PETROBANK

STRENGTH IN OUR RESOURCES

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF PETROBANK ENERGY AND RESOURCES LTD. AND MANAGEMENT INFORMATION CIRCULAR

Meeting to be held on Tuesday, May 12, 2009
at 2:00 p.m. (Calgary time) at:
The Metropolitan Centre, Main Ballroom
Calgary, Alberta, Canada

April 1, 2009

PETROBANK

STRENGTH IN OUR RESOURCES

Notice of Annual Meeting of Shareholders
to be held on Tuesday, May 12, 2009

The annual meeting ("Meeting") of the shareholders of Petrobank Energy and Resources Ltd. (the "Corporation") will be held on Tuesday, May 12, 2009 at 2:00 p.m. (Calgary time) in the Main Ballroom at The Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, T2P 0H9, to:

1. receive and consider the Corporation's financial statements for the year ended December 31, 2008, together with the report of the auditors thereon;

2. elect the directors of the Corporation for the ensuing year;

3. appoint the auditors and to authorize the directors to fix their remuneration;

4. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular accompanying this notice.

If you are unable to attend the Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

Only shareholders of record at the close of business on April 7, 2009 (the "Record Date") will be entitled to vote at the Meeting, unless that shareholder has transferred any common shares subsequent to the Record Date and the transferee shareholder, not later than ten (10) days before the Meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

DATED at Calgary, Alberta as of April 1, 2009.

By order of the Board of Directors

John D. Wright
President, Chief Executive Officer
and Director

PETROBANK

STRENGTH IN OUR RESOURCES

Information Circular for the Annual Meeting of Shareholders
to be held on Tuesday, May 12, 2009

PROXIES AND GENERAL INFORMATION

Solicitation of Proxies

This management information circular ("information circular") is furnished in connection with the solicitation of proxies by and on behalf of management of Petrobank Energy and Resources Ltd. ("Petrobank" or the "Corporation") for use at our annual meeting ("Meeting") of the holders ("Shareholders") of common shares ("common shares") of the Corporation to be held on, Tuesday, May 12, 2009, at 2:00 p.m. (Calgary time) in the Main Ballroom at The Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, T2P 0H9, and at any adjournment thereof. Forms of proxy must be addressed to and reach Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof (excluding Saturdays, Sundays, and holidays). Only shareholders of record at the close of business on April 7, 2009 (the "Record Date") will be entitled to vote at the Meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than ten (10) days before the Meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders. References herein to "we", "our", "Petrobank" or the "Corporation" refer to Petrobank Energy and Resources Ltd.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. As a shareholder you have the right to appoint another person, who need not be a shareholder, to represent you at the Meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in your account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your common shares.

There are two kinds of beneficial shareholders: those who object to their names being made known to the issuers of securities they own, called objecting beneficial owners; and those who do not object to the issuer of the securities they own knowing who they are, called non-objecting beneficial owners ("NOBOs").

The Corporation has decided to take advantage of those provisions in National Instrument 54-101 that permit it to deliver proxy-related material directly to its NOBOs. If you are a beneficial shareholder and Computershare Trust Company of Canada, the Corporation's transfer agent, has sent these materials directly to you, your name and address and information about your holdings of common shares, have been obtained in accordance with applicable securities legislation from the intermediary holding common shares on your behalf. By choosing to send these materials to you directly, the Corporation has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. As a result, NOBOs can expect to receive a scannable voting instruction form ("VIF") from our transfer agent, Computershare Trust Company of Canada. These VIFs are to be completed and returned to Computershare Trust Company of Canada in the envelope provided. Computershare Trust Company of Canada 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 they receive. If you are a NOBO and wish to vote your common shares in person at the meeting, please insert your own name in the space provided on the VIF to appoint yourself as proxyholder. Do not complete the voting instructions, as your vote will be counted at the meeting. Please register with the transfer agent, Computershare Trust Company of Canada, when you arrive at the meeting. If you are a beneficial shareholder, you should contact your nominee to discuss whether revocation is possible and what procedure to follow.

Revocability of Proxy

You may revoke your proxy at any time prior to the Meeting. If you or the person you give your proxy to attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in connection with such solicitation. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The common shares represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon the shares will be voted on any poll in accordance with the specification so made. If you do not provide instructions your shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this information circular, we know of no such amendment, variation or other matter.

Currency

Except as otherwise indicated, all dollar amounts in this information circular are expressed in Canadian dollars and references to $ are to Canadian dollars.

Date of Information

Unless otherwise indicated, all information set forth in this information circular is given