

**PROBE RESOURCES LTD.**

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**INFORMATION CIRCULAR**

as at February 4, 2010

**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 general meeting (the “Meeting”) of its shareholders to be held on March 23, 2010 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”, “Probe”, “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 to 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9;
- (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](http://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 Canada and the United States. 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.

#### **Notice to Shareholders in the United States**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (“BCA”), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign

court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

### **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 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 February 4, 2010 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 February 4, 2010, there were 105,049,866 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 were no Preferred Shares issued and outstanding as at February 4, 2010.

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 February 4, 2010.

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:

- Annual Information Form for the fiscal year ended August 31, 2009 filed on [www.sedar.com](http://www.sedar.com) on December 24, 2009.
- Audited financial statements for the fiscal year ended August 31, 2009, report of the auditor and related management discussion and analysis filed on [www.sedar.com](http://www.sedar.com) on December 24, 2009.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Company at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, telephone: (281) 210-1170. These documents are also available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com), and on the Company’s website at [www.probe-resources.com](http://www.probe-resources.com).

### VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. 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 Board has determined that the number of directors of the Company to be elected at the Meeting be set at four. 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 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 and disclosure sets out the names of management’s four 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 February 4, 2010. 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.

<b>Name of Nominee; Current Position with the Company and Province or State and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled</b>
L. Scott Broussard President, Chief Executive Officer, Director and Chairman of the Board Texas, U.S.A.	Since March 26, 2008	2,780,763 <sup>(1)</sup>
Desmond M. Balakrishnan <sup>(2)</sup> Director British Columbia, Canada	Since November 22, 2007	16,000 <sup>(3)</sup>
Bradley T. Culver <sup>(2)</sup> Director Alberta, Canada	Since October 25, 2007	59,000 <sup>(4)</sup>

<b>Name of Nominee; Current Position with the Company and Province or State and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled</b>
Richard S. Buski, CA <sup>(2)</sup> Director British Columbia, Canada	Since July 20, 2009	20,000 <sup>(5)</sup>

Notes:

1. Mr. Broussard also holds options to purchase 1,220,000 Common Shares, exercisable at \$0.40 each, expiring March 5, 2013, options to purchase 200,768 Common Shares, exercisable at \$0.19 each, expiring February 10, 2014, options to purchase 399,232 Common Shares, exercisable at \$0.20 each, expiring June 1, 2014, and warrants to purchase 114,097 Common Shares exercisable at \$0.50 each, expiring June 6, 2010.
2. Member of the Audit Committee.
3. Mr. Balakrishnan also holds options to purchase 50,000 Common Shares at an exercise price of \$0.67 each, expiring July 26, 2012, option to purchase 50,000 Common Shares at an exercise price of \$0.60 each, expiring November 22, 2012, and options to purchase 150,000 Common Shares, exercisable at \$0.20 each, expiring June 1, 2014.
4. Mr. Culver also holds options to purchase 100,000 Common Shares at an exercise price of \$0.49 each, expiring October 26, 2012 and options to purchase 150,000 Common Shares, exercisable at \$0.20 each, expiring June 1, 2014.
5. Mr. Buski also holds options to purchase 300,000 Common Shares at an exercise price of \$0.15 each, expiring July 29, 2014.

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.

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 ("BCSC") 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.

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.

Mr. Culver serves as a director of Lands End Resources Ltd. ("LERL"), a company listed on the Canadian National Stock Exchange (the "CNSE"). On October 1, 2009, the Alberta Securities Commission ("ASC") issued a cease trade order for failure of LERL to file its annual audited financial statements for the year ended May 31, 2009. On October 30, 2009, LERL filed its annual audited financial statements for the year ended May 31, 2009 with all regulatory authorities and on November 13, 2009, LERL filed its first quarter unaudited interim financial statements with all regulatory authorities. On November 16, 2009, the ASC granted a revocation order. LERL resumed trading in the LERL's shares on the CNSE on December 18, 2009.

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.

## **Director Biographies**

**L. Scott Broussard** is President and Chief Executive Officer of the Company. He has over 30 years of experience in planning and executing drilling, completion, workover and facility operations in the Gulf of Mexico, both shallow and deep water, and internationally. He served as Vice President – Drilling and Production for Hydro Gulf of Mexico, formerly Spinnaker Exploration. Mr. Broussard 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 Mr. Broussard 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, Mr. Broussard managed the drilling and completion of over 150 offshore wells and the installation of over 60 platforms and facilities in the Gulf of Mexico. Mr. Broussard holds a Bachelors degree in Petroleum Engineering from Louisiana State University.

