current monitoring, tied to hurricane season.

Economic Dependence

Since the Corporation has and will have in the near term production from a small number of wells, any interruption in production from any well will have a significant negative impact on the Corporation.

Environmental Protection

The Corporation's operations are subject to environmental regulations (including regular environmental impact assessments and permitting) in the jurisdictions in which it operates. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution, and protection of the environment, labour regulations, and worker safety. Under such regulations, there are clean-up costs and liabilities for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and legislation relating to exploration and production of natural resources are likely to evolve in a manner which will require stricter standards

and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Such stricter standards could impact the Corporation's costs and have an adverse effect on results of operations. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Reference to abandonment and reclamation costs is made in the NI 51-101 Report filed on SEDAR at www.sedar.com.

Employees

As at August 31, 2009, the Corporation had eleven employees located at The Woodlands, Texas office and the Canadian head office. These employees are primarily devoted to production, regulatory, engineering, land, geological, and various administrative functions. The employees are not represented by any union or covered by a collective bargaining agreement, and the Corporation believes its relations with its employees are satisfactory.

Additionally, numerous services necessary for the Corporation's business and operations, including certain executive, technical, administrative, accounting, financial, tax and other services, have been performed by various service providers.

The Corporation also uses contract personnel to perform various professional and technical services, including but not limited to drilling, construction, well site surveillance, environmental assessment, and field and on-site production operating services. These services are intended to minimize the Corporation's development and operating costs as well as allow its management staff to focus on directing its oil and gas operations.

Foreign Operations

All of the Corporation's operations are located in the U.S.A.

The Corporation's results are subject to financial market risk as a result of fluctuations in the U.S.A./Canadian currency exchange rate. Revenues, expenses, capital expenditures and related net assets of the Corporation's oil and gas operations outside Canada are primarily U.S.A.-dollar denominated. An increase in the value of the Canadian dollar relative to the U.S.A. dollar will decrease the revenues received from the sale of oil and gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S.A. dollar will increase the revenues received from the sale of oil and gas commodities. The U.S.A./Canadian dollar exchange rate averaged \$0.94 and \$0.85 in 2008 and 2009 respectively, ranging from a low of \$0.77 in both years to a high of \$1.02 and \$0.97.

RISK FACTORS

Readers should consider the risk factors set out below and other information included in this Annual Information Form. The risks and uncertainties described below are not the only ones the Corporation may face. Additional risks and uncertainties, including those that the Corporation is not aware of or that it currently deems immaterial may also adversely affect the Corporation's business.

Economic and credit market conditions have materially adversely affected, and may continue to materially adversely affect, the Corporation's ability to raise equity

Conditions in the credit markets since June 2008 have restricted the Corporation's ability to access the credit markets. The Corporation's ability to raise additional equity will also continue to be significantly

influenced by, among other things, general economic conditions, developments in the credit markets, volatility in the equity markets and investors' desire to maintain cash and limit additional levels of risk. If economic and credit conditions do not improve, the Corporation may not be able to raise equity, and it may need to seek further financing from alternative sources having potentially less unfavourable terms. As a result, the Corporation's business, results of operations, financial condition and prospects could be materially adversely affected.

The Corporation's results of operations and financial condition are dependent on the prices of oil and gas and other market conditions

A decrease in oil and gas prices may adversely affect the Corporation's results of operations and financial condition. The Corporation's success is highly dependent on the prices for oil and gas, which are extremely volatile. Any substantial or extended decline in the prices of oil and gas would have a material adverse effect on the Corporation. Oil and gas markets are both seasonal and cyclical. The prices of oil and gas depend on factors the Corporation cannot control such as weather, economic conditions, and levels of production, actions by OPEC and other countries and U.S. government actions. The prices of oil and gas will affect revenues, cash flows and earnings; the amount of oil and gas that the Corporation is economically able to produce; its ability to attract capital to finance operations and the cost of the capital; and the value of its gas properties.

The Corporation defines foreign exchange risk as the risk of gains or losses that could result from changes in foreign currency exchange rates. Fluctuations in the exchange rate between the U.S. and Canadian dollar can have a significant effect on the Corporation's reported results. All of the Corporation's revenues are received in U.S. dollars or from the sale of oil and gas commodities that receive prices determined by reference to U.S. benchmark prices. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and gas commodities.

The Corporation's ability to operate, generate cash flows, complete projects, and value reserves is dependent on financial risks, including commodity prices, continued market demand for its products and other risk factors outside of its control, which include: general business and market conditions; economic recessions and financial market turmoil; continued market demand for its products; commodity prices; the ability to secure and maintain cost-effective financing for its commitments; environmental and regulatory matters; unexpected cost increases; royalties; taxes; the availability of drilling and other equipment; the ability to access lands; weather; the availability of processing capacity; the availability and proximity of pipeline capacity; technology failures; accidents; the availability of skilled labour; and reservoir quality.

Reserve estimates may potentially be inaccurate

All of the Corporation's oil and gas reserves and resources are evaluated and reported on by independent qualified reserves evaluators. The estimation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production, commodity price forecasts, and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. Reserves estimates can be revised upward or downward based on the results of future drilling, testing, production levels and economics of recovery based on cash flow forecasts.

