

PROBE RESOURCES LTD.

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INFORMATION CIRCULAR

as at January 23, 2009

This Information Circular is furnished in connection with the solicitation of proxies by the management of Probe Resources Ltd. (the “Company”) for use at the annual and special general meeting (the “Meeting”) of its shareholders to be held on March 4, 2009 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to “the Company”, “we” and “our” refer to Probe Resources Ltd. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the Proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) using the internet at Computershare's website, www.computershare.com/ca/proxy. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Beneficial Shareholders

The information in this section is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners).

The Company is taking advantage of those provisions of National Instrument 54-101, which permits it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (VIF) from Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare will provide instructions for voting by either telephone or internet on the VIF itself. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs it receives.

This Information Circular, with related material, is being sent to both registered and non-registered owners of the Common Shares of the Company. If you are a non-registered owner, and the Company or

its agent has sent these materials directly to you, your name and address and information about your Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your Common Shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding your Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

Beneficial Shareholders who are OBOs should carefully follow the instructions of their broker or intermediary in order to ensure that their Common Shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“Broadridge”) in the United States and in Canada. Broadridge will mail a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company) other than the persons designated in the VIF to represent the Beneficial Shareholder at the Meeting. To exercise this right, you should insert the name of your desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, you cannot use it to vote Common Shares directly at the Meeting - the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may attend at the Meeting as proxyholder for your broker and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker, you should enter your own name in the blank space on the VIF provided to you and return the same to your broker in accordance with the instructions provided by your broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send to you a legal proxy which would enable you to attend at the Meeting and vote your Common Shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Trust Company of Canada or at the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder’s Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "Board") of the Company has fixed January 23, 2009 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares. As of January 23, 2009, there were 104,383,200 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares. The Company is also authorized to issue an unlimited number of Preferred Shares. The Preferred Shares are eligible to receive notice of, to attend and to vote at all meetings of the shareholders in the same manner and extent as the holders of the Company's Common Shares. There are no Preferred Shares issued and outstanding as at January 23, 2009.

To the knowledge of the directors and senior officers of the Company, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at January 23, 2009.

The following documents filed with the securities commissions or similar regulatory authority in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this information circular:

- Audited financial statements for the fiscal year ended August 31, 2008, report of the auditor and related management discussion and analysis filed on www.sedar.com on December 22, 2008.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Company at Suite 730 – 1111 West Hastings Street, Vancouver, British Columbia V6E 2J3, telephone: (604) 638-1255. These documents are also available through the Internet on SEDAR, which can be accessed at www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein except for the resolutions of the disinterested shareholders, which must be passed by a majority of all shareholders excluding votes attached to listed Common Shares beneficially owned by Insiders of the company and their Associates as defined in the British Columbia *Securities Act* and as set out below. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or

appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

The size of the Board is currently determined at five. The Board has determined that the number of directors of the Company to be elected at the shareholders meeting be set at five. Shareholders will therefore be asked to elect five directors to the Board at the Meeting.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at January 23, 2009.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment⁽¹⁾	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled⁽¹⁾
L. Scott Broussard President, Chief Executive Officer, Director and Chairman of the Board Texas, U.S.A.	Chief Executive Officer since February 2008 and President since March 2008 of the Company; President and Chief Executive Officer of Probe Resources US Ltd. since February 12, 2008; Vice President, Drilling and Production for Hydro Gulf of Mexico, formerly Spinnaker Exploration, 1988 to 2006	Since March 26, 2008	2,114,097 ⁽²⁾
David M. Antony ⁽³⁾⁽⁹⁾ Director Alberta, Canada	Chief Executive Officer, Southern Pacific Resource Corp. (STP-TSXV) since March 2006; President, March Resources Corp. (MDF-TSXV) since June 1999; Chairman, Bridge Resources Corp. (BUK-TXV) since January 2005	Since June 2, 2008	250,000 ⁽⁴⁾
Desmond M. Balakrishnan ⁽³⁾⁽⁵⁾ Director British Columbia, Canada	Barrister and Solicitor, Partner and lawyer with the law firm of Lang Michener LLP since February 2002	Since November 22, 2007	16,000 ⁽⁶⁾
Michael Bowie Director Alberta, Canada	Principal of Summit Liability Solutions since May 2007; Vice-President Business Development of Vital Energy, April 2005 to December 2006; EHIS Co-ordinator of Vermillion Energy Trust, June 2002 to April 2005	Since June 2, 2008	250,000 ⁽⁷⁾
Bradley T. Culver ⁽³⁾ Director Alberta, Canada	Geophysicist of Encana Corporation since December 2000	Since October 25, 2007	59,000 ⁽⁸⁾

