



NOTICE OF MEETING AND INFORMATION CIRCULAR
RELATING TO
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
OF
BIRCHCLIFF ENERGY LTD.

TO BE HELD AT

3:00 P.M.

ON

THURSDAY, MAY 14, 2009

AT THE

CALGARY PETROLEUM CLUB

319 - 5TH AVENUE S.W.
CALGARY, ALBERTA
T2P 0L5

MARCH 31, 2009

BIRCHCLIFF ENERGY LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT an annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Birchcliff Energy Ltd. (the “**Corporation**”) will be held in the Devonian Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, on Thursday, May 14, 2009 at 3:00 p.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the year ended December 31, 2008 and the report of the auditors thereon;
2. to fix the numbers of Directors to be elected at the Meeting at four (4);
3. to elect the Directors of the Corporation for the ensuing year;
4. to appoint Deloitte & Touche LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix their remuneration;
5. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying management information circular of the Corporation dated March 31, 2009 (the “**Information Circular**”), approving the extension of the ultimate term of the outstanding performance warrants of the Corporation, all as more particularly described in the Information Circular; and
6. to transact such other business as may properly come before the Meeting.

Information relating to items 1 through 5 above is set forth in the Information Circular accompanying this Notice of Meeting.

Only shareholders of record as of the close of business on March 31, 2009, the record date, are entitled to notice of the Meeting.

DATED at the City of Calgary, in the Province of Alberta, this 31st day of March, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) *A. Jeffery Tonken*

President and Chief Executive Officer

IMPORTANT

A shareholder may attend the Meeting in person or may be represented thereat by proxy. A form of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice of Meeting. Shareholders who are unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy to the Corporation’s transfer agent, Olympia Trust Company, 2300, 125 – 9th Avenue S.E. Calgary, Alberta, T2G 0P6 in the enclosed self-addressed envelope. In order to be valid, proxies must be received by Olympia Trust Company at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment thereof. In that the Meeting will be held on Thursday, May 14, 2009, proxies must be received on or before 3:00 p.m. (Calgary time) on Tuesday, May 12, 2009 to be effective for the Meeting.

BIRCHCLIFF ENERGY LTD.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MANAGEMENT INFORMATION CIRCULAR

PERSONS MAKING THE SOLICITATION

This Management Information Circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) for use at an annual and special meeting of the holders of common shares (“**Common Shares**”) of the Corporation (the “**Meeting**”), or at any adjournment thereof, to be held in the Devonian Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, on Thursday, May 14, 2009 at 3:00 p.m. (Calgary time) for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice of Meeting**”).

It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by officers of the Corporation at nominal cost. The cost of solicitation by or on behalf of management will be borne by the Corporation. The information contained in this Information Circular is given as of March 31, 2009, except where otherwise indicated.

APPOINTMENT OF PROXIES

Those shareholders of the Corporation who wish to be represented at the Meeting by proxy must complete and deliver a proper form of proxy to the Corporation’s transfer agent, Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, in the enclosed self-addressed envelope. In order to be valid, proxies must be received by Olympia Trust Company at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment thereof. In that the Meeting will be held on Thursday, May 14, 2009, proxies must be received on or before 3:00 p.m. (Calgary time) on Tuesday, May 12, 2009 to be effective for the Meeting. The persons named as proxyholders in the enclosed form of proxy are Directors or officers of the Corporation.

Each shareholder submitting a proxy has the right to appoint a person to represent him, her or it at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. A shareholder desiring to appoint some other person as his or her representative at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to Olympia Trust Company or to the Secretary of the Corporation, at the place and within the time specified above for the deposit of proxies.

REVOCATION OF PROXIES

A shareholder of the Corporation who has given a proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the shareholder or by his or her attorney authorized in writing and either delivered to Olympia Trust Company at the place specified above at any time up to and including the close of business on the last business day preceding the day of the Meeting or any adjournment thereof or deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the commencement of the Meeting.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many shareholders of Birchcliff, as a substantial number of shareholders of Birchcliff do not hold Common Shares that are registered in their own name. In most cases they are the beneficial holders of Common Shares registered in the name of an intermediary such as a broker or trustee. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of the Common Shares can be recognized and acted upon at the Meeting.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker.

In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Under Canadian securities laws, Common Shares held by brokers or their nominees for Beneficial Shareholders can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The Directors and officers of Birchcliff do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise to communicate voting instructions to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

A Beneficial Shareholder receiving a Broadridge form of proxy cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned or voting instructions otherwise conveyed to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxy holder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered shareholder should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The Common Shares represented by the enclosed form of proxy duly received and not withdrawn will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. In the absence of such instructions, such Common Shares will be voted at the Meeting FOR the resolutions referred to in items 1, 2, 3 and 4 of the proxy.

If any amendment or variation to the matters identified in the Notice of Meeting is proposed at the Meeting or any adjournment thereof, or if any other matters properly come before the Meeting or any adjournment thereof, the enclosed form of proxy confers discretionary authority to vote on any such amendment or variation or such other matters according to the best judgment of the appointed proxyholder. As at the date of this Information Circular, the management of the Corporation is not aware of any such amendments or variations or other matters to come before the Meeting.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of the year ended December 31, 2008, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as disclosed in this Information Circular under the heading "*Business of the Meeting – Fixing Number of Directors and Election of Directors*" and "*Business of the Meeting – Proposed Extension of Performance Warrants*".

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at March 31, 2009, Birchcliff had 112,542,635 Common Shares issued and outstanding. Shareholders of record at the close of business on March 31, 2009 (the “**Record Date**”) are entitled at the Meeting to one vote for each Common Share held. Holders of all Common Shares issued by the Corporation subsequent to the date of this Information Circular and prior to the date of the Meeting shall also be entitled at the Meeting to one vote for each Common Share held. If a shareholder has transferred the ownership of any of his or her Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed Common Share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included in the list of shareholders before the Meeting, the transferee shall be entitled to vote such Common Shares at the Meeting.

As at the date of this Information Circular and to the best of the knowledge of the Directors and executive officers of the Corporation, no person or company beneficially owns or exercises control or direction over, directly or indirectly, more than 10% of the outstanding Common Shares other than as indicated in the table below.

Name and Municipality of Residence of Shareholder	Number and Percentage of Common Shares
Seymour Schulich Toronto, Ontario	25,000,000 (22.2%)

BUSINESS OF THE MEETING

To the knowledge of the Board of Directors of the Corporation (the “**Board**”), the only matters to be brought before the Meeting are those set forth in the accompanying Notice of Meeting.