The Corporation's reserve information represents estimates that may turn out to be incorrect if the assumptions upon which these estimates are based are inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of its reserves. The process of estimating oil and gas reserves is complex. It requires interpretations of available technical data and various assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in the Corporation's NI 51-101 Report. Natural gas prices are primarily driven by North American supply and demand, with weather being the key factor in the short term. The industry's ability to continue to grow gas supply is also expected to be challenged in North

America by land access and regulatory issues. Volatility in crude oil prices is expected to continue throughout 2010 as a result of market uncertainties over supply and refining, changes in demand due to the overall state of the world economies, OPEC actions, and the worldwide credit and liquidity crisis.

Certain assumptions made in preparing the reserves information are subject to change over time

In order to prepare these reserves estimates, the Corporation must project production rates and the timing of development expenditures. The assumptions regarding the timing and costs to commence production from the wells used in preparing the reserves are often subject to revisions over time. The Corporation must also analyze available geological, geophysical, production and engineering data, the extent, quality and reliability of which can vary. The process also requires the Corporation to make economic assumptions, such as oil and gas prices, drilling and operating expenses, capital expenditures, taxes, and availability of funds. Therefore, estimates of oil and gas reserves are inherently imprecise.

Actual production and operating expenses may vary from estimates

Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves most likely will vary from the reserves estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown in the Corporation's NI 51-101 Report. In addition, estimates of proved and probable reserves may be adjusted to reflect production history, results of exploration and development, prevailing oil and gas prices and other factors, many of which are beyond the control of the Corporation.

Actual future prices and costs may vary from those used in the present value estimate

Readers should not assume that the present value of future net cash flows from the Corporation's proved and probable reserves referred to in the Corporation's NI 51-101 Report is the current market value of the Corporation's estimated oil and gas reserves. In accordance with securities laws requirements, the Corporation generally bases the estimated discounted future net cash flows from its proved and probable reserves on forecasted prices and costs as at August 31, 2009. Actual future prices and costs may differ materially from those used in the present value estimate.

The discounted present value of oil and gas reserves may vary from the fair market value of those reserves

The discounted present value of the Corporation's oil and gas reserves is prepared in accordance with guidelines established by the Canadian Securities Administrators. A purchaser of reserves would use numerous other factors to value the reserves. The discounted present value of reserves, therefore, does not necessarily represent the fair market value of those reserves. Information about reserves constitutes forward-looking information. See "Forward-Looking Information."

Future success depends upon the Corporation's ability to replace economically recoverable reserves

Unless the Corporation is able to replace reserves which it has produced, its cash flows and production will decrease over time. The Corporation's future success depends upon its ability to find, develop, and acquire oil and gas reserves that are economically recoverable. As is generally the case for OCS properties, the Corporation's producing properties usually have high initial production rates, followed by a steep decline in production. As a result, the Corporation must continually locate and develop or acquire new oil and gas reserves to replace those being depleted by production. The Corporation must do this even during periods of low oil and gas prices when it is difficult to raise the capital necessary to finance these activities and during periods of high operating costs when it is expensive to contract for drilling rigs and other equipment and personnel necessary to explore for oil and gas. Without successful exploration or acquisition activities, the Corporation's reserves, production and revenues will decline rapidly. If the Corporation fails to acquire or find additional crude oil and natural gas reserves, its reserves and production will decline materially from their current levels and, therefore, its cash flows are highly dependent upon successfully exploiting

current reserves and acquiring, discovering or developing additional reserves. The Corporation cannot assure the reader that it will be able to find and develop or acquire additional reserves at an acceptable cost.

Because of the aggregate short life of its reserves, the Corporation's return on the investment it makes in its oil and gas wells and the value of its oil and gas wells will depend significantly on prices prevailing during relatively short production periods.

The Corporation's results of operations and financial condition could be adversely affected if production is curtailed

A significant part of the value of the Corporation's production and reserves is concentrated in a small number of offshore properties, and any production problems or inaccuracies in reserve estimates related to those properties would adversely impact its business. Until January, 2009 approximately 100% of the Corporation's daily production came from High Island 115. As at January 2009, production at ST 214 had commenced. Commercial gas reserves have also been discovered at EC 36, 37 and 246. If mechanical problems, storms or other events curtail a substantial portion of this production or if the actual reserves associated with these properties or any future producing properties are less than the estimated reserves, the Corporation's results of operations and financial condition could be adversely affected.

The Focus on exploration projects to increase reserves heightens the risks inherent in the Corporation's oil and gas activities

The Corporation's focus on exploration projects increases the risks inherent in its oil and gas activities. The Corporation's business strategy focuses on replacing reserves through exploration, where the risks are greater than in acquisitions and development drilling. Although the Corporation has been successful in exploration in the past, it cannot assure the reader that it will continue to increase reserves through exploration or at an acceptable cost. Additionally, the Corporation is often uncertain as to the future costs and timing of drilling, completing, and producing wells. Its drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors, including unexpected drilling conditions; pressure or inequalities in formations; equipment failures or accidents; adverse weather conditions; governmental requirements; and shortages or delays in the availability of drilling rigs and the delivery of equipment.

The Corporation lacks control in the operation of High Island 115

The Corporation does not operate High Island 115. The Corporation's lack of control could result in the following: the operator may initiate exploration or development at a faster or slower pace than the Corporation prefers; the operator may propose to drill more wells or build more facilities on a project than the Corporation has funds for or that the Corporation deems appropriate, which may mean that it is unable to participate in the project or share in the revenues generated by the project even though the Corporation paid its share of exploration costs; and if an operator refuses to initiate a project, the Corporation may be unable to pursue the project. Any of these events could materially reduce the value of its non-operated properties.