**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.

**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.

**Richard S. Buski, CA** is retired. He was the Country Managing Partner of PricewaterhouseCoopers in Russia from 2001 through to his retirement in 2004. His responsibilities in the position included all aspects of practice management, professional risk management, financial and operational management, client relations, government relations, media relations, community involvement and partner affairs. He joined PricewaterhouseCoopers Canada in 1969 and served as the managing partner of the National Audit Client Practice and the Banking Practice as well as a number of PricewaterhouseCoopers international committees. Mr. Buski was also the Global relationship Partner for the Bank of Montreal. He obtained a B.A. (Math and Economics) from the University of British Columbia in 1967 and his C.A. in Ontario in 1972. Mr. Buski serves as Chairman of the Audit Committee for the Company. He also currently serves as a director of Great Canadian Gaming Corporation, a company listed on the TSX Exchange in Toronto, Ontario.

## **APPOINTMENT OF AUDITOR**

BDO Canada LLP, of 925 West Georgia Street, Suite 600, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

See the Company's Annual Information Form for the year ended August 31, 2009 as filed on [www.sedar.com](http://www.sedar.com) on December 24, 2009 for disclosure required pursuant to National Instrument 52-110 of the Canadian Securities Administrators relating to the audit committee and the relationship with the Auditor.

## **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 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, 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.

A majority of the Board is independent. The independent members of the Board are Desmond M. Balakrishnan, Bradley T. Culver and Richard S. Buski. The sole non-independent director is L. Scott Broussard, as he is the President and Chief Executive Officer of the Company.

### **Directorships**

Mr. Balakrishnan is also a director of Copacabana Capital Limited, a reporting issuer. Copacabana Capital Limited is currently not listed on any stock exchange.

Mr. Culver is also a director of Lands End Resources Ltd., a reporting issuer listed on the CNSE.

Mr. Buski is a director of Great Canadian Gaming Corporation, a company listed on the TSX Exchange in Toronto, Ontario.

### **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 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.

See heading "Compensation of Executive Officers" for disclosure on Compensation and Corporate Governance Committee.

### **Other Board Committees**

The Board 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 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](http://www.probe-resources.com).

The Board has 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. 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 available for review at [www.probe-resources.com](http://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 compensation 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, President and Chief Executive Officer, William N. Young, Chief Operating Officer, Paul A. Diven, the former Chief Financial Officer, Roger B. Souders, VP Land, and Andre Broussard, VP Exploration are the "Named Executive Officers" of the Company for the purposes of the following disclosure.

### **Compensation Discussion and Analysis**

The Board has a Compensation and Corporate Governance Committee and its members are Mr. Balakrishnan, Mr. Buski and Mr. Culver. The Compensation and Corporate Governance 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. Other responsibilities include reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on a semi-annual basis taking into account compensation paid by other issuers of similar size and activity.

#### *Philosophy and Objectives*

The Company is a public company listed and publicly trading on the TSX Venture Exchange (the "TSXV").

The Company is in the development stage as an oil and natural gas company, owning interests in two oil and natural gas producing properties as well as interests in six federal oil and natural gas blocks located in the United States Gulf of Mexico. The Company will require additional capital in the form of debt or equity to continue to execute its business plans.

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan. Recommendations for senior management compensation are presented to the Board for review.

#### *Base Salary*

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

#### *Bonus Incentive Compensation*

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Chief Executive Officer. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

#### *Equity Participation*

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's share option plan. Options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the Chief Executive Officer. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation.

Actions, Decisions or Policies Made After August 31, 2009

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Richard W. FitzGerald was appointed as Chief Financial Officer on September 21, 2009. On September 21, 2009 options were granted to Mr. FitzGerald to purchase an aggregate of 800,000 Common Shares (400,000 at an exercise price of \$0.15 each and 400,000 at an exercise price of \$0.25 each) expiring on September 20, 2014.

No other actions, decisions or policies have been made since August 31, 2009.

**Option-Based Awards**

The Company has a share option plan dated for reference March 4, 2009, in place, which 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. Management proposes option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The share option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. See heading "Share Option Plan" for further disclosure relating to the Plan.