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
2. Mr. Broussard also holds options to purchase 1,220,000 Common Shares, exercisable at \$0.40 each, expiring March 5, 2013, and warrants to purchase 114,097 Common Shares exercisable at \$0.50 each, expiring June 6, 2010.
3. Member of the audit committee.
4. Mr. Antony also holds options to purchase 150,000 Common Shares, exercisable at \$0.50 each, expiring June 1, 2013, and warrants to purchase 250,000 Common Shares exercisable at \$0.50, each, expiring June 6, 2010.
5. Mr. Balakrishnan is a director of Copacabana Capital Limited. 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 Information Circular, the cease trade order remains in effect and trading in Copacabana Capital Limited is suspended.
6. Mr. Balakrishnan holds options to purchase 50,000 Common Shares, exercisable at \$0.67 each, expiring July 26, 2012 and options to purchase 50,000 Common Shares, exercisable at \$0.60 each, expiring November 22, 2012.
7. Mr. Bowie also holds options to purchase 150,000 Common Shares, exercisable at \$0.50 each, expiring June 1, 2013.
8. Mr. Culver holds options to purchase 100,000 Common Shares at an exercise price of \$0.49 each, expiring October 26, 2012.
9. From October 2000 to June 2002, Mr. Antony served as CFO and a Director of Early Rain Inc. Early Rain Inc. was subject to a cease trade order issued June 11, 2002 from the British Columbia Securities Commission and June 21, 2002 from the Alberta Securities Commission for the failure to file financial statements. Early Rain Inc. has delisted from the Toronto Stock Exchange – Venture.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person.

Other than as set out herein, none of the directors of the Company has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity was the subject of a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation.

The Company issued a management cease trade order on January 3, 2008 for failure to file its annual financial statements in the required time. The Company's annual financial statements were filed on February 18, 2008 and the British Columbia Securities Commission issued a Revocation Order under section 164(1) of the British Columbia *Securities Act* on February 29, 2008. Two of the current director nominees, namely Bradley Culver and Desmond Balakrishnan, were directors of the Company at the time of issuance of this management cease trade order.

Other than as set out herein, no proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than as set out herein, no proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Director Biographies

L. Scott Broussard has over 25 years experience in planning and executing drilling, completion, workover and facility operations in the Gulf of Mexico, both shallow and deep water, and internationally. He most recently served as Vice President – Drilling and Production for Hydro Gulf of Mexico, formerly Spinnaker Exploration. Scott joined Spinnaker six months after start-up and transformed Spinnaker from a non-operator to one of the larger operators in the Gulf of Mexico. At Spinnaker, he managed all phases

of oil and gas operations including drilling, production, construction, logistics, gas marketing, and deep water operations. When Scott joined Spinnaker in 1998, the company had less than \$10 million in assets. Spinnaker was sold in 2006 for \$2.5 billion. During his tenure at Spinnaker, he managed the drilling and completion of over 150 offshore wells and the installation of over 60 platforms and facilities in the Gulf of Mexico. Scott holds a Bachelors degree in Petroleum Engineering from Louisiana State University.

David (Dave) M. Antony is a chartered accountant with over 18 years experience in assisting public and private firms with financial and business planning services. Mr. Antony has extensive experience with the junior equity markets having been involved as an officer and a director of many companies that have been involved in both international and domestic resource projects. Mr. Antony is an officer and director of March Resources Corp., and Southern Pacific Resource Corp. and is a director of Bridge Resources Corp. and Paramax Resources Ltd., all of which are publicly traded companies.

Desmond M. Balakrishnan has been a partner of Lang Michener LLP since 2004. His primary focuses are mergers, acquisitions, listed company maintenance, and international public listings. He is a member of the Law Society of BC, the Vancouver Bar Association, and the Canadian Bar Association and was a recipient of Business in Vancouver's "Top 40 Under 40", in 2006, and L'Expert Magazine's "Top 40 under 40" for 2008. Mr. Balakrishnan is also a member of the International Masters of Gaming Law Organization. Mr. Balakrishnan has a BA and CLA from Simon Fraser University and an LLB (with distinction) from the University of Alberta.

Michael (Mike) Bowie is a Director and Managing Partner of Summit Liability Solutions, since May 2007. From 2005 to 2006, he was the Vice-President, Business Development for Vital Energy. From 2002 to 2005, he was EHS Coordinator at Vermilion Energy Trust.

Bradley T. Culver is currently a Geophysicist with EnCana Corporation where he has been involved with significant discoveries participating in a "growth by the drill bit" from 9,000 to 37,000BBL/day in the Suffield area. Mr. Culver was formerly Chief Geophysicist of Eagle Geophysical Canada and prior to this was Vice President and Chief Technical Officer of Natural Resources Geophysical Corporation. With 18 years of experience in the oil and gas industry Mr. Culver holds a BSc. (Hons) in Geological Sciences from Queen's University.