The Corporation may not be able to compete with the superior resources of its competitors

Competitive industry conditions may negatively affect the Corporation's ability to conduct operations. The Corporation operates in the highly competitive areas of oil and gas exploration, development, and production. The Corporation competes for the purchase of leases in the Gulf of Mexico granted by the U.S.A. government and from other oil and gas companies. These leases include exploration prospects as well as properties with proved reserves. Factors that affect its ability to compete in the marketplace include its access to the capital necessary to drill wells and acquire properties; its ability to acquire and analyze seismic, geological and other information relating to a property; its ability to retain the personnel necessary to properly evaluate seismic and other information relating to a property; the location of, and its ability to access, platforms, pipelines and other facilities used to produce and transport oil and gas production; the standards it establishes for the minimum projected return on an investment of its capital; and the

availability of alternate fuel sources. The Corporation's competitors include major integrated oil companies, substantial independent energy companies, and affiliates of major interstate and intrastate pipelines and national and local gas gatherers, many of which possess greater financial, technological and other resources than the Corporation does.

The Corporation's competitors may use superior technology, which it may be unable to afford or which would require costly investment by the Corporation in order to compete. The industry is subject to rapid and significant advancements in technology, including the introduction of new products and services using new technologies. As its competitors use or develop new technologies, the Corporation may be placed at a competitive disadvantage, and competitive pressures may force the Corporation to implement new technologies at a substantial cost. In addition, its competitors may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation can. The Corporation cannot be certain that it will be able to implement technologies on a timely basis or at a cost that is acceptable to it. One or more of the technologies that the Corporation currently uses or that it may implement in the future may become obsolete, and it may be adversely affected. For example, marine seismic acquisition technology has been characterized by rapid technological advancements in recent years, and further significant technological developments could substantially impair the Corporation's 3-D seismic data's value.

The Corporation may not be able to raise capital to develop existing reserves or to discover new reserves

The Corporation may not be able to replace its reserves or generate cash flows if it is unable to raise capital. The Corporation will be required to make substantial capital expenditures to develop its existing reserves, and to discover new oil and gas reserves. Historically, the Corporation has financed these expenditures primarily with cash from operations, and proceeds from the sale of equity and debt securities. The Corporation cannot assure the reader that it will be able to raise capital in the future. It also makes offers to acquire oil and gas properties in the ordinary course of its business. If these offers are accepted, the Corporation's capital needs may increase substantially.

The Corporation's plans to drill a prospect are subject to change

The Corporation's decision to drill a prospect is subject to a number of factors, and it may decide to alter its drilling schedule or not drill at all. A prospect is a property on which the Corporation has identified what its geoscientists believe, based on available seismic and geological information, to be indications of hydrocarbons. The Corporation's prospects are in various stages of evaluation, ranging from a prospect which is ready to drill to a prospect which will require substantial additional seismic data processing and interpretation. Whether the Corporation ultimately drills a prospect may depend on the following factors: receipt of additional seismic data or the reprocessing of existing data; material changes in oil or gas prices; the costs and availability of drilling rigs; the success or failure of wells drilled in similar formations or which would use the same production facilities; availability and cost of capital; changes in the estimates of the costs to drill or complete wells; its ability to attract other industry partners to acquire a portion of the working interest to reduce exposure to costs and drilling risks; and decisions of its joint working interest owners. The Corporation will continue to gather data about its prospects and it is possible that additional information may cause it to alter its drilling schedule or determine that a prospect should not be pursued at all. The reader should understand that the Corporation's plans regarding its prospects are subject to change.

The Corporation's ability to conduct business may be materially affected by inclement weather and unforeseen operating interruptions

Weather, unexpected subsurface conditions, and other unforeseen operating hazards may adversely impact the Corporation's ability to conduct business. There are many operating hazards in exploring for and producing oil and gas, including: its drilling operations may encounter unexpected formations or pressures, which could cause damage to equipment or personal injury; it may experience equipment failures which curtail or stop production; it could experience blowouts or other damages to the productive formations that may require a well to be re-drilled or other corrective action to be taken; and because of these or other events, it could experience environmental hazards, including release of oil and gas from spills, gas leaks,

and ruptures. In the event of any of the foregoing, the Corporation may be subject to interrupted production or substantial environmental liability due to injury to persons or loss of life, damage to or destruction of property, natural resources and equipment, pollution and other environmental damage, investigation and remediation requirements, and fines and penalties and injunctive relief. Moreover, a substantial portion of the Corporation's operations are offshore and are subject to a variety of risks peculiar to the marine environment such as capsizing, collisions, hurricanes, and other adverse weather conditions, which can result in substantial damage to facilities and interrupt production, as well as more extensive governmental regulation.

The Corporation may not be able to adequately insure losses from operating hazards

The Corporation cannot assure the reader that it will be able to maintain adequate insurance at rates it considers reasonable to cover its possible losses from operating hazards. The occurrence of a significant event not fully insured or indemnified against could materially and adversely affect its financial condition and results of operations.