1. Annual Report and Financial Statements

Pursuant to the *Business Corporations Act* (Alberta), the Board will place before the shareholders at the Meeting the audited financial statements of the Corporation for the year ended December 31, 2008 and the auditors’ report thereon, as presented in the 2008 Annual Report of the Corporation, accompanying this Information Circular. Shareholder approval is not required in relation to the audited financial statements.

2. Fixing Number of Directors and Election of Directors

The Corporation is required to have a minimum of three and a maximum of eleven Directors. The Board presently consists of four Directors, each of whose term expires at the Meeting. At the Meeting, shareholders will be asked to fix the number of Directors to be elected at the Meeting at four (4) and to elect the nominees named below to serve as Directors until the next annual meeting of shareholders or until their successors are duly elected or appointed. All proposed nominees have consented to be named in this Information Circular and to serve as Directors, if elected.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, their principal occupation, the period served as a director and the number of Common Shares that each proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the Record Date. The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

Name and Province and Country of Residence	Principal Occupation	Director Since	Number of Voting Common Shares
Gordon W. Cameron ⁽¹⁾ Alberta, Canada	Independent Businessman.	January 18, 2005	106,000
Larry A. Shaw ⁽¹⁾ Alberta, Canada	President of Shaw Automotive Group Ltd.	January 18, 2005	2,779,544 ⁽²⁾
Werner A. Siemens ⁽¹⁾ Alberta, Canada	Independent Businessman.	January 18, 2005	1,000
A. Jeffery Tonken Alberta, Canada	President and Chief Executive Officer of Birchcliff Energy Ltd.	July 6, 2004	2,621,342 ⁽³⁾

Notes:

- (1) Each of Messrs. Cameron, Shaw and Siemens are members of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee.
- (2) Includes 163,000 Common Shares held by members of Mr. Shaw's spouse and 2,282,600 Common Shares held by Western Automotive Management Limited, in each case over which Mr. Shaw exercises control or direction.
- (3) Includes 1,402,724 Common Shares held by Mr. Tonken's spouse and 150,064 Common Shares held by a trust for the benefit of Mr. Tonken's children, in each case over which Mr. Tonken does not exercise control or direction.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the ordinary resolution to fix the number of Directors to be elected at the Meeting at four (4) and to elect the nominees listed herein as Directors of the Corporation for the ensuing year.

Corporate Cease Trade Orders or Bankruptcies

None of those persons who are proposed Directors of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after such person ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

None of those persons who are proposed Directors of the Corporation is, or has been within the past ten years, a director or executive officer of any company, including the Corporation, that, while such 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.

None of the persons who are proposed Directors of the Corporation have, within the past ten 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 his assets.

Penalties or Sanctions

None of those persons who are proposed Directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

The persons named in the enclosed form of proxy intend to have nominated and to vote for the re-appointment of Deloitte & Touche LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Corporation to hold such office until the next annual meeting of shareholders the Corporation and to authorize the Board to fix the remuneration to be paid to the auditors. The appointment of the auditors must be approved by a majority of votes cast by the shareholders. Deloitte & Touche LLP were first appointed auditors of the Corporation on November 17, 2004.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the re-appointment of Deloitte & Touche LLP as the auditors of the Corporation, at a remuneration to be fixed by the Board.

4. Proposed Extension of Performance Warrants

The Corporation currently has outstanding 2,939,732 Performance Warrants (the "**Performance Warrants**") entitling the holders thereof to purchase 2,939,732 Common Shares of the Corporation which is approximately 2.6% of the number of Common Shares currently outstanding. Each of the Performance Warrants entitles the holder thereof to purchase one Common Share of the Corporation at an exercise price of \$3.00 per Common Share which was the price at which the Corporation originally raised its initial \$60 million of equity financing. These Performance Warrants were originally granted on January 18, 2005 at the founding of the Corporation as a long-term incentive to the members of the

Corporation's management team. As a performance based incentive, the Performance Warrants were not exercisable unless the trading price of the Common Shares exceeded \$6.00 for a period of 20 consecutive trading days. This condition was satisfied in November of 2005 and accordingly, all of the Performance Warrants have been exercisable since November 2005. The outstanding Performance Warrants are held by A. Jeffery Tonken (President, Chief Executive Officer and Director), Bruno P. Geremia (Vice President and Chief Financial Officer), James W. Surbey (Vice President, Corporate Development and Corporate Secretary) and Myles R. Bosman (Vice President Exploration and Chief Operating Officer) Under their current terms, the Performance Warrants expire on January 31, 2010.

The Compensation Committee has recommended that the ultimate expiry date of the outstanding Performance Warrants be extended to January 31, 2015 in order to provide to the members of the Corporation's management who are holders of such Performance Warrants a continuing long-term incentive to continue:

- (a) their efforts to create additional value for all shareholders by enhancing the value of the Corporation's business and assets and indirectly the trading value of the Corporation's Common Shares;
- (b) the direct alignment of the interests of the holders of the Performance Warrants with the interests of the shareholders of the Corporation; and
- (c) their employment with the Corporation on a long-term basis.

In making this recommendation, the Compensation Committee recognized the significant shareholder value that has been created by management of the Corporation since its inception and the significant future work that remains to be done to develop the Corporation's resource properties and unlock the value of those assets that is not currently being fully recognized in the trading price of the Corporation's Common Shares. The Compensation Committee also gave consideration to their expectation that if the expiry of the Performance Warrants is not extended, all of the Performance Warrants will be exercised prior to their expiry by the holders thereof and as a result, the continuing incentive originally provided by these Performance Warrants will disappear, the Corporation will suffer the Common Share dilution associated with the exercise of the Performance Warrants and the Corporation will need to develop another appropriate form of long-term incentive to replace the incentive previously provided by the Performance Warrants. The Compensation Committee expressed the view that the expiry of the Performance Warrants in January, 2010 would detract from the holders' long-term commitment to the Corporation and would have a negative effect on the long-term development of the Corporation's assets and ultimately shareholder value.

Taking these matter into consideration, the Compensation Committee has recommended that the Board of Directors authorize the extension of the ultimate expiry of the outstanding Performance Warrants to January 31, 2015, with such authorization being conditional upon the Corporation seeking and obtaining the approval of such extension from (i) the shareholders of the Corporation, (excluding the holders of the Performance Warrants), and (ii) the Toronto Stock Exchange.