APPOINTMENT OF AUDITOR

BDO Dunwoody LLP, of 750 West Pender Street, Suite 604, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company. BDO Dunwoody LLP became auditor of the Company in January 2008 when BDO Dunwoody LLP took over Amisano Hanson, the Company's previous auditor.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The audit committee has a charter. A copy of the audit committee charter is attached as Schedule "A" to the Company's Information Circular prepared for its 2008 Annual General Meeting and filed on SEDAR on February 22, 2008.

Composition of the Audit Committee

The members of the audit committee are David M. Antony, Desmond M. Balakrishnan and Bradley T. Culver. All three members of the audit committee are independent. All members are considered to be financially literate.

Relevant Education and Experience

Each member of the audit committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that has provided each member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

David M. Antony: See "Director Biographies" above.

Desmond M. Balakrishnan: See "Director Biographies" above.

Bradley T. Culver: See "Director Biographies" above.

Audit Committee Oversight

The audit committee has not made any recommendations to the board of directors to nominate or compensate any auditor other than BDO Dunwoody LLP.

Reliance on Certain Exemptions

The Company's auditors, BDO Dunwoody LLP, have not provided any material non-audit services.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by BDO Dunwoody LLP to the Company to ensure auditor independence. Fees incurred with BDO Dunwoody LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined as follows:

Nature of Services	Fees Paid to Auditor in Year Ended August 31, 2008.	Fees Paid to Auditor in Year Ended August 31, 2007.
Audit Fees ⁽¹⁾	\$90,399	\$24,712
Audit-Related Fees ⁽²⁾	\$Nil	\$Nil
Tax Fees ⁽³⁾	\$315	\$500
All Other Fees ⁽⁴⁾	\$Nil	\$Nil
Total	\$90,714	\$25,212

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended August 31, 2008. This exemption allows a "venture issuer" to have less than 100% of the members of its audit committee be independent, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the Company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors adheres to principles of good management. The Board of the Company is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by holding periodic board meetings to discuss the operation of the Company.

The independent members of the Board are David M. Antony, Desmond M. Balakrishnan, Mike Bowie and Bradley T. Culver.

The sole non-independent director is L. Scott Broussard, because he is President and Chief Executive Officer of the Company.

A majority of the Board is independent, and one director is an officer of the Company.

Directorships

Mr. Antony is also a director of Paramax Resources Ltd., March Resources Corp., Winslow Resources Inc., Lydian International Limited, Southern Pacific Resource Corp. and Bridge Resources Corp., all of which are reporting issuers.

Mr. Balakrishnan is also a director of Copacabana Capital Limited, a reporting issuer.

Mr. Culver is also a director of Lands End Resources Ltd., a reporting issuer.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation, the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Whistleblower Policy

In January 2009, the Board of Directors of the Company adopted a Whistleblower Policy which may be utilized by any member of the Board, management or service provider to the Company. The intent of the policy is to ensure that the highest standard of ethics and integrity are maintained and that potential problems may be brought to the attention of the Company in a structured, formal manner without recrimination.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to be elected to the Board at the annual shareholders meeting, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board has a Compensation Committee and its members are David M. Antony, Michael Bowie and Bradley T. Culver. The Compensation Committee assesses the amount and type of work performed and the results achieved by each director and the Chief Executive Officer of the Company. It then reviews compensation for the directors and the Chief Executive Officer and recommends to the Board the amount and nature of compensation the Company should give to each of the Company's directors and Chief Executive Officer.

Other Board Committees

The Board also has a Corporate Governance Committee and its members are Mr. Broussard, Mr. Balakrishnan and Mr. Culver. The Corporate Governance Committee has a Charter governing its proceedings and responsibilities, which was approved by the Board on March 26, 2008.

The Board also has a Corporate Disclosure Committee and its members are Mr. Broussard, Mr. Balakrishnan and Mr. Culver. The Corporate Disclosure Committee has a Charter which governs its proceedings and responsibilities. It must also comply with the Corporate Disclosure Policy. Both the Corporate Disclosure Committee Charter and the Corporate Disclosure Policy were approved by the Board on March 26, 2008. Copies of the Corporate Governance Committee Charter, the Corporate Disclosure Committee Charter and the Corporate Disclosure Policy are available for review at www.probe-resources.com.

The Board has also established a Reserves Committee to assist the Board in fulfilling its oversight responsibilities with respect to the annual review of the Company’s oil, gas and mineable bitumen reserves, and reviewing the externally disclosed oil, gas and mineable bitumen reserves data of the Company. The members of the Reserves Committee are Mr. Bowie, Mr. Broussard and Mr. Culver. The Reserves Committee has adopted a Charter governing its proceedings and responsibilities, which was approved by the Board on December 16, 2008. A copy of the Reserves Committee Charter is also available for review at www.probe-resources.com.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section “Named Executive Officer” means the Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

L. Scott Broussard, Chief Executive Officer, Paul A. Diven, Chief Financial Officer, Bruce Ganer, Interim Chief Executive Officer, Morgan Tincher, Interim Chief Financial Officer, Brian Gracey, former President and William Diston, former Chief Financial Officer are the “Named Executive Officers” of the Company for the purposes of the following disclosure. The compensation paid to the Named Executive Officers during the Company’s three most recently completed financial years is as set out below:

Summary Compensation Table

NAMED EXECUTIVE OFFICERS Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
L. Scott Broussard ⁽¹⁾ President and Chief Executive Officer	2008	\$143,987	\$45,639	Nil	1,220,000 ⁽⁴⁾	Nil	Nil	Nil
Paul A. Diven ⁽²⁾ Chief Financial Officer	2008	\$79,746	\$36,511	Nil	556,000 ⁽⁵⁾	Nil	Nil	Nil
Bruce Ganer ⁽¹⁾ Interim President and Vice-President, Exploration and Development	2008	\$39,708	Nil	Nil	1,000,000 ⁽⁶⁾	Nil	Nil	Nil
Morgan Tincher ⁽²⁾⁽³⁾ Interim Chief Financial Officer	2008	\$37,000	Nil	Nil	150,000 ⁽⁷⁾	Nil	Nil	Nil
Brian Gracey ⁽¹⁾ Former President	2008 2007 2006	Nil \$9,500 Nil	Nil Nil Nil	Nil Nil Nil	Nil 25,000 ⁽⁸⁾ Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
William Diston ⁽²⁾ Former Chief Financial Officer	2008 2007 2006	Nil \$9,500 Nil	Nil Nil Nil	Nil Nil Nil	Nil 25,000 ⁽⁹⁾ Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil

Notes:

- (1) Brian Gracey ceased to be a director and an officer of the Company on October 24, 2007. Bruce Ganer was appointed as interim President of the Company on November 22, 2007 and ceased his role as interim President on March 26,

- 2008, and ceased to be a director and an officer of the Company on May 12, 2008. Scott Broussard was appointed Chief Executive Officer of the Company on February 12, 2008 and President of the Company on March 26, 2008.
- (2) William Diston ceased to be a director and an officer of the Company on November 9, 2007. Morgan Tincher was appointed as interim Chief Financial Officer of the Company on November 22, 2007 and relinquished his role as interim Chief Financial Officer on March 26, 2008. Paul Diven was appointed Chief Financial Officer of the Company on March 26, 2008.
 - (3) Prior to the 2007 financial year end, on July 26, 2007 the Company granted Morgan Tincher 150,410 options to purchase Common Shares at an exercise price of \$0.67 each, expiring July 26, 2012. These options were granted as reimbursement for his services as a consultant of the Company and were granted prior to his appointment as interim Chief Financial Officer.
 - (4) These options were granted on March 5, 2008 and are exercisable at \$0.40 each, expiring March 15, 2013.
 - (5) These options were granted on March 26, 2008 and are exercisable at \$0.40 each, expiring March 26, 2013.
 - (6) These options expired on July 12, 2008.
 - (7) These options were granted on November 22, 2007 and are exercisable at \$0.60 each, expiring November 22, 2012.
 - (8) These options expired on November 24, 2007.
 - (9) These options expired on December 12, 2007.

Long-Term Incentive Plan Awards

A long term incentive plan (“LTIP”) is “a plan providing compensation intended to motivate performance over a period greater than one financial year” and does not include option or stock appreciation rights (“SARs”) plans or plans for compensation through shares or units that are subject to restrictions on resale. The Company did not award any LTIPs to any Named Executive Officer during the most recently completed financial year.

Options

The share options granted to the Named Executive Officers during the financial year ended August 31, 2008 were as follows:

Option Grants During the Most Recently Completed Financial Year

NAMED EXECUTIVE OFFICERS Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
L. Scott Broussard	1,220,000	27.42%	\$0.40	\$0.55	March 5, 2013 ⁽¹⁾
Paul A. Diven	556,000	12.5%	\$0.40	\$0.55	March 26, 2013 ⁽²⁾
Bruce Ganer	1,000,000	22.48%	\$0.60	\$0.67	Nil
Morgan Tincher	150,000	3.37%	\$0.60	\$0.67	November 22, 2012 ⁽³⁾
Brian Gracey	Nil	Nil	Nil	Nil	Nil ⁽⁴⁾
William Diston	Nil	Nil	Nil	Nil	Nil ⁽⁵⁾

Notes:

- (1) These options were granted on March 5, 2008.
- (2) These options were granted on March 26, 2008.
- (3) Mr. Ganer ceased to be a director and an officer of the Company on May 12, 2008 and his 350,000 vested options granted November 23, 2007 expired on July 12, 2008.
- (4) Mr. Gracey ceased to be a director and an officer of the Company on October 24, 2007 and his outstanding 25,000 options granted August 3, 2007 expired on November 24, 2007.
- (5) Mr. Diston ceased to be a director and an officer of the Company on November 12, 2007 and his 25,000 outstanding options granted August 3, 2007 expired on December 12, 2007.