Compliance costs associated with environmental and governmental regulations may adversely affect production

Compliance with environmental and other government regulations could be costly and could negatively affect production. The Corporation's operations are subject to numerous laws and regulations governing the operation and maintenance of its facilities and the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may: require that the Corporation acquire permits before commencing drilling; impose operational and other conditions on its activities; restrict the substances that can be released into the environment in connection with drilling and production activities; limit or prohibit drilling activities on protected areas such as wetlands, wilderness areas or coral reefs; and require measures to remediate or mitigate pollution and environmental impacts from current and former operations, such as cleaning up spills or dismantling abandoned production facilities. Contract rights can also be cancelled or expropriated. Changes to government regulation could impact the Corporation's existing and planned projects as well as impose a cost of compliance.

Under these laws and regulations, the Corporation could be liable for costs of investigation, removal and remediation, damages to and loss of use of natural resources, loss of profits or impairment of earning capacity, property damages, costs of and increased public services, as well as administrative, civil and criminal fines and penalties, and injunctive relief. Under the common law, the Corporation could be liable for injuries to people and property. The Corporation maintains limited insurance coverage for sudden and accidental environmental damages. It does not believe that insurance coverage for environmental damages that occur over time is available at a reasonable cost. Also, the Corporation does not believe that insurance coverage for the full potential liability that could be caused by sudden and accidental environmental damages is available at a reasonable cost. Accordingly, the Corporation may be subject to liability or it may be required to cease production from properties in the event of environmental incidents.

A number of federal, provincial, and state governments have announced intentions to regulate greenhouse gases ("GHG") and other air pollutants, while some jurisdictions have provided details on these regulations. It is anticipated that other jurisdictions will announce emissions reduction plans in the future. As these federal and regional programs are under development, the Corporation is unable to predict the total impact of the potential regulations upon its business. Therefore, it is possible that the Corporation could face increases in operating costs in order to comply with GHG emissions legislation. However, the Corporation will continue to work with governments to develop an approach to deal with climate change issues that protects the industry's competitiveness, limits the cost and administrative burden of compliance, and supports continued investment in the sector.

The Corporation's marketability is subject to factors beyond its control

Factors beyond the Corporation's control affect its ability to market production and its financial results. The ability to market oil and gas from its wells depends upon numerous factors beyond its control. These

factors include: the extent of domestic production and imports of oil and gas; the proximity of the gas production to gas pipelines; the availability of pipeline capacity; the demand for oil and gas by utilities and other end users; the availability of alternative fuel sources; the effects of inclement weather; state and federal regulation of oil and gas marketing; and federal regulation of gas sold or transported in interstate commerce. Because of these factors, the Corporation may be unable to market all of the oil or gas it produces. In addition, the Corporation may be unable to obtain favourable prices for the oil and gas it produces.

The Corporation may be required to take writedowns of the carrying value of its oil and gas properties should oil and gas prices decrease

If oil and gas prices decrease, the Corporation may be required to take writedowns of the carrying value of its oil and gas properties based on declining reserve values. The Corporation may be required to writedown the carrying value of its oil and gas properties when oil and gas prices are low or if it has made substantial downward adjustments to its estimated net proved reserves, increases in its estimates of development costs or deterioration in its exploration results. This type of charge will reduce the book value of its shareholders' equity. The Corporation reviews the carrying value of its properties quarterly, based on prices in effect as of the end of each quarter or at the time of reporting its results. Once incurred, a writedown of oil and gas properties is not reversible at a later date, even if prices increase.

OIL AND GAS ACTIVITIES

The Corporation's oil and gas reserves as at August 31, 2009 are contained in the Corporation's NI 51-101 Report available on SEDAR at www.sedar.com.

Reference is also made to the Corporation's Form 51-101F2 - *Report on Reserves Data* and Form 51-101F3 - *Report of Management and Directors on Reserves Data and Other Information*, filed under the Probe profile on the SEDAR web site at www.sedar.com.

Dividends

DIVIDENDS

The Board may, as permitted by law, declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. No dividends have been declared as at the date of this Annual Information Form.

Description of Capital Structure

DESCRIPTION OF CAPITAL STRUCTURE

General

The Corporation is authorized to issue an unlimited number of Common Shares without par value (the "Common Shares") and an unlimited number of preferred shares without par value (the "Preferred Shares"). As at August 31, 2009, there were 105,049,866 Common Shares, and no Preferred Shares were issued and outstanding as fully paid and non-assessable.

Common Shares

The holders of Common Shares are entitled to one vote in respect of each share at all meetings of shareholders and to receive dividends if, as and when declared from time to time by the Board of Directors of the Corporation, subject to the attributes of the Preferred Shares.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares are entitled to participate rateably in any distribution of the assets of the Corporation after payment of all of the Corporation's debts and liabilities.

There are no exchange or conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the Common Shares.

Preferred Shares

The Preferred Shares may be issued in one or more series at such price and with such rights, privileges, restrictions and conditions as the Corporation's Board of Directors designates from time to time.

CONSTRAINTS

There are no constraints imposed on the ownership of securities of the Corporation.