In accordance with the recommendation of the Compensation Committee, the Directors of the Corporation have authorized the amendment of the outstanding Performance Warrants to extend the term of such Performance Warrants from January 31, 2010 until January 31, 2015 (the "**Proposed Extension**"), conditional upon the Corporation obtaining the approval of the Proposed Extension from both (i) the shareholders of the Corporation, (excluding the holders of the Performance Warrants), and (ii) the Toronto Stock Exchange. The Corporation intends to give effect to the Proposed Extension immediately following the receipt of these approvals.

The Directors of the Corporation believe the Proposed Extension is in the best interests of the Corporation for the following reasons: (i) the Proposed Extension will result in the Performance Warrants continuing to be a long-term incentive for the holders thereof to strive to achieve the continued success of the Corporation and the enhancement of the value of its assets and business; (ii) the Proposed Extension will maintain the alignment of the interests of the members of executive management who are holders of the Performance Warrants with the interests of the shareholders; and (iii) the Proposed Extension will act as an incentive to encourage the holders of the Performance Warrants to remain in the employ of the Corporation, which would not be the case if the holders exercised the Performance Warrants prior to their current expiry date.

Accordingly, shareholders will be asked at the Meeting to consider and, if thought appropriate, to pass an ordinary resolution approving the proposed amendment of the outstanding Performance Warrants (the "**Performance Warrant Resolution**"), to extend the ultimate expiry date of such Performance Warrants from January 31, 2010 to January 31, 2015.

As each of the holders of the outstanding Performance Warrants is currently an officer of the Corporation, the policies of the Toronto Stock Exchange require that disinterested shareholders of the Corporation, other than the persons benefiting from the amendment to the Performance Warrants, approve the Performance Warrant Resolution. Therefore, in order for the Performance Warrant Resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting, excluding the votes cast in respect of Common Shares held by Messrs. Tonken, Geremia, Surbey and Bosman.

In addition, each of Messrs. Tonken, Geremia, Surbey and Bosman are considered “related parties” of the Corporation within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101” or the “Instrument”). Accordingly, the Proposed Extension constitutes a “related party transaction” under MI 61-101 as it involves the amendment of the terms of a security of the Corporation that is beneficially owned by a related party. Pursuant to the Instrument, the Corporation is exempt from the requirement to obtain minority approval as defined in the Instrument, because the fair market value of the Proposed Extension does not exceed 25% of the Corporation’s market capitalization. However, the Corporation is still required to obtain disinterested shareholder approval of the Proposed Extension under the policies and requirements of the Toronto Stock Exchange as described above.

The text of the Performance Warrant Resolution which management intends to place before the Meeting for approval is as follows:

“**BE IT RESOLVED** as an ordinary resolution of the shareholders of the Corporation that:

- (1) the shareholders approve the proposed amendment of the Corporation’s outstanding Performance Warrants as described below:
 - (a) The legend appearing on the top of the first page of each of the outstanding Performance Warrants is hereby amended by replacing the date of January 31, 2010 contained therein with the date January 31, 2015, so that such legend reads as follows:

THE PERFORMANCE AND RETENTION WARRANTS REPRESENTED BY THIS
CERTIFICATE WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE
JANUARY 31, 2015.

and

- (b) Article 1 sub-clause (ii) of the outstanding Performance Warrants of the Corporation shall be amended by replacing the date of January 31, 2010 contained therein with the date January 31, 2015 so that Article 1 of such Performance Warrants will read as follows:

Article 1 – Expiry Time

The Performance and Retention Warrants to purchase Birchcliff Shares represented by this certificate shall expire on the earlier of: (i) 4:30 p.m. Calgary, Alberta time on the date which is 30 days following the termination of the holder’s employment with Birchcliff for reasons other than death or permanent disability; and (ii) 4:30 p.m., Calgary, Alberta time on January 31, 2015 (the “**Expiry Time**”), after which all rights evidenced hereby shall be void and of no further value.

- (2) any single director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolution.”

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the Performance Warrant Resolution.

OTHER BUSINESS

As of the date of this Information Circular, the Board does not know of any other matters to be brought to the Meeting, other than those set forth in the Notice of Meeting. If other matters are properly brought before the Meeting, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee of the Board determines the compensation to be provided to the executive officers of the Corporation and, in doing so, receives input from the President and Chief Executive Officer in respect of all executive officers other than the President and Chief Executive Officer. Executive compensation for the 2008 financial year including salaries, bonuses and option grants were set by the Compensation Committee on the recommendation of the President and Chief Executive Officer in January of 2008.

The objective of the Corporation's compensation program is to attract, motivate, reward and retain the management talent that is needed to achieve the Corporation's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. Based on a pay-for-performance philosophy, the compensation program of the Corporation is designed to reward executive officers and the other employees of the Corporation on the basis of individual performance and the achievement of corporate objectives.

The executive compensation program of the Corporation is comprised of both long and short-term elements and includes both cash and equity-based compensation. Specifically, the significant elements of the Corporation's compensation program are base salary, the payment of bonuses where appropriate, participation in the Option Plan (as hereinafter defined) and, historically, additional incentive-based compensation in the form of Performance Warrants, which were issued to executive management members at the Corporation's inception. See "*Business of the Meeting – Proposed Extension of Performance Warrants*". In addition, extended health care, dental, health spending, and insurance benefits are provided to all employees, including the executive officers. The Compensation Committee believes that options and Performance Warrants will provide above-market compensation to the executive officers of the Corporation only upon the significant enhancement of shareholder value.

Base Salaries

The first element of the Corporation's compensation program is the payment of base salaries. The payment of base salaries is a fundamental component of the Corporation's compensation program and serves to attract and retain highly qualified executives while providing those executives with sufficient income so that they can maintain a reasonable standard of living. In addition, executive officers are paid a base salary to compensate those officers for providing the leadership and skills necessary to fulfill their responsibilities.

Salaries for executive officers are reviewed annually based on a review of corporate and personal performance and individual levels of responsibility. Salaries of the executive officers are not determined based on benchmarks, performance goals or a specific formula. The Compensation Committee of the Corporation submits its recommendation to the full Board as to the salary of the President and Chief Executive Officer. The Compensation Committee considers, and, if thought appropriate, approves salaries recommended by the President and Chief Executive Officer for the other executive officers of the Corporation. The base salaries for the executive officers for the financial year ended December 31, 2008, were set to be competitive with industry levels and the Compensation Committee had regard to the contributions made by the officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and available salary survey data and other information publicly disclosed by some of the Corporation's competitors and peers.