There were no share options exercised by the Named Executive Officers during the financial year ended August 31, 2008 and the values of the unexercised in-the-money options at the end of such year were as follows:

**Aggregate Option Exercises During the Most Recently Completed Financial Year
and Financial Year-End Option**

NAMED EXECUTIVE OFFICERS Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at FY-End (\$) Exercisable/ Unexercisable
L. Scott Broussard	Nil	Nil	320,000 / 900,000	\$80,000 / \$225,000
Paul A. Diven	Nil	Nil	96,000 / 460,000	\$24,000 / \$115,000
Bruce Ganer	Nil	Nil	Nil / Nil	Nil / Nil
Morgan Tincher	Nil	Nil	150,410 / Nil	Nil / Nil
Morgan Tincher	Nil	Nil	150,000 / Nil	\$7,500 / Nil
Brian Gracey	Nil	Nil	Nil / 25,000	Nil / Nil
William Diston	Nil	Nil	Nil / 25,000	Nil / Nil

No share options were repriced on behalf of the Named Executive Officers during the financial year ended August 31, 2008.

Termination of Employment, Change in Responsibilities and Employment Contracts

The terms and conditions of the employment agreement dated February 12, 2008 (“Employment Agreement”) between the Company, its subsidiary Probe Resources US Ltd. (“Probe US”) and L. Scott Broussard, a Named Executive Officer are that Mr. Broussard would be Chief Executive Officer of the Company from February 12, 2008 to December 31, 2008 whereupon it would be automatically extended for one additional, successive period of one year commencing January 1, 2009. The Employment Agreement also stated Mr. Broussard would become President of the Company from the day after the first annual general meeting of the Company following February 12, 2008. The Company’s 2008 annual general meeting was held March 26, 2008 and therefore Mr. Broussard became President of the Company on March 26, 2008. The Employment Agreement also stated Mr. Broussard would be President and Chief Executive Officer of Probe US from or before February 12, 2008. Remuneration terms of the Employment Agreement are:

- (a) Probe US shall pay Mr. Broussard a signing bonus of US\$60,000 within 10 days of February 12, 2008;
- (b) Probe US shall pay Mr. Broussard a base salary of US\$20,000 per month, less applicable taxes, other withholding and insurance deductions;
- (c) On February 12, 2008 the Company was to grant Mr. Broussard stock options to purchase 320,000 Common Shares of the Company, vesting immediately, exercisable at CDN\$0.40 each, expiring February 11, 2013;
- (d) On February 12, 2008 the Company was to grant Mr. Broussard stock options to purchase 500,000 Common Shares of the Company, vesting January 1, 2009, exercisable at CDN\$0.40 each, expiring February 11, 2013; and

- (e) On February 12, 2008 the Company was to grant Mr. Broussard stock options to purchase 400,000 Common Shares of the Company, to vest January 1, 2010, exercisable at CDN\$0.40 each, expiring February 11, 2013.

The above option grants were subject to approval of the TSX Venture Exchange (the “TSXV”) and approval by the Company’s shareholders of the 20% fixed stock option plan.

Until such time as a formal benefits and vacation program are established Probe US will pay Mr. Broussard 10% of his base salary in lieu thereof being the amount of US\$2,000 per month.

The Company will reimburse all reasonable travel, hotel and other expenses exclusively and necessarily incurred by Mr. Broussard in the performance of his duties under the Employment Agreement.

Any Termination of the Employment Agreement by the Company must be communicated to Mr. Broussard with written 30 days written notice. Upon Termination of the Employment Agreement without cause, for:

- (a) up to two years of employment with the Company, Mr. Broussard is entitled to receive the equivalent of 12 months’ base salary at the time of termination; and
- (b) more than two years of employment, Broussard will be paid an amount equal to 12 months’ base salary at the time of termination plus a further 13 months base salary at the time of termination for each year of employment beyond two years, to a maximum of 24 months of his base salary; and
- (c) should termination without cause be due to a change in control, Mr. Broussard is entitled to the full amounts described in (a) and (b) above.

Upon Termination of the Employment Agreement with cause, Mr. Broussard would not be entitled to receive any further pay or compensation except for any pay accrued and owing under the Employment Agreement, nor any severance pay, notice, payment in lieu of notice, benefits or damages, or bonuses, or pro rata bonus payment not already awarded by the Company’s Board of Directors.

There are no compensatory plan(s) or arrangement(s), with respect to any of the other Named Executive Officers resulting from the resignation, retirement or any other termination of employment of any other Named Executive Officer’s employment or from a change of any other Named Executive Officer’s responsibilities following a change in control.

Compensation of Directors

The directors and the former directors received a total of \$59,000 in directors’ fees during the last completed financial year. Starting from November, 2007, each independent director is entitled to a director’s fee of \$1,500 per month together with an additional fee of \$1,000 for each directors meeting attended and \$1,000 for each committee meeting attended, both limited to \$1,000 per meeting day.