Market for Securities

TRADING PRICE AND VOLUME

The Common Shares are listed on the Exchange and trade under the symbol "PBR". The following table sets out the high, low, and closing prices and the volume of trading of the Corporation's shares on the Exchange for the months indicated:

	Sept 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009
High	0.72	0.50	0.22	0.195	0.34	0.25
Low	0.36	0.16	0.11	0.08	0.15	0.14
Close	0.51	0.20	0.18	0.17	0.165	0.15
Avg Volume	252,857	453,618	991,130	467,481	557,724	488,521

	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009
High	0.16	0.11	0.19	0.23	0.14	0.125
Low	0.095	0.08	0.08	0.13	0.105	0.09
Close	0.105	0.08	0.17	0.135	0.11	0.10
Avg Volume	356,295	291,738	739,000	334,386	157,127	173,775

Directors and Officers

NAME, OCCUPATION AND SECURITY HOLDING

The following table sets out the name, residence, position, and principal occupations for the previous five years of each of the directors and executive officers of the Corporation. The term of office of each director of the Corporation expires at the annual general meeting of shareholders each year.

The tables setting forth the securities of the Corporation held by the directors and executive officers are current as of August 31, 2009.

Directors and Officers

**L. Scott
Broussard**

Mr. S. Broussard has been the President, Chief Executive Officer, and Chairman of the Board since March 2008. Mr. S. Broussard is also the President and Chief Executive Officer of PRUS since February 2008. From 2003 to 2005, Mr. S. Broussard was the Vice-President of Operations for Spinnaker Exploration Company. In 2006, he served as the Vice-President of Operations of Hydro Gulf of Mexico, formerly Spinnaker Exploration Company.

**Residence:
Texas, USA**

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	2,780,763 or 2.647% ⁽¹⁾	N/A	N/A
Options	1,820,000	1,220,000 shares at \$0.40; 200,768 shares at \$0.19; and 399,232 shares at \$0.20	March 5, 2013; February 10, 2014; and June 1, 2014, respectively
Warrants	114,097	\$0.50	June 6, 2010

⁽¹⁾ For each occurrence of up to three (3) successful wells in the Leases, Probe will issue to Cutter Energy, LLC, which is wholly-owned by Mr. S. Broussard, 666,666, 666,667, and 666,667 shares, respectively, within 24 months from the TSX Effective Date, which is June 30, 2008. The first instalment of 666,666 has been issued as at March 3, 2009.

Mr. S. Broussard is a member of the Reserves, and Corporate Disclosure Committees.

**William N.
Young III**

Mr. Young has been Chief Operating Officer since December 2008. From February to December 2008, Mr. Young was the Vice-President, Commercial Negotiations. From 2005 to 2007, Mr. Young served as Vice-President at Hydro Gulf of Mexico. From 2003 to 2005, he was Vice-President for Spinnaker Exploration Company. From 1997 to 2003, Mr. Young served as President of Gemco Energy Marketing Company, Inc.

**Residence:
Texas, USA**

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	216,278 or 0.206%	N/A	N/A
Options	1,006,000	556,000 shares at \$0.40; 155,139 shares at \$0.19; and 294,861 shares at \$0.20	March 5, 2013; February 10, 2014; and June 1, 2014, respectively
Warrants	216,278	\$0.50	June 6, 2010

Directors and Officers

Paul A. Diven Mr. Diven has been the Chief Financial Officer since April 2008 (Controller as of September 21, 2009; replaced by Rick FitzGerald). From 2007 to 2008, Mr. Diven was a Controller for CIECO Energy (US) Limited. From 2006 to 2007, he was a Controller for A-Texian Compressors, Inc. From 1997 to 2006, Mr. Diven was a Controller for Carrizo Oil & Gas, Inc.

Residence:
Texas, USA

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	91,278 or 0.087%	N/A	N/A
Options	856,000	556,000 shares at \$0.40; 100,384 shares at \$0.19; and 199,616 shares at \$0.20	May 26, 2013; February 10, 2014; and June 1, 2014, respectively
Warrants	91,278	\$0.50	June 6, 2010

Roger B. Souders Mr. Souders has been Vice-President, Land since March 2008. From 1991 to 2008, Mr. Souders served as Deepwater Negotiations Advisor, Land Negotiations Advisor, and Landman for Nobel Energy, Inc./Samedan.

Residence:
Texas, USA

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	135,028 or 0.129%	N/A	N/A
Options	856,000	556,000 shares at \$0.40; 100,384 shares at \$0.19; and 199,616 shares at \$0.20	March 5, 2013; February 10, 2014; and June 1, 2014, respectively
Warrants	135,028	\$0.50	June 6, 2010

Andre J. Broussard Mr. A. Broussard has been the Vice-President, Exploration since March 2008. From 2007 to 2008, he served as Exploration Manager for StatoilHydro. From 2006 to 2007, he served as Development Manager for Norsk Hydro. From 1997 to 2006, Mr. Broussard served as Explorationist for Spinnaker Exploration Company.

Residence:
Texas, USA

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	1,091,278 or 1.039%	N/A	N/A
Options	856,000	556,000 shares at \$0.40; 100,384 shares at \$0.19; and 199,616 shares at \$0.20	March 5, 2013; February 10, 2014; and June 1, 2014, respectively
Warrants	1,091,278	\$0.50	June 6, 2010

Directors and Officers

Morgan Tincher Mr. Tincher has been the Vice President, Finance and Corporate Secretary since March 2008. Mr. Tincher was the Acting CFO from November 2007 to March 2008. Since 2006, Mr. Tincher has served as President of Heathercrest Energy Ltd. From 2006 to present, he has served as President of Smorgasbord Holdings Ltd. From 2000 to present, and he was a partner of Random Works Entertainment.