**Summary Compensation Table**

The compensation paid to the Named Executive Officers (the "NEOs") during the Company's most recently completed financial year of August 31, 2009 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Salary <sup>(3)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
L. Scott Broussard, President and Chief Executive Officer	295,944	Nil	90,000 <sup>(5)</sup>	Nil	Nil	Nil	461,663 <sup>(10)</sup>	847,607
William N. Young <sup>(1)</sup> Chief Operating Officer	259,876	Nil	67,500 <sup>(6)</sup>	Nil	Nil	Nil	Nil	327,376
Paul A. Diven <sup>(2)</sup> (Former) Chief Financial Officer	222,406	Nil	45,000 <sup>(7)</sup>	Nil	Nil	Nil	9,5779 <sup>(11)</sup>	276,983
Roger B. Souders VP Land	222,406	Nil	45,000 <sup>(8)</sup>	Nil	Nil	Nil	5,5229 <sup>(11)</sup>	272,928
Andre J. Broussard VP Exploration	222,406	Nil	45,000 <sup>(9)</sup>	Nil	Nil	Nil	13,925 <sup>(11)</sup>	281,331

Notes:

- (1) Mr. Young served as Vice President, Commercial Negotiations from March 12, 2008 until March 4, 2009. He was appointed Chief Operating Officer on March 4, 2009.
- (2) Mr. Diven served as Chief Financial Officer from March 26, 2008 until September 21, 2009. He was appointed as Controller of the Company on September 21, 2009. Mr. Richard W. FitzGerald was appointed Chief Financial Officer on September 21, 2009.
- (3) An historical average exchange rate of 1.121 was utilized in calculating the Canadian dollar value of salaries paid in US dollars.

- (4) The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.
- a. A fair value estimate of \$0.15 was determined for share purchase options granted February 11, 2009 utilizing the following assumptions: 1. risk free rate of interest = 1.295%, 2. volatility = 116.646%, 3. dividend yield = 0.00%, and 4. expected life = 5 years.
  - b. A fair value estimate of \$0.15 was determined for share purchase options granted June 2, 2009 utilizing the following assumptions: 1. risk free rate of interest = 1.165%, 2. volatility = 193.366%, 3. dividend yield = 0.00%, and 4. expected life = 5 years.
- (5) On February 11, 2009 options were granted to Mr. Broussard to purchase an aggregate of 200,768 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted to purchase an aggregate of 399,232 Common Shares at an exercise price of \$0.20 expiring June 1, 2014. Assumptions made
- (6) On February 11, 2009 options were granted to Mr. Young to purchase an aggregate of 155,139 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted to purchase an aggregate of 294,861 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (7) On February 11, 2009 options were granted to Mr. Diven to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (8) On February 11, 2009 options were granted to Mr. Souders to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (9) On February 11, 2009 options were granted to Mr. A. Broussard to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (10) 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 was forgiven as to 50% as of January 1, 2009 and the remaining 50% was forgiven on January 1, 2010. The end of the day exchange rate of 1.2311 was utilized for the purposes of calculating the Canadian dollar value of the US dollar amount forgiven on January 1, 2009.
- (11) Medical insurance premiums.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at August 31, 2009, for each NEO:

Name	Option-based Awards <sup>(1)(2)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
L. Scott Broussard	1,200,000	\$0.40	March 5, 2013	Nil	Nil	Nil
	200,768	\$0.19	Feb. 10, 2014	Nil		
	399,232	\$0.20	June 1, 2014	Nil		
William N. Young	556,000	\$0.40	March 5, 2013	Nil	Nil	Nil
	155,139	\$0.19	Feb 10, 2014	Nil		
	294,861	\$0.20	June 1, 2014	Nil		

Name	Option-based Awards <sup>(1)(2)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Paul A. Diven	556,000	\$0.40	March 26, 2013	Nil	Nil	Nil
	100,384	\$0.19	Feb. 10, 2014	Nil		
	199,616	\$0.20	June 1, 2014	Nil		
Roger B. Souders	556,000	\$0.40	March 5, 2013	Nil	Nil	Nil
	100,384	\$0.19	Feb. 10, 2014	Nil		
	199,616	\$0.20	June 1, 2014	Nil		
Andre J. Broussard	556,000	\$0.40	March 5, 2013	Nil	Nil	Nil
	100,384	\$0.19	Feb. 10, 2014	Nil		
	199,616	\$0.20	June 1, 2014	Nil		

Notes:

- (1) Subsequent to the Company's financial year end of August 31, 2009, and on September 21, 2009, the Company granted further options to purchase 800,000 Common Shares (400,000 exercisable at \$0.15 per Common Share and 400,000 exercisable at \$0.25 per Common Share), expiring September 20, 2014 to Richard W. FitzGerald, the new Chief Financial Officer.
- (2) The value of unexercised in-the-money options was calculated by determining the difference between the market price of the underlying securities (that would have been realized if the options had been exercised on August 31, 2009) and the exercise price of the options.

#### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended August 31, 2009, for each NEO:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
L. Scott Broussard	Nil <sup>(2)</sup>	Nil	Nil
William N. Young	Nil <sup>(3)</sup>	Nil	Nil
Paul A. Diven	Nil <sup>(4)</sup>	Nil	Nil
Roger Souders	Nil <sup>(5)</sup>	Nil	Nil
Andre Broussard	Nil <sup>(6)</sup>	Nil	Nil

Notes:

- (1) "Option-based awards – value vested during the year" were calculated by determining the difference between the market price of the underlying securities and the exercise price of the options on the vesting date.
- (2) 500,000 option shares granted March 5, 2008 at a price of \$0.40 and expiring March 5, 2013 vested on January 1, 2009 and 400,000 option shares granted March 5, 2008 at a price of \$0.40 and expiring March 5, 2013 vested on January 1, 2010. Options were granted to Mr. Broussard on February 11, 2009 (vesting immediately) to purchase an aggregate of

200,768 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted (vesting immediately) to purchase an aggregate of 399,232 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.

- (3) 230,000 option shares granted March 5, 2008 at a price of \$0.40 and expiring March 5, 2013 vested on February 28, 2009. Options were granted to Mr. Young on February 11, 2009 (vesting immediately) to purchase an aggregate of 155,139 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted (vesting immediately) to purchase an aggregate of 294,861 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (4) 230,000 option shares granted March 26, 2008 at a price of \$0.40 and expiring March 26, 2013 vested on February 28, 2009. Options were granted to Mr. Diven on February 11, 2009 (vesting immediately) to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted (vesting immediately) to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (5) 230,000 option shares granted March 5, 2008 at a price of \$0.40 and expiring March 5, 2013 vested on February 28, 2009. Options were granted to Mr. Souders on February 11, 2009 (vesting immediately) to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted (vesting immediately) to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.
- (6) 230,000 option shares granted March 5, 2008 at a price of \$0.40 and expiring March 5, 2013 vested on February 28, 2009. Options were granted to Mr. Souders on February 11, 2009 (vesting immediately) to purchase an aggregate of 100,384 Common Shares at an exercise price of \$0.19 expiring on February 10, 2014 and on June 2, 2009 further options were granted (vesting immediately) to purchase an aggregate of 199,616 Common Shares at an exercise price of \$0.20 expiring June 1, 2014.

### Termination and Change of Control Benefits

The estimated incremental payments from the Company to each NEO on (i) termination without cause or (ii) termination without cause or resignation with cause within 12 months following a change of control, assuming the triggering event occurred on August 31, 2009, are as follows:

NEO		Termination Without Cause <sup>(1)(2)</sup>	Change of Control <sup>(1)(2)</sup>
L. Scott Broussard	Salary	289,080	289,080
	Bonus	Nil	Nil
	Options	Nil	Nil
William N. Young	Salary	267,399	267,399
	Bonus	Nil	Nil
	Options	Nil	Nil
Paul A. Diven	Salary	210,240	210,240
	Bonus	Nil	Nil
	Options	Nil	Nil
Roger Souders	Salary	210,240	210,240
	Bonus	Nil	Nil
	Options	Nil	Nil
Andre Broussard	Salary	210,240	210,240
	Bonus	Nil	Nil
	Options	Nil	Nil

Notes:

- (1) Further to the terms and conditions of the NEO's respective employment agreements between the Company and its subsidiary Probe Resources US Ltd., the employment agreements shall be automatically extended for additional,

successive one year periods commencing on January 1, 2009, unless either party gives notice of non-renewal or otherwise terminates the Agreement. Any Termination of the Employment Agreement by the Company must be communicated to the NEO with 30 days written notice. Upon Termination of the Employment Agreement without cause, for:

- (a) up to two years of employment with the Company, the NEO is entitled to receive the equivalent of 12 months' base salary at the time of termination; and
- (b) more than two years of employment, the NEO 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 their base salary; and
- (c) should termination without cause be due to a change in control, the NEO is entitled to the full amounts described in (a) and (b) above.

Upon Termination of the Employment Agreement with cause, the NEO 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.