The following current and former directors received options under the Company’s share option plan in their capacity as a director during the financial year ended August 31, 2008:

Option Grants During the Most Recently Completed Financial Year

Name of Director	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
L. Scott Broussard	1,220,000	\$0.40	\$0.55	March 5, 2013
David M. Antony	150,000	\$0.50	\$0.50	June 1, 2013
Desmond M. Balakrishnan	50,000	\$0.60	\$0.67	November 22, 2012

Name of Director	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Mike Bowie	150,000	\$0.50	\$0.50	June 1, 2013
Bruce Ganer	1,000,000	\$0.60	\$0.67	Nil ⁽³⁾
Bradley T. Culver	100,000	\$0.49	\$0.61	October 26, 2012
William Diston ⁽¹⁾	Nil	Nil	Nil	Nil ⁽¹⁾
Brian Gracey ⁽²⁾	Nil	Nil	Nil	Nil ⁽²⁾

- (1) Mr. Diston ceased to be a director and officer of the Company on November 12, 2007. His options expired December 12, 2007.
- (2) Mr. Gracey ceased to be a director and officer of the Company on October 24, 2007. His options expired November 24, 2007.
- (3) Mr. Ganer ceased to be a director and an officer of the Company on May 12, 2008 and his 350,000 vested options granted November 23, 2007 expired on July 12, 2008.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan (the "Plan") which was previously approved by shareholders on March 26, 2008. The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is a fixed plan administered by the Board of the Company and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, be fixed at 6,295,490, being 20% of the total number of issued and outstanding Common Shares as at March 26, 2008.

The following table sets out equity compensation plan information as at the end of the financial year ended August 31, 2008.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - Share Options Plan.	5,012,910	\$0.45	1,282,580
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	5,012,910	\$0.45	1,282,580

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year. As at the most recent reporting period ending November 30, 2008 two officers of the Company were indebted to the Company.

Aggregate Indebtedness (\$)

Purpose	To the Company or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	\$9,428	Nil
Other	US\$750,000	Nil

Indebtedness of Directors and Executive Officers Under Securities Purchase and Other Programs

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During Year Ended August 31, 2008 (\$)	Amount Outstanding as at January 23, 2009 (\$)	Financially Assisted Securities Purchases During Year Ended August 31, 2009 (#)	Security for Indebtedness	Amount Forgiven During Year Ended August 31, 2008 (\$)
Securities Purchase Programs						
Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Programs						
Morgan Tincher, Vice-President Finance and Corporate Secretary	Payroll Advances	Nil	\$9,428	Nil	Nil	Nil
Scott Broussard, Chief Executive Officer	Loan Agreement	US\$750,000	\$376,181.51	Nil	Loan - unsecured	Nil

As at the most recent reporting period ending November 30, 2008, Morgan Tincher, Vice-President Finance and Corporate Secretary of the Company was indebted to the Company for \$9,428 from payroll advances.

On September 2, 2008, the Company advanced US\$750,000 to Scott Broussard, President and Chief Executive Officer of the Company as a relocation/home ownership loan. The loan bears interest at 5% per annum and is repayable on the earlier of January 1, 2010, or immediately in the case of the borrower's termination of the employment agreement dated February 12, 2008. The loan together with all interest accrued thereon is to be forgiven as to 50% after one year and the remaining 50% after the second year unless the employment is terminated. The first 50% of the loan was forgiven effective January 1, 2009 (being \$375,000 in principal and \$12,431.54 in accrued interest from September 2, 2008 to December 31, 2009), and the balance of \$375,000 plus accrued interest from January 1 to 23, 2009 of \$1,181.51 totalling \$376,181.51 remained outstanding as of January 23, 2009.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended August 31, 2008, or has any interest in any material transaction in the current year other than as set out herein.

On June 6, 2008 the Company completed a non-brokered private placement of 15,999,999 Units at \$0.40 per Unit, for gross proceeds of \$6,400,000. Each Unit consisted of one Common Share and one transferable share purchase warrant. Each warrant entitled the holder to purchase one additional Common Share at \$0.40 each for a period of two years expiring June 5, 2010. The following directors and members of management participated as follows:

Name of Director/Officer	Title	Number of Units
Scott Broussard	President, CEO & Chairman	114,097
David Antony	Director	250,000
Michael Bowie	Director	250,000
Paul Diven	CFO	91,278
Andre Broussard	VP, Exploration	91,278
Roger Souders	VP, Land	135,028
William Young	VP, Commercial Negotiations	216,278
Dan Bomersbach	Operations Manager	235,573

On July 2, 2008 the Company completed a brokered private placement of 54,720,000 Units, at a price of \$0.50 per Unit, for gross proceeds of \$27,360,000. Each Unit consisted of one Common Share and one transferable share purchase warrant. Each warrant entitled the holder to purchase one additional Common Share at \$0.75 each, for a period of one year expiring June 30, 2009. The following directors and members of management participated as follows:

Name of Director/Officer	Title	Number of Units
Andre Broussard	VP, Exploration	1,000,000

At August 31, 2008 accounts payable and accrued liabilities included \$85,708 due to a private company with a director in common with the Company. Mr. Balakrishnan is a director of the Company whose principal occupation is acting as a Partner in the Vancouver office of Lang Michener LLP, Barristers & Solicitors.