Residence:
British
Columbia,
Canada

Corporate Cease Trade Order

While Mr. Tincher was acting as the Acting CFO and Corporate Secretary of the Corporation, the Corporation was subject to a management cease trade order issued on January 3, 2008 for failure to file financial statements. The cease trade order was lifted on February 29, 2008.

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	150,000 or 0.143%	N/A	N/A
Options	600,410	150,410 shares at \$0.67; 150,000 shares at \$0.60; 100,384 shares at \$0.19; and 199,616 shares at \$0.20	July 26, 2012; November 22, 2012; February 10, 2014; and June 1, 2014 respectively

Desmond M. Balakrishnan Mr. Balakrishnan has been a Director since November 2007. Mr. Balakrishnan's principal occupation is as a partner in the Vancouver office of Lang Michener LLP, a national Canadian law firm, since February 2002.

Residence:
British
Columbia,
Canada

Mr. Balakrishnan has also acted in the following capacities:

Name of Reporting Issuer	Position(s) Held	From (MM/YY)	To (MM/YY)
Acero-Martin Exploration Inc.	Corporate Secretary	November 2001	Present
	Chief Financial Officer	May 2002	June 2003
Capella Resources Ltd.	Corporate Secretary	July 2006	December 2008
Evolving Gold Corp.	Corporate Secretary	May 2007	September 2008
Great Canadian Gaming Corporation	Assistant Corporate Secretary	June 2006	Present
Halmont Properties Corporation	Director	October 2003	December 2003
Iciena Ventures Inc.	Corporate Secretary	October 2006	Present
Copacabana Capital Limited	Director	June 2005	Present
Yankee Hat Minerals Ltd.	Secretary	January 2005	Present
26 Broadway Capital Corp.	Corporate Secretary	November 2007	Present

Directors and Officers

Corporate Cease Trade Orders

A cease trade order was issued against Copacabana Capital Limited on May 9, 2006 for failure to file a comparative financial statement and a Form 51-102F1 Management's Discussion and Analysis for its financial year ended December 31, 2005. As at the date of this AIF, the cease trade order remains in effect and trading in Copacabana Capital Limited is suspended.

While Mr. Balakrishnan was acting as a Director of the Corporation, the Corporation was subject to a management cease trade order issued on January 3, 2008 for failure to file financial statements. The cease trade order was revoked on February 29, 2008.

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	16,000 or 0.0015%	N/A	N/A
Options	250,000	50,000 shares at \$0.67; 50,000 shares at \$0.60; and 150,000 shares at \$0.20	July 26, 2012; November 22, 2012; and June 1, 2014 respectively
Warrants	None.	None.	None.

Mr. Balakrishnan is a member of the Audit, Compensation, and Disclosure Committees.

Bradley T. Culver

Mr. Culver has been a Director since October 2007. Since 2000, Mr. Culver has served as a Geophysicist for Encana Corporation.

**Residence:
Alberta, Canada**

Mr. Culver has also acted in the following capacities:

Name of Reporting Issuer	Position(s) Held	From (MM/YY)	To (MM/YY)
Lands End Resources Ltd.	Director	October 2007	Present

Corporate Cease Trade Order

While Mr. Culver was acting as a Director of the Corporation, the Corporation was subject to a management cease trade order issued on January 3, 2008 for failure to file financial statements. The cease trade order was revoked on February 29, 2008.

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	59,000 or 0.056%	N/A	N/A
Options	250,000	100,000 shares at \$0.49; and 150,000 shares at \$0.20	October 26, 2012; and June 1, 2014 respectively
Warrants	None.	None.	None.

Mr. Culver is a member of the Audit, Compensation, Reserves, and Disclosure Committees.

Directors and Officers

Richard S. Buski Mr. Buski has been a Director since July 2009. Mr. Buski was the Country Managing Partner of PricewaterhouseCoopers in Russia from 2001 through to his retirement in 2004.

Residence:
British
Columbia,
Canada

Mr. Buski has also acted in the following capacities:

Name of Reporting Issuer	Position(s) Held	From (MM/YY)	To (MM/YY)
East Energy Corp.	Director	June 2007	September 2009
Great Canadian Gaming Corporation	Director	June 2006	Present

Type of securities	Number of securities	Exercise price	Expiry date
Common shares	20,000 or 0.019%	None.	None.
Options	300,000	\$0.15	July 29, 2014
Warrants	None.	None.	None.

Mr. Buski is the Chairman of the Audit Committee and is a member of the Compensation Committee.

Ownership of Shares of the Corporation by Officers, Directors, and Experts

The percentage of Common Shares of the Corporation owned beneficially, directly or indirectly, or over which control or direction is exercised by the directors, senior officers and any expert whose report is contained in this Annual Information Form, as a group, is less than 5% by directors and officers.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

There have been no personal bankruptcies, penalties, or sanctions for the officers and directors of the Corporation. Cease trade orders are discussed along with the information concerning the particular officers or directors in "Officers and Directors."

CONFLICTS OF INTEREST

There are no existing or potential material conflicts of interest between the Corporation or a subsidiary of the Corporation and an officer or director of the Corporation or a subsidiary of the Corporation.

Desmond M. Balakrishnan, whose principal occupation is as a partner of Lang Michener LLP, is a Director of the Corporation. Lang Michener LLP is the Canadian legal counsel for the Corporation. However, this is not considered material nor does it give rise to a potential material conflict in the opinion of the Board of Directors or management of the Corporation.