The Bonus Plan

The second element of the Corporation's compensation program is the bonus plan (the "**Bonus Plan**"), which consists of cash bonuses paid to certain executive officers (and other employees), where deemed appropriate by the Compensation Committee. The Bonus Plan is designed to reward the Corporation's executive officers (and other employees) for above-average performance of their duties and for their contribution to the achievement of the Corporation's annual goals and objectives. In addition, the Bonus Plan serves as a retention incentive to encourage employees to remain in the employ of the Corporation. The short-term focus of Bonus Plan is complemented and balanced by the Option Plan, which is designed to reward certain executive officers and other grantees in relation to the share price of the Corporation over the long-term.

In January 2009, the Compensation Committee and the Board approved the payment of a bonus in the amount of \$150,000 to each of the executive officers in recognition of the extraordinary efforts made during 2008 in executing the Corporation's business plan. Further, the bonuses recognized the increased value of the Corporation's asset base that had been achieved

and the success that has been achieved in all other aspects of the Corporation's business. The bonuses were based on overall contribution and effort and were not based on a formula or previously prescribed guidelines.

The Option Plan

The third element of the Corporation's compensation program is the incentive stock option plan of the Corporation (the "**Option Plan**"). Pursuant to the Option Plan, options to purchase Common Shares ("**Options**") may be granted to directors, officers, employees and consultants of the Corporation. The Option Plan is an integral component of the Corporation's total compensation program in terms of attracting and retaining key employees and serves to enhance shareholder value by aligning the interests of executives and employees with the growth and profitability of the Corporation. The Option Plan is designed, through the grant of Options, to reward key individuals in relation to the share price of the Corporation. The longer-term focus of Option Plan is complemented and balanced by the cash-based compensation features of the Corporation's compensation program, specifically base salaries and the Bonus Plan.

Pursuant to the Option Plan, the Board may, on the recommendation of the Compensation Committee, grant Options from time to time to directors, officers, employees and consultants of the Corporation. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Corporation, the number of Options that have already been granted to the optionee and such other factors as the Compensation Committee may consider relevant. In determining the number of Options to be granted to the executive officers during 2008, the Compensation Committee had regard to the amount, terms and vesting levels of existing options and Performance Warrants held by the officers and also the number of Options remaining available for grant by the Corporation in the future to attract and maintain qualified technical and administrative staff.

As at the date hereof: (i) the Corporation has issued Options pursuant to which 9,135,789 Common Shares are issuable which represents 8.1% of the currently outstanding Common Shares; and (ii) there remain available for issuance, Options pursuant to which 2,118,475 Common Shares are issuable which represents 1.9% of the currently outstanding Common Shares. Of the options presently outstanding, options to purchase 895,334 Common Shares expire by their terms on January 31, 2010.

The following is a summary of some of the key provisions of the Option Plan.

The maximum number of Common Shares that may be issued under the Option Plan at any time shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. The maximum number of Common Shares that may be issued under the Option Plan to insiders of the Corporation at any time and within any one-year period, together with all Common Shares issuable to insiders under all other share compensation arrangements, may not exceed 10% of the outstanding Common Shares. The maximum number of Common Shares that may be issued under the Option Plan to any single participant in the Option Plan may not exceed 5% of the outstanding Common Shares. All of the Options granted to date under the Option Plan provide for: (a) expiry of such Options not later than the fifth anniversary of the date of grant; and (b) the vesting of such Options with respect to one-third of the Common Shares issuable thereunder on each of the first, second and third anniversaries of the date of grant.

The Option Plan provides that the Board may at any time, but subject always to the receipt of required regulatory approvals, alter, amend or revise the terms and conditions of the Option Plan or of any outstanding Options, or suspend, discontinue or terminate the Option Plan or any portion thereof, all provided that, without the prior written consent of an optionee, no such action shall adversely affect (except as specifically provided in the Option Plan or an applicable Option agreement) any Options previously granted to such optionee. Without limiting the generality of the foregoing, the Board may alter, amend or revise the Option Plan without the approval of the shareholders if the alteration, amendment or variance relates to:

- (a) altering, extending or accelerating the terms and conditions of vesting applicable to any Option or group of Options;
- (b) changing the termination provisions of an Option, provided that the change does not entail an extension beyond the original expiry date of such Option;
- (c) accelerating the expiry date in respect of an Option;
- (d) determining the adjustment provisions pursuant to the Option Plan;

- (e) amending the definitions contained within the Option Plan and other amendments of a “housekeeping” nature; and
- (f) amending or modifying the mechanics of exercise of the Options;

provided that the alteration, amendment or variance does not:

- (g) increase the maximum number or percentage of Common Shares that may be issued pursuant to Options granted under the Option Plan;
- (h) reduce the option price of Options benefiting an insider;
- (i) alter any term of the Options held by an insider;
- (j) alter the limits to insider participation in the Option Plan as set out in the Option Plan;
- (k) extend the expiry date of Options for the benefit of an insider; and
- (l) amend the amendment provisions of the Option Plan.

The Option Plan provides an optionee that has ceased to be a participant under the Option Plan, for any reason, a limited amount of time to exercise any or all of his or her vested Options, after which time such vested Options shall expire. All of such optionee’s unvested Options expire immediately upon cessation of participation. In the context of an optionee ceasing to be a participant under the Option Plan, the Directors of the Corporation have the discretion to vest unvested Options and to extend the expiry date of Options, provided that such extended expiry date shall be no later than the earlier of the original expiry date of such Options and the third anniversary date of the date upon which the optionee ceased to be a participant under the Option Plan. Additionally, the expiry date are automatically extended if the expiry date of an Option falls within any period during which the employees of the Corporation are prohibited from trading securities of the Corporation that is imposed by the Corporation, or within two business days thereafter, for a period of 10 business days following the end of such period. Further, Options granted under the Option Plan will expire at the earlier of the expiry date and: (a) three years after the optionee’s death; (b) one year after the optionee became disabled; (c) one year after the optionee ceases to be a director; or (d) 30 days after the optionee ceases to be a participant for any other reason. Options granted under the Option Plan are for the benefit of the Corporation’s officers, directors, employees and consultants and are not assignable to any third party under any circumstance.

Options are to be granted by the Board who shall, at the time of grant, fix the exercise price, vesting date(s) and expiry date of such Options. The Option Plan provides that expiry date of an Option shall be no later than 10 years from the date of grant of such Option and that the exercise price of an Option shall be determined by the Directors but shall not be lower than the higher of the closing price of the Common Shares on the Toronto Stock Exchange on the first trading day immediately preceding the date of grant or the lowest price as may be permitted by the Toronto Stock Exchange.