Legal fees of \$281,650 were paid to Lang Michener LLP, Barristers & Solicitors for the financial year ended August 31, 2008. Mr. Balakrishnan, a director of the Company since November 22, 2007, is a partner of Lang Michener LLP.

On June 4, 2008 the Company acquired 25% working interest rights in oil and natural gas properties from Cutter Energy. Cutter Energy is owned by Scott Broussard, President and Chief Executive Officer of the Company. Total consideration for the working interest rights includes a cash payment to Cutter Energy from the Company of USD\$829,594 and up to 4,000,000 Common Shares of the Company at \$0.50 per Common Share. The Company issued 2,000,000 of the 4,000,000 Common Shares on TSXV approval of the transaction. In addition, the Company will issue Cutter Energy 666,666 Common Shares for each occurrence of up to three successful wells at distinct leases within 24 months from the date of the Agreement being June 6, 2008.

MANAGEMENT CONTRACTS

There were no management functions of the Company, which were to any substantial degree performed by a person or company other than the directors or executive officers of the Company during the most recently completed financial year.

In November 2007 the Company entered into contracts with the following persons:

- (a) Consulting Agreement with Kent Couillard of Vancouver, B.C. – Commencing on November 1, 2007 the Company paid a monthly fee of \$10,000 for consulting services provided by Mr. Couillard to the Company. Mr. Couillard resigned as director of the Company on May 30, 2008 and his consulting agreement was terminated on July 9, 2008.
- (b) Consulting Agreement with Greg Fedun of Vancouver, B.C. – The Company paid a monthly fee of \$10,000 for consulting services provided by Mr. Fedun to the Company. Mr. Fedun's contract was terminated on July 9, 2008.
- (c) Employment Agreement with Bruce Ganer, of Houston Texas, for serving as Vice-President of Exploration and Development for the Company and serving on the board of the Company and its US operating subsidiaries. Pursuant to the Employment Agreement, Mr. Ganer was paid US\$10,000 and received certain options exercisable over the course of a three-year period. The Employment Agreement commenced on November 1, 2007 and was terminated on May 12, 2008.
- (d) Employment Agreement with Morgan Tincher of Vancouver, B.C. – The Company paid Mr. Tincher a monthly salary of \$7,000 for acting as the Acting Chief Financial Officer of the Company. The term of the agreement commenced on November 1, 2007 and continued until his position terminated at the end of March, 2008.

PARTICULARS OF MATTERS TO BE ACTED UPON

Adoption of New Option Plan

The Common Shares of the Company are listed on the TSXV. The TSXV requires all listed companies to have a share option plan if the listed company intends to grant options. At the Company's annual meeting held on March 26, 2008, the shareholders of the Company approved a fixed share option plan (the "Existing Plan") in which twenty percent (20%) of the issued and outstanding Common Shares in the capital of the Company was reserved for issuance of stock options.

New Rolling Share Option Plan

In order to increase the flexibility of the Company to provide incentives to directors, officers, employees, management and others who provide services to the Company or its affiliates, the Board approved a new rolling share option plan (the "New Option Plan") on January 27, 2009 to replace the Existing Plan. The TSXV has approved the New Option Plan. Pursuant to the policies of the TSXV, the continuation of the New Option Plan requires shareholder approval at every annual meeting of the Company by ordinary resolution.

Under the New Option Plan, a maximum of ten percent (10%) of the issued and outstanding Common Shares at the time an option is granted, less Common Shares reserved for issuance on exercise of options then outstanding under the New Option Plan, are reserved for options to be granted at the discretion of the Board to eligible optionees (an "Optionee"). At the date of this Information Circular, options to purchase an aggregate of 5,012,910 Common Shares granted under previous plans were outstanding, representing approximately 4.8% of the outstanding Common Shares in the capital of the Company. If the New Option Plan is approved by shareholders, all outstanding options will be rolled into and deemed granted under the New Option Plan.

The New Option Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "Service Provider") in any twelve (12) month period that exceeds five percent (5%) of the outstanding shares, unless the Company has obtained by a majority of the votes cast by the shareholders of the Company eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by Insiders and their Associates ("Disinterested Shareholder Approval");

- (b) The Company must not grant an option if it has been ordered by the TSXV to transfer its listed shares to the NEX;
- (c) The aggregate number of options granted to a Service Provider conducting Investor Relations Activities in any twelve (12) month period must not exceed two percent (2%) of the outstanding shares calculated at the date of the grant, without the prior consent of the TSXV;
- (d) The Company must not grant an option to a Consultant in any twelve (12) month period that exceeds two percent (2%) of the outstanding shares calculated at the date of the grant of the option;
- (e) The aggregate number of Common Shares reserved for issuance under options granted to insiders must not exceed ten percent (10%) of the outstanding shares (in the event that the New Option Plan is amended to reserve for issuance more than ten percent (10%) of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The number of optioned shares issued to insiders in any twelve (12) month period must not exceed ten percent (10%) of the outstanding shares (in the event that the New Option Plan is amended to reserve for issuance more than ten percent (10%) of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) The issuance to any one Optionee within a twelve (12) month period of a number of common shares must not exceed five percent (5%) of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so; and
- (h) The exercise price of an option previously granted to an insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so.

The New Option Plan provides that if a take over bid is made to shareholders, the Company must immediately upon receipt of notice of the take over bid, notify each Optionee currently holding an option of the take over bid, with full particulars thereof, whereupon such option may, subject to the vesting of options provision set out in the New Option Plan, or any vesting requirements set out in any option commitment, be immediately exercised in whole or in part by the Optionee.

Material Terms of the New Option Plan

The following is a summary of the material terms of the New Option Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the New Option Plan;
- (b) Options granted under the New Option Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (c) For stock options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) Any option granted to an Optionee must expire within forty-five (45) days following the date the Optionee ceases to be employed by the Company or its affiliates (other than as a result of termination with cause), or ceases to provide services to the Company or its affiliates, or ceases to act as a director or officer of the Company or its affiliates, or ceases to be a Service Provider;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the

- earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
 - (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the New Option Plan);
 - (h) vesting of options shall be in accordance with the option commitment in the New Option Plan or otherwise, at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period; and
 - (i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the New Option Plan with respect to all New Option Plan shares in respect of options which have not yet been granted under the New Option Plan.

The Board has determined that, in order to reasonably protect the rights of participants, certain amendments should be made to the New Option Plan. In addition, as a matter of administration, the Board has determined that it is necessary to clarify when amendments to the New Option Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the New Option Plan provide the following:

- (a) If the expiry date for an option falls within a Blackout Period (as defined in the New Option Plan), or within nine (9) business days following the expiration of a Blackout Period, such expiry date shall be automatically extended without any further act or formality to that day which is the tenth (10th) business day after the end of the Blackout Period, such tenth (10th) business day to be considered the expiry date for such option for all purposes under the New Option Plan; and
- (b) The Board may, without shareholder approval:
 - (i) amend the New Option Plan to correct typographical, grammatical or clerical errors;
 - (ii) change the vesting provisions of an option granted under the New Option Plan;
 - (iii) change the termination provision of an option granted under the New Option Plan if it does not entail an extension beyond the original expiry date of such option;
 - (iv) make such amendments to the New Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
 - (v) make such amendments as may otherwise be permitted by the TSXV Policies;
 - (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, make such amendments as may be required by the policies of such senior stock exchange or stock market; and

- (vii) amend the New Option Plan (except for previously granted and outstanding options) to reduce the benefits that may be granted to Service Providers (before a particular option is granted).

The full text of the New Option Plan will be filed prior to the Meeting and will be available for download at www.sedar.com. A copy of the New Option Plan will also be available for inspection at the Meeting.

Shareholder Approval

Shareholder approval will be requested at the Meeting to vote on the resolution to adopt the New Option Plan. The Board recommends that shareholders vote in favour of the New Option Plan. At the Meeting, shareholders will be requested to vote on the following ordinary resolution:

Resolved, with or without amendment, as a resolution of the shareholders, that:

- (a) the Share Option Plan dated for reference March 4, 2009 (the “New Option Plan”), as approved by the Company’s Board of Directors (the “Board”) on January 27, 2009, which provides for the Company to grant options up to ten percent (10%) of the issued and outstanding shares of the Company at any time to its directors, employees, officers, and consultants and consultant companies, all as more particularly described in the Information Circular of the Company dated for reference January 23, 2009, be ratified and approved;
- (b) all outstanding options be rolled into the New Option Plan;
- (c) to the extent permitted by law, the Company be authorized to abandon all or any part of the New Option Plan if the Board deems it appropriate and in the best interests of the Company to do so; and
- (d) any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.

The Board recommends that shareholders vote in favour of the New Option Plan.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended August 31, 2008 and in the related management discussion and analysis and filed on SEDAR, which can be accessed at www.sedar.com.

Additional information relating to the Company is filed on SEDAR and upon request from the Company’s Secretary at Suite 730 – 1111 West Hastings Street, Vancouver, British Columbia V6E 2J3, telephone number: (604) 638-1255 or fax number (604) 638-1265. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of the Company.

DATED at Vancouver, British Columbia, this 30th day of January, 2009.

BY ORDER OF THE BOARD

“Morgan Tincher”

Morgan Tincher
Corporate Secretary