Legal Proceedings and Regulatory Actions

LEGAL PROCEEDINGS

Frankel Offshore Energy, Inc. ("Frankel") v. Texas Standard Oil & Gas, L.P., Grimes Energy Inc., Petroval, Probe Resources U.S., Ltd. Inc., Timothy Roberson, Kim McCullough, David M. Grimes, Michael Grimes

and L. Scott Broussard; Cause No. 08-34031 in the District Court of Harris County, Texas, 127th Judicial District

Probe US and its Chief Executive Officer, L. Scott Broussard, by a filed Amended Petition were joined as defendants in the above-captioned lawsuit. Frankel sought monetary damages for fraud, conversion, misrepresentation, and breach and/or anticipatory breach of several contracts of which Frankel was a signatory. Alternatively, Frankel sought to specifically enforce and/or reform one or more of the contracts at issue. Frankel had, among other things, petitioned for the establishment of a constructive trust for certain revenue from the plaintiff's alleged interest in certain properties and has requested unspecified damages and attorneys fees, interest and costs as a result of the utilization of certain alleged confidential information.

On November 16, 2009 the Corporation announced that it had reached a settlement of all claims and dismissal of the lawsuit, thereby removing the uncertainty surrounding such claims and the concomitant material legal expenses. As a condition of the settlement, the Corporation paid US\$1.25 million in November, 2009 and the settlement counterparty also received small overriding royalties on certain Probe properties prospectively. Probe and management vigorously deny any wrongdoing with respect to all of the matters alleged and the settlement specifically acknowledges that there is no admission of liability on either party's part.

Interest of Management and Others in Material Transactions

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The following is the interest of management and others in material transactions of the Corporation:

L. Scott Broussard

By way of a Purchase and Sale Agreement, dated June 4, 2008, and effective as of April 1, 2008 among the Corporation, Probe US, and Cutter, a private entity controlled by L. Scott Broussard, the Corporation acquired from Cutter a 25% interest in the Leases. The acquisition was accepted by the TSXV on June 30, 2008. Aggregate payable by the Corporation to Cutter is: (1) USD \$829,594 cash (paid); (2) 2,000,000 Common Shares upon approval (issued); and (3) 666,666, 666,667, and 666,667 Common Shares for each occurrence of up to three successful wells at distinct leases within 24 months from the date of the agreement. The first instalment of 666,666 Common Shares was issued to Cutter on March 3, 2009 upon the completion of the ST 214 Well.

Transfer Agents and Registrars

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office in Vancouver, British Columbia. No preferred shares of the Corporation have been issued as at the date of this Annual Information Form.

Material Contracts

MATERIAL CONTRACTS

The following are material contracts of the Corporation:

High Island 115

1. Farmout Agreement, dated June 1, 2007, between Probe Resources US Ltd., as farmee, and Emperor World Trading LLC, as farmor, for 33.574% record interest and a 25.1875% NRI in High Island 115.
2. Assignment Agreement, dated August 24, 2007, between Venture Capital Asset Management AG. (“Venture”), as assignor, and Probe US, as assignee, for all of the benefits, rights, and obligations under the Farmout Agreement, between Venture and Emperor World Trading, dated as at August 24, 2007, in High Island 115.
3. Agreement dated, April 10, 2007, between Probe US, Maxim Resources Inc., Gregory Fedun, Coldstream Energy Ltd., Petrel Properties Inc., 0794889 B.C. Ltd., and Varo Capital Corporation, affirming their interests, rights, and obligations in High Island 115, including the operation of High Island 115 by Probe US.

Six (6) Federal Oil and Gas Leases

4. Purchase and Sale Agreement and Conveyance, dated June 4, 2008, between Probe, Probe US, collectively as purchaser, and Cutter Energy LLC, as seller, of an undivided 25% WI and not less than 17.375% WI in the Leases.
5. Acquisition Agreement, dated May 26, 2008, between and among PetroVal Inc., Grimes Energy Company, Texas Standard Oil & Gas LP, Trifecta Oil & Gas LLC, Trifecta Operating LLC, collectively as seller, and Probe US, as purchaser, an undivided 75% WI and not less than a 52.125% NRI in the Leases.
6. Assignment of Farmout rights, dated May 26, 2008, between PetroVal Inc., Grimes Energy Company, Texas Standard Oil & Gas LP, Trifecta Oil & Gas LLC, Trifecta Operating, LLC, collectively as assignor, and Probe US, as assignee, in respect of interests in EC 36, 37, 246, and ST 214.

ST 214

7. Assignment of Farmout Rights, dated May 26, 2008, between and among PetroVal, Inc., Grimes Energy Company, Texas Standard Oil & Gas, LP, Trifecta Oil & Gas, LLC, and Trifecta Operating, LLC, collectively, as assignor, and Probe US, as assignee, in respect of interests in ST 214.
8. Offer to Purchase, dated June 30, 2008, between and among Apache Corporation, Offshore Shelf, LLC, Maritech Resources Inc., Omimex Petroleum Inc., and Unit Petroleum, collectively as offeree, and Probe US, as offeror, of interests in ST 198.
9. Contract Operations Agreement, dated July 24, 2008, between and among Apache Corporation, Offshore Shelf LLC, Maritech Resources, Inc., Omimex Petroleum, Inc., Unit Petroleum Company and Probe US, whereby Probe US was appointed operator with respect to ST 198.