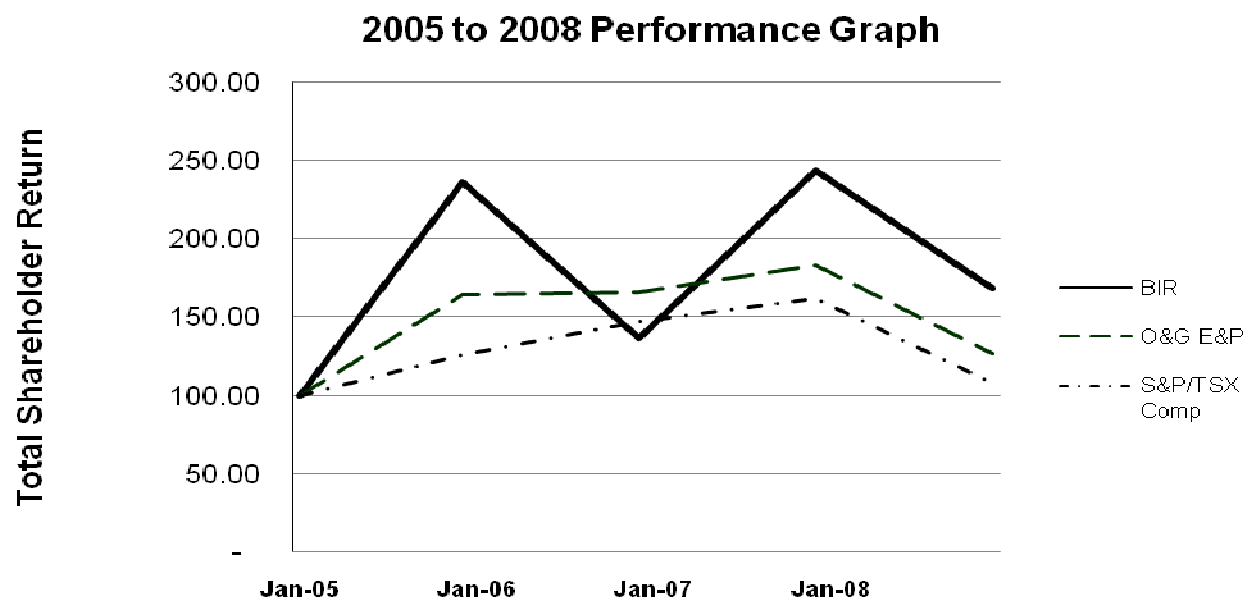
At the annual and special meeting of the shareholders of the Corporation held on May 15, 2008, the shareholders of the Corporation approved certain amendments to the Option Plan. Specifically, the Option Plan was amended in order to: (a) restate the amendment provisions of the Option Plan to better align such provisions with the requirements of the Toronto Stock Exchange; (b) restate the aggregate number of Common Shares that may be issued pursuant to Options granted under the Option Plan at any time in order that such number is limited to 10% of the aggregate number of Common Shares outstanding at the time of such grant; and (c) effect ancillary or consequential amendments relating to the foregoing amendments.

Performance Warrants

The Corporation has outstanding 2,939,732 Performance Warrants. The Performance Warrants were granted to the executive officers of the Corporation at the Corporation’s inception and were designed to act as a long-term retention incentive for the holders thereof and to enhance shareholder value by aligning the interests of the holders with the growth and profitability of the Corporation. The Performance Warrants were specifically designed to provide a financial incentive to the holders upon the trading price of the Corporation’s Common Shares exceeding \$6.00. For a more detailed description of the Performance Warrants, see “*Business of the Meeting – Proposed Extension of Performance Warrants*”.

Performance Graph

The following graph compares the cumulative total shareholder return for the period from January 18, 2005 (the date the Corporation became a reporting issuer) to December 31, 2008, assuming a notional \$100 investment in the Common Shares (at the private placement price of \$3.00 per share) and the reinvestment of all dividends, with the cumulative total shareholder return on the S&P/TSX Composite Index and the TSX Oil & Gas Exploration & Production Sub-index.



	18-Jan-05	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08
— BIR	100.00	236.67	136.33	243.67	168.33
- - O&G E&P	100.00	164.07	166.24	183.08	126.73
- · - S&P/TSX Comp	100.00	125.63	147.32	161.80	108.40

During the period from January 18, 2005 to December 31, 2008, the share price of the Common Shares has generally increased. Similarly, compensation for executive officers has increased. Overall the price of the Common Shares has outperformed each of the S&P/TSX Composite Index and the TSX Oil & Gas Exploration & Production Sub-index.

Option-Based Awards

For a description of the process used by the Corporation to grant Option-based awards to executive officers, see the Information Circular under the headings “*Executive Compensation – Compensation Discussion and Analysis – The Option Plan*” and “*Executive Compensation – Compensation Discussion and Analysis – Performance Warrants*”. For a more detailed description of the Option Plan, see the Information Circular under the heading “*Executive Compensation – Compensation Discussion and Analysis – The Option Plan*”. For a more detailed description of the Performance Warrants, see the Information Circular under the heading “*Business of the Meeting - Proposed Extension of Performance Warrants*”.

Summary Compensation

Securities legislation requires the disclosure of the compensation received by each “Named Executive Officer” (“**Named Executive Officer**”) of the Corporation for the most recently completed financial year. “Named Executive Officer” is defined by the legislation to mean: (i) the Chief Executive Officer of the Corporation; (ii) the Chief Financial Officer of the Corporation; (iii) each of the Corporation’s three most highly compensated executive officers or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the

most recently completed financial year. “Executive Officer” is defined by the legislation to mean: (i) the chair, vice-chair or president; (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (iii) an individual performing a policy-making function in respect of an issuer.

During the year ended December 31, 2008, the Corporation had six Named Executive Officers. The following table and notes thereto provide a summary of the compensation paid to each Named Executive Officer of the Corporation for the three most recently completed financial years that ended on or after December 31, 2008.

Summary Compensation Table for Named Executive Officers

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Annual Bonus Awards (\$)</u>	<u>Option-based Awards⁽¹⁾ (\$)</u>	<u>All other compensation⁽²⁾ (\$)</u>	<u>Total compensation (\$)</u>
A. Jeffery Tonken President and Chief Executive Officer ⁽³⁾	2008	269,500	150,000	365,245	Nil	784,745
Bruno P. Geremia Vice President and Chief Financial Officer	2008	231,000	150,000	365,245	Nil	746,245
James W. Surbey Vice President, Corporate Development and Corporate Secretary	2008	231,000	150,000	365,245	Nil	746,245
Myles R. Bosman Vice President, Exploration and Chief Operating Officer	2008	231,000	150,000	365,245	Nil	746,245
Karen A. Pagano Vice President, Operations	2008	231,000	150,000	365,245	Nil	746,245
Lawrence A. Backmeyer Vice President, Engineering	2008	231,000	150,000	Nil	Nil	381,000

Notes:

- (1) These options have an exercise price of \$7.38 per Common Share and therefore they were “out of the money” at December 31, 2008 and at March 31, 2009. The Corporation has calculated the grant date fair value of the options granted to Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing options and doing value comparisons. The assumptions used by the Corporation in the Black-Scholes-Merton model were (i) an initial expected life of 5 years; (ii) a forfeiture rate of 0% (iii) a historical volatility of 46.2144% and (iv) a risk-free interest rate of 3.3634%. The aggregate number of Options held by each of the Named Executive Officers, including the number of Options granted to each Named Executive Officer during the financial year ended December 31, 2008, is disclosed in the table “*Outstanding Option-Based Awards at the End of the Financial Year Ended December 31, 2008*”.
- (2) The value of perquisites and benefits for each Named Executive Officer is less than \$50,000 and less than 10% of each Named Executive Officer’s total salary for the financial year ended December 31, 2008.
- (3) Mr. Tonken also serves as a director of the Corporation.

The Corporation does not have any share-based awards or awards that have been granted under non-equity incentive plan.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth information in respect of all Option-based awards outstanding at the end of the financial year ended December 31, 2008, for the Named Executive Officers of the Corporation.

Outstanding Option-Based Awards At the End of the Financial Year Ended December 31, 2008

<u>Name</u>	<u>Number of securities underlying unexercised options⁽¹⁾ (#)</u>	<u>Option exercise price⁽¹⁾ (\$)</u>	<u>Option expiration date⁽¹⁾</u>	<u>Value of unexercised in-the-money options⁽¹⁾⁽²⁾ (\$)</u>
A. Jeffery Tonken President and Chief Executive Officer	50,000 ⁽³⁾	3.00	January 31, 2010	1,792,362.65
	75,000 ⁽³⁾	3.87	January 23, 2012	
	111,000 ⁽³⁾	7.38	January 22, 2013	
	809,993 ⁽⁴⁾	3.00	January 31, 2010 ⁽⁵⁾	

Name	Number of securities underlying unexercised options⁽¹⁾ (#)	Option exercise price⁽¹⁾ (\$)	Option expiration date⁽¹⁾	Value of unexercised in-the-money options⁽¹⁾⁽²⁾ (\$)
Bruno P. Geremia Vice President and Chief Financial Officer	125,000 ⁽³⁾ 75,000 ⁽³⁾ 111,000 ⁽³⁾ 809,993 ⁽⁴⁾	3.00 3.87 7.38 3.00	January 31, 2010 January 23, 2012 January 22, 2013 January 31, 2010 ⁽⁵⁾	1,946,112.65
James W. Surbey Vice President, Corporate Development and Corporate Secretary	200,000 ⁽³⁾ 75,000 ⁽³⁾ 111,000 ⁽³⁾ 809,993 ⁽⁴⁾	3.00 3.87 7.38 3.00	January 31, 2010 January 23, 2012 January 22, 2013 January 31, 2010 ⁽⁵⁾	2,099,862.65
Myles R. Bosman Vice President, Exploration and Chief Operating Officer	175,000 ⁽³⁾ 100,000 ⁽³⁾ 111,000 ⁽³⁾ 509,993 ⁽⁴⁾	3.00 3.87 7.38 3.00	January 31, 2010 January 23, 2012 January 22, 2013 January 31, 2010 ⁽⁵⁾	1,443,445.56
Karen A. Pagano Vice President, Operations	100,000 ⁽³⁾ 175,000 ⁽³⁾ 111,000 ⁽³⁾	3.50 3.87 7.38	May 24, 2010 January 23, 2012 January 22, 2013	223,832.94
Lawrence A. Backmeyer Vice President, Engineering	275,000 ⁽³⁾	6.29	December 14, 2012	Nil

Notes:

- (1) Includes information in respect of both Options and Performance Warrants.
- (2) Value is calculated based on the difference between the exercise price of the Options or Performance Warrants, as applicable, and the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2008 of \$5.05.
- (3) Represents Options.
- (4) Represents Performance Warrants.
- (5) At the Meeting, shareholders will be asked to consider and, if thought appropriate, approve the Performance Warrant Resolution. See "Business of the Meeting – Proposed Extension of Performance Warrants."

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2008, in respect of Option-based awards for the Named Executive Officers of the Corporation.

**Value Vested or Earned for Incentive Plan Awards
During the Financial Year Ended December 31, 2008**

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)
A. Jeffery Tonken President and Chief Executive Officer	179,001.63
Bruno P. Geremia Vice President and Chief Financial Officer	423,501.63
James W. Surbey Vice President, Corporate Development and Corporate Secretary	423,501.63
Myles R. Bosman Vice President, Exploration and Chief Operating Officer	415,251.96
Karen A. Pagano Vice President, Operations	533,838.16
Lawrence A. Backmeyer Vice President, Engineering	Nil

Note:

- (1) Value is calculated for each of the options based on the difference between the exercise price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on the vesting date for such option.

Pension Plan Benefits

The Corporation does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement. In addition, the Corporation does not have a deferred compensation plan.

Termination and Change of Control Benefits

The Corporation does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities.

Director Compensation

Summary Compensation

The compensation paid to the Directors of the Corporation consists of an annual fee of \$35,000 and a fee of \$1,000 per meeting attended for each meeting of the Board or any committee thereof. The Directors also are granted options under the Option Plan. All matters of Director's compensation are determined by the Compensation Committee.

The following table sets forth information in respect of all amounts of compensation provided to the Directors of the Corporation, excluding those Directors who are also Named Executive Officers, during the financial year ended December 31, 2008.

Summary Compensation Table for Directors⁽¹⁾

<u>Name</u>	<u>Fees earned (\$)</u>	<u>Option-based awards⁽²⁾ (\$)</u>	<u>All other compensation (\$)</u>	<u>Total (\$)</u>
Gordon W. Cameron	52,250	164,854	Nil	217,104
Larry A. Shaw	53,250	164,854	4,800 ⁽³⁾	222,904
Werner A. Siemens	55,250	164,854	479 ⁽³⁾	220,583

Notes:

- (1) Compensation information for Mr. A. Jeffery Tonken, President, Chief Executive Officer and a director of the Corporation, has been previously provided under the heading "Summary Compensation".
- (2) These options have an exercise price of \$7.38 per Common Share and therefore they were "out of the money" at December 31, 2008 and at March 31, 2009. The Corporation has calculated the grant date fair value of the options granted to Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose this methodology because it is recognized as the most common methodology used for valuing options and doing value comparisons. The assumptions used by the Corporation in the Black-Scholes-Merton model were (i) an initial expected life of 5 years; (ii) a forfeiture rate of 0% (iii) a historical volatility of 46.2144% and (iv) a risk-free interest rate of 3.3634%. The aggregate number of Options held by each of the Named Executive Officers, including the number of Options granted to each Named Executive Officer during the financial year ended December 31, 2008, is disclosed in the table "Director Compensation - Outstanding Option-Based Awards at the End of the Financial Year Ended December 31, 2008".
- (3) Represents amounts paid to Directors for parking expenses.

Outstanding Option-Based Awards

The following table sets forth information in respect of all Option-based awards outstanding at the end of the financial year ended December 31, 2008, for the Directors of the Corporation.

**Outstanding Option-Based Awards
At the End of the Financial Year Ended December 31, 2008⁽¹⁾**

<u>Name</u>	<u>Number of securities underlying unexercised options (#)</u>	<u>Option exercise price (\$)</u>	<u>Option expiration date</u>	<u>Value of unexercised in- the-money options⁽²⁾ (\$)</u>
Gordon W. Cameron	50,000	3.00	January 31, 2010	\$102,500
	50,100	7.38	January 22, 2013	
Larry A. Shaw	50,000	3.00	January 31, 2010	\$102,500

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)
	50,100	7.38	January 22, 2013	
Werner A. Siemens	20,000	3.00	January 31, 2010	\$41,000
	50,100	7.38	January 22, 2013	

Notes:

- (1) Compensation information for Mr. A. Jeffery Tonken, President, Chief Executive Officer and a director of the Corporation, has been previously provided under the heading "Summary Compensation".
- (2) Value is calculated for each of the options based on the difference between the exercise price of the Options and the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2008 of \$5.05.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2008, in respect of option-based awards for the Directors of the Corporation.

**Value Vested or Earned for Incentive Plan Awards
During the Financial Year Ended December 31, 2008**

Name ⁽¹⁾	Option-based awards – Value vested during the year ⁽²⁾ (\$)
Gordon W. Cameron	81,501.63
Larry A. Shaw	81,501.63
Werner A. Siemens	81,501.63

Notes:

- (1) Compensation information for Mr. A. Jeffery Tonken, President, Chief Executive Officer and a director of the Corporation, has been previously provided under the heading "Summary Compensation".
- (2) Value is calculated for each of the options based on the difference between the exercise price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on the vesting date for such option.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table sets forth the details relating to the outstanding equity compensation plans of the Corporation at December 31, 2008.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted Average exercise price of outstanding options, warrants and rights (B)	Number of Common Shares remaining available for issuance under equity compensation plans (excluding those included in column (A)) (C)
Equity Compensation Plans approved by shareholders	Options: 6,324,221 Performance Warrants: 2,939,732 Total: 9,263,953	Options: \$5.58 Performance Warrants: \$3.00 Total: \$4.76	Options: 4,915,376 Performance Warrants: Nil
Equity Compensation Plans not approved by shareholders	Nil	N/A	N/A

CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Information Circular the disclosure required under Form 58-101F1 with respect to the matters set out under National Policy 58-201 - *Corporate Governance Guidelines*.

The Board

The Board currently consists of four Directors, of which three are independent Directors and accordingly, a majority of the Directors are independent. A director is “independent” if he/she would be independent within the meaning of section 1.4 of National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”). The independent Directors are Larry A. Shaw, Gordon W. Cameron and Werner A. Siemens. Mr. A. Jeffery Tonken is not an independent director by virtue of his position as the President and Chief Executive Officer of the Corporation. The Chairman of the Board is Larry A. Shaw who is an independent director.

None of the Directors of the Corporation are directors of any other reporting issuer (or the equivalent thereof in another jurisdiction) except for A. Jeffery Tonken, who is a director of Daylight Resources Trust.

The independent Directors have not in the past held regularly scheduled meetings at which members of the Corporation’s management are not present and the independent Directors did not hold any regularly scheduled meetings during the financial year ended 2008. However, the Board facilitates open and candid discussion among its independent Directors by making it clear that the independent Directors can meet by themselves whenever they wish to do so and by providing an opportunity for the independent Directors to meet without any members of management present at meetings of the Audit Committee, the Reserves Evaluation Committee and the Compensation Committee. While the Board relies heavily on information provided to it by management, it functions independently of management. Mr. Larry A. Shaw, the Chairman of the Board, is not a member of management and chairs all meetings of the Board at which he is present. In addition, the independent Directors are in regular communication with the Corporation’s Chief Executive Officer outside of formal Board meetings and processes.

The independent Directors as members of the Audit Committee and the Reserves Evaluation Committee also meet with the Corporation’s auditors and the Corporation’s independent engineering consultants independent of management for the purposes of planning their activities and thereafter to supervise such activities. Other purposes of these meetings is to ensure that such auditors and consultants receive full access to all requested information and the full cooperation of management, that they are not subject to any pressure from management, that there are no outstanding disagreements with management, that they are not aware of any evidence of illegal or fraudulent acts, and that they are not aware of any other significant matters that should be brought to the attention of the Directors.

In 2008, the full Board met on twelve (12) occasions, the Reserves Evaluation Committee met on five (5) occasions, the Audit Committee met on five (5) occasions and the Compensation Committee met on one (1) occasion. Each of the Directors of the Corporation has attended all of the meetings of Directors and committee meetings since the beginning of 2008 except for Mr. Shaw who did not attend one Directors’ meeting and one Audit Committee meeting.

Mandate of the Board

The Board does not have a written mandate. The Board delineates its role and responsibilities based on the statutory and common law applicable to the Corporation. The Board believes its mandate is to manage the business and affairs of the Corporation. While day-to-day management of the Corporation has been delegated by the Board to executive management, the Board fulfills its responsibility for the broader stewardship of the Corporation’s business and affairs through its regular meetings at which members of the Corporation’s management provide reports to the Board with respect to the Corporation’s business and operations, and make proposals to the Board and receive the Board’s decisions for implementation.

To monitor corporate performance, the Board reviews and approves budgets prepared by management on at least an annual basis and the members of the Board receive weekly production updates and they regularly receive internal monthly financial reports that are prepared for management. The Board also receives operational and financial status reports at its meetings. The Board also receives informal updates from the Chief Executive Officer on a regular basis. At the end of each year the Board reviews production growth, finding and development costs, outstanding debt and cash flow as compared to the Corporation’s budget and as compared to industry peers.

Position Descriptions

The Board has not developed written position descriptions for the Chairman of the Board. The Board does not expressly delineate the roles and responsibilities of the Chairman of the Board and relies upon the provisions of the by-laws of the Corporation and the statutory and common law to define such roles and responsibilities.

The Board and the Chief Executive Officer have not developed a written position description for the Chief Executive Officer. The Board has not delineated the specific roles and responsibilities of the Chief Executive Officer but the Board believes that the Chief Executive Officer has the responsibility for the all of the functions and operations of the Corporation on a day-to-day basis.

The Board has established the following Board committees comprised of the members and chaired by the individuals set out in the following table:

Committee	Members	Independent
Audit Committee	Gordon W. Cameron	Yes
	Larry A. Shaw (Chairman)	Yes
	Werner A. Siemens	Yes
Compensation Committee	Gordon W. Cameron	Yes
	Larry A. Shaw (Chairman)	Yes
	Werner A. Siemens	Yes
Reserves Evaluation Committee	Gordon W. Cameron	Yes
	Larry A. Shaw (Chairman)	Yes
	Werner A. Siemens	Yes

The Board has not developed written positions for the chairman of each of the Audit Committee, the Reserves Evaluation Committee or the Compensation Committee. However, the Board expects the chairman of each committee to organize the meetings of the committee and to delegate the work to be performed by committee members.

The principal function of the Audit Committee is to review the overall audit plan and the Corporation's system of internal controls, to review the results of the external audit, and to resolve any potential dispute with the Corporation's auditors. In performing this function, the Audit Committee monitors audit functions and the preparation of financial statements, communicates directly with the external auditors, has overview responsibility for management reporting on internal controls, and meets with outside auditors independently of management. The Audit Committee also approves press releases of financial results, reviews all prospectuses and the Corporation's annual information form. The Audit Committee has developed and adopted a formal Charter and the text of that Charter together with other disclosure required by NI 52-110 is contained in the Annual Information Form of the Corporation dated March 31, 2009, under the heading "Audit Committee", which is available on SEDAR at www.sedar.com.

For a description of the functions of the Compensation and Reserves and Evaluation Committees, please see the disclosure under the headings "Compensation" and "Other Committees", respectively.

Orientation and Continuing Education

The Corporation does not currently have any formal orientation and education programs for new Directors as the changes in Board membership have been limited. The Board briefs all new Directors on the corporate policies of the Corporation and other relevant corporate and business information. If there is a change to the members of the Board, the Corporation may consider implementing an orientation program. The Board has not implemented a continuing education program for Directors. However the Board supports any relevant educational initiative by any individual Director. The Board obtains legal and/or accounting advice whenever it considers it necessary to keep abreast of current developments relating to the obligations of Directors.

Ethical Business Conduct

The Board has not adopted a written code for the Directors, officers and employees of the Corporation. The Board relies on the requirements of the *Business Corporations Act* (Alberta) to ensure that the Board exercises independent judgment in considering transactions and agreements in respect of which a director has a material interest, and therefore expects that a director in those circumstances will comply with applicable law and disclose his interest and refrain from participating in discussions or voting on the matter.

The Audit Committee and the Board has adopted a Whistleblower Policy that provides for the confidential and anonymous submission by employees of concerns regarding questionable accounting or audit matters. Under the Whistleblower Policy,

the Board encourages the submission of all good faith concerns and complaints regarding the Corporation's accounting, auditing and financial reporting.

Nomination of Directors

The Board has not yet taken any steps to identify new candidates for Board nomination as a result of the relatively short history of the Corporation. The Board encourages the independent Directors who comprise 75% of the Board to put forward their suggestions regarding candidates for new Directors and thereby encourages an objective nomination process.

The Board has not established and has no current intention to establish either a nominating committee or corporate governance committee. The Board will normally establish a committee when it considers that independence and exclusion of management participation is required to effectively and properly manage the relevant subject matter or when it feels that the frequency of meetings or time commitments required to effectively manage the relevant subject matter make it impractical for such matter to be managed by the full board. The Board does not consider that either of these concerns arises in relation to the matters that would normally be managed by a nominating or corporate governance committee.

Compensation

The Board has a Compensation Committee which is comprised entirely of independent Directors. The Compensation Committee has the responsibility to review compensation matters and to recommend to the Board the appropriate levels of compensation for all of the Directors and officers of the Corporation. In addition, it has responsibility to provide oversight and guidance for the compensation and benefit of all of the Corporation's employees. The Compensation Committee has the authority to engage outside advisors to the extent it considers it necessary or desirable. Further information regarding compensation matters is disclosed under the heading "*Executive Compensation*".

Other Committees

Other than the Audit Committee and the Compensation Committee, the only other committee the Board has appointed is a Reserves Evaluation Committee which is composed entirely of independent Directors. This committee assists the Board in fulfilling its oversight responsibilities in relation to the determination and reporting of the Corporation's reserve estimates and the qualifications of and corporate procedures instituted with the Corporation's independent engineering consultants. This committee has the responsibility to monitor the Corporation's compliance with National Instrument 51-101 and to select, engage and supervise an independent reserves evaluator to prepare reports required under National Instrument 51-101.

Assessments

The Board has not adopted a formal process whereby the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. The Board satisfies itself with respect to the effectiveness of the Board, its committees and individual Directors by monitoring on an informal basis whether the objectives of each of the Board and the Corporation are being achieved and whether the responsibilities of each of the Board, its committees and individual Directors and of the Corporation are being fulfilled.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is or has been a director or executive officer of the Corporation at any time since the beginning of the year ended December 31, 2008 nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted to (i) the Corporation or any of its subsidiaries or (ii) another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, in either case at any time since the beginning of the year ended December 31, 2008.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had at any time since the beginning of the year ended December 31, 2008 any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged in and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Any such actual or potential conflicts of interest are governed by applicable law and internal policies of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR @ www.sedar.com. Financial information relating to the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2008, which is available on SEDAR at www.sedar.com.

Any securityholder may obtain a copy of the Corporation's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2008 by contacting the Vice President, Corporate Development and Corporate Secretary by e-mail, regular mail, fax or telephone as set forth below.

James W. Surbey - Vice President, Corporate Development and
Corporate Secretary

Birchcliff Energy Ltd.
500, 630 - 4th Avenue S. W.
Calgary, Alberta T2P 0J9
Phone: 403-261-6401
Fax: 403-237-9534
e-mail: jsurbey@birchcliffenergy.com