- (2) The August 31, 2009 end of the day exchange rate of 1.095 was utilized for the purposes of calculating the Canadian dollar value of fees that would be paid in US dollars.

### Director Compensation

The directors and the former directors received a total of \$77,500 in directors' fees during the year ended August 31, 2009. 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 compensation provided to the directors, excluding a director who is included in disclosure for a NEO, for the Company's most recently completed financial year of August 31, 2009 is:

Name	Fees <sup>(1)</sup> earned (\$)	Share- based awards (\$)	Option- based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bradley T. Culver	27,000	Nil	22,500 <sup>(4)</sup>	Nil	Nil	Nil	49,500
Desmond M. Balakrishnan	29,500	Nil	22,500 <sup>(5)</sup>	Nil	Nil	Nil	52,000
Richard S. Buski	4,000 <sup>(2)</sup>	Nil	36,000 <sup>(6)</sup>	Nil	Nil	Nil	40,000

Notes:

- (1) Effective December 21, 2009, the Board determined that any director reasonably required to work will receive compensation at a rate of \$500.00 per day in addition to the monthly Board fee.
- (2) Effective July 28, 2009, the Board determined that Mr. Buski is to receive an additional \$500.00 per month in director fees due to his additional role as chair of the Audit Committee.
- (3) The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.
  - a. A fair value estimate of \$0.15 was determined for share purchase options granted June 2, 2009 utilizing the following assumptions: 1. risk free rate of interest = 1.165%, 2. volatility = 193.366%, 3. dividend yield = 0.00%, and 4. expected life = 5 years.
  - b. A fair value estimate of \$0.12 was determined for share purchase options granted July 30, 2009 utilizing the following assumptions: 1. risk free rate of interest = 1.265%, 2. volatility = 223.993%, 3. dividend yield = 0.00%, and 4. expected life = 5 years.
- (4) On June 2, 2009 options were granted to Mr. Culver to purchase an aggregate of 150,000 Common Shares at an exercise price of \$0.20 expiring on June 1, 2014.
- (5) On June 2, 2009 options were granted to Mr. Balakrishnan to purchase an aggregate of 150,000 Common Shares at an exercise price of \$0.20 expiring on June 1, 2014.

- (6) On July 30, 2009 options were granted to Mr. Buski to purchase an aggregate of 300,000 Common Shares at an exercise price of \$0.15 expiring on July 29, 2014.

The following table sets out all option-based awards and share-based awards outstanding as at August 31, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name <sup>(1)(2)</sup>	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of <sup>(4)</sup> unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Bradley T. Culver	100,000	\$0.49	Oct. 26, 2012	Nil	Nil	Nil
	150,000	\$0.20	June 1, 2014	Nil	Nil	Nil
Desmond M. Balakrishnan	50,000	\$0.67	July 26, 2012	Nil	Nil	Nil
	50,000	\$0.60	Nov. 22, 2012	Nil	Nil	Nil
	150,000	\$0.20	June 1, 2014	Nil	Nil	Nil
Richard S. Buski <sup>(3)</sup>	300,000	\$0.15	July 29, 2014	Nil	Nil	Nil

Notes:

- (1) David M. Antony (former director) resigned on May 19, 2009. Mr. Antony's stock options (150,000 options granted on June 2, 2008 having an exercise price of \$0.50) subsequently expired on July 18, 2009.
- (2) Mike Bowie (former director) resigned on May 19, 2009. Mr. Bowie's stock options (150,000 options granted on June 2, 2008 having an exercise price of \$0.50) subsequently expired on July 18, 2009.
- (3) Mr. Buski was appointed on July 30, 2009 to the Board and as chair of the Audit Committee.
- (4) The value of unexercised in-the-money options was calculated by determining the difference between the market price of the underlying securities (that would have been realized if the options had been exercised on August 31, 2009) and the exercise price of the options.

The following table sets out the value vested or earned under incentive plans during the year ended August 31, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based awards – <sup>(1)</sup> Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bradley T. Culver	Nil	Nil	Nil
Desmond M. Balakrishnan	Nil	Nil	Nil
Richard S. Buski	Nil	Nil	Nil

Note:

- (1) "Option-based awards – value vested during the year" were calculated by determining the difference between the market price of the underlying securities and the exercise price of the options on the vesting date.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the financial year ended August 31, 2009.

**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 Option Plan.	8,329,413	\$0.35	1,175,573
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	8,329,413	\$0.35	1,175,573

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Certain 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.

**Aggregate Indebtedness (\$)**

Purpose	To the Company or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Pay	9,428	Nil
Loan	410,625	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, 2009 (\$)	Amount Outstanding as at February 4, 2010 (\$)	Financially Assisted Securities Purchases During Year Ended August 31, 2009 (#)	Security for Indebtedness	Amount Forgiven During Year Ended August 31, 2009 (\$)
<b>Securities Purchase Programs</b>						
Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Other Programs</b>						
Morgan Tinchler, VP Finance and Corp. Secretary	Payroll Advances	9,428	9,428	Nil	Nil	Nil
Scott Broussard, Chief Executive Officer	Loan Agreement	410,625 <sup>(1)</sup>	Nil	Nil	Nil	Nil

Note:

- (1) 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 was forgiven as to 50% as of January 1, 2009 and the remaining 50% was forgiven on January 1, 2010. The August 31, 2009 end

of the day exchange rate of 1.095 was utilized for the purposes of determining the Canadian dollar value of the US dollar amount outstanding.

### **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, 2009, or has any interest in any material transaction in the current year other than as set out herein and in a document already disclosed to the public.

At August 31, 2009 accounts payable and accrued liabilities included \$337,627 (2008: \$85,708) due to a private company with a director in common with the Company.

Legal fees of \$515,997 (2008: \$281,650) were paid to Lang Michener LLP, Barristers & Solicitors, for the financial year ended August 31, 2009. Mr. Balakrishan is a director of the Company and his principal occupation is acting as a Partner in the Vancouver office of Lang Michener LLP, Barristers & Solicitors.

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 US\$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. The first installment of 666,666 Common Shares was issued to Cutter on March 3, 2009 upon the completion of the South Timbalier 214 Well. See Note 5 in the financial statements for the year ended August 31, 2009 and filed on www.sedar.com.

### **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.

On September 21, 2009, the Company entered into an Employment Agreement with Richard W. FitzGerald of Spring, Texas, USA with a monthly salary of US\$18,500 for acting as the Chief Financial Officer of the Company. The terms of the agreement commenced on September 21, 2009 and will continue until his position is terminated.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **Share 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 4, 2009, the shareholders of the Company approved the adoption of a share option plan (the "Plan") in which ten percent (10%) of the issued and outstanding Common Shares in the capital of the Company was reserved for issuance of stock options. The Plan was adopted to provide incentive to directors, officers, employees, management and others who provide services to the Company or any subsidiary to act in the best interests of the Company

Under the Plan, a maximum of 10% of the issued and outstanding common shares of the Company at the time an option is granted less common shares reserved for issuance outstanding in the Plan, was reserved for options to be granted at the discretion of the Company's Board to eligible optionees (the "Optionees").

This type of Plan is called a “rolling” plan. During the Company's financial year ended August 31, 2009 and to the date of the mailing of this Information Circular, options have been granted to purchase an aggregate of 8,329,413 Common Shares.

The following is a summary of the material terms of the 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 Plan;
- (b) Options granted under the 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 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 Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

In addition amendments to the Plan may be made by the Board without further shareholder approval as follows:

- (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 (10<sup>th</sup>) business day after the end of the Blackout Period, such tenth (10<sup>th</sup>) business day to be considered the expiry date for such option for all purposes under the Plan; and

- (b) The Board may, without shareholder approval:
  - (i) amend the Plan to correct typographical, grammatical or clerical errors;
  - (ii) change the vesting provisions of an option granted under the Plan;
  - (iii) change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;
  - (iv) make such amendments to the 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 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).

Under TSXV policy, the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Company is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. A copy of the Plan will be available for inspection at the Meeting.

At the Meeting, shareholders will be asked to vote on the following resolution, with or without variation:

“Resolved that the continuation of the Company’s Share Option Plan dated for reference March 4, 2009, be ratified and approved.”

**The Board recommends that shareholders vote in favour of the continuation of the Plan.**

#### **ADDITIONAL INFORMATION**

Financial information is provided in the audited financial statements of the Company for the year ended August 31, 2009 and in the related management discussion and analysis and filed on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company is filed on SEDAR and upon request from the Company’s Secretary at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, telephone number: (281) 210-1170 or fax number (281) 210-1180. 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 18<sup>th</sup> day of February, 2010.

**BY ORDER OF THE BOARD**

*“Morgan Tincher”*

**Morgan Tincher**  
**Corporate Secretary**