East Cameron 36 and 37

10. Joint Venture Agreement, dated April 24, 2009, among Petrodome Energy, LLC, certain other parties and Probe US in respect of the Corporation’s interests in the EC 36 and 37 wells.

Loan

11. Loan Agreement, dated August 15, 2008, between Probe, as lender, and L. Scott Broussard, as borrower, of US\$750,000 as principal, bearing simple interest at an annual rate of 5% per annum, all of which are forgivable should the borrower remain employed by the borrower by January 1, 2010.

Financing

12. Note and Warrant Purchase Agreement, dated January 20, 2009, providing for the purchase of \$10,000,000 15% secured notes.
13. Amendment to the Note and Warrant Purchase Agreement, dated February 18, 2009, amending terms and conditions regarding restrictive covenants of Probe in respect of its certain subsidiaries.
14. Intercreditor Agreement, dated as at February 19, 2009, setting out the rights and priorities of the lenders with respect to the debtor's obligations.
15. Term Credit Facility Agreement, dated as at February 19, 2009, stipulating the terms and conditions for the loan of US\$8,500,000 to be used for the well completion and tie-in of the ST 214 Well in the U.S.A. Gulf of Mexico, exclusive of drilling costs.
16. Pledge Agreement, dated as at February 19, 2009, pledging securities of the pledgor's subsidiaries as security for the loan.
17. Intercompany Subordination Agreement, dated as at February 19, 2009, where each subsidiary of Probe agrees to subordination to each other.
18. Interim Creditor Agreement, dated July 14, 2009, setting out the schedules of repayment of the Corporation's trade payables.
19. Debt Restructuring Agreement dated effective August 31, 2009, which set out the schedules of repayment of the Corporation's trade payables, replacing the Interim Creditor Agreement dated July 14, 2009.

Additional Information

ADDITIONAL INFORMATION

Additional information relating to the Corporation as filed with Canadian securities regulatory authorities, including this Annual Information Form, can be found online under the Corporation's profile on SEDAR at www.sedar.com.

Additional financial information is provided in the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for its most recently completed financial year also filed on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION REQUIRED IN AN AIF

Audit Committee Charter

The Audit Committee Charter of the Corporation (the "Audit Committee") is enclosed as schedule A of this annual information form. The Audit Committee is established for the purpose of overseeing the board of directors in monitoring:

- the financial report process;
- the internal financial information control system; and
- the auditing process.

Composition of the Audit Committee

The Corporation's Audit Committee is composed of the following three directors:

- Mr. Richard Buski (Chair of the Audit Committee)
- Mr. Desmond Balakrishnan
- Mr. Bradley Culver

A majority of the members forming the Audit Committee are Independent Directors with financial literacy, as such terms are defined in National Instrument 52-110 *Audit Committees* ("NI 52-110").

Relevant Education and Experience

The members of the Audit Committee are all experienced businessmen, each with a good understanding of the accounting principles used by the Corporation to prepare its financial statements, as well as the ability to assess the general application of such accounting principles in connection with internal controls and procedures for financial reporting. The members have acquired such experience through active involvement in their respective fields of expertise. Moreover, most members of the Audit Committee appreciate the important role of the committee, for having served as Directors for public companies other than the Corporation.

Reliance on Certain Exemptions

The Corporation has not, at any time since the beginning of the fiscal year completed August 31, 2009, relied on the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110 or on an exemption from the requirements of all or part of NI 52-110 granted under Part 8 (Exemptions) of NI 52-110.

However, the Corporation is exempted from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110, being a Venture Issuer, as such term is defined in NI 52-110.

Audit Committee Oversight

At no time since the beginning of the Corporation's financial year completed August 31, 2009, has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee Charter states that all non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee. The Audit Committee may exercise its authority to approve non-audit services in accordance with the Audit Committee Charter.

As of August 31, 2009, the Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services. However,

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years for audit fees are as follows:

Financial Year Completed	Audit Fees	Audit-Related Fees	Tax Fees ⁽¹⁾	All Other Fees
August 31, 2009	64,138	Nil	2,000	Nil
August 31, 2008	90,399	Nil	315	Nil

(1) Represents income tax return preparation fees.

Schedule A

Probe Resources Ltd.

Audit Committee Charter

1. MANDATE OF THE AUDIT COMMITTEE

The Audit Committee will assist the board of directors (the “Board”) of Probe Resources Ltd. (the “Company”) in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each Audit Committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company’s business, operations and risks.

2. COMPOSITION OF THE AUDIT COMMITTEE

The Board will appoint from among their membership an Audit Committee after each annual general meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors.

2.1 *Independence*

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

2.2 *Expertise of Committee Members*

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee shall fulfill the following roles and discharge the following responsibilities:

4.1 *External Audit*

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external

auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the Audit Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The Audit Committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the Audit Committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

Delegation of Authority

- (a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the Audit Committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

4.5 Other Responsibilities

The Audit Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about its activities and make appropriate recommendations.

5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee; and
- (c) communicate directly with the internal and external auditors.

6. GUIDANCE – ROLES & RESPONSIBILITIES

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the company’s counsel, any legal matters that could have a significant impact on the company’s financial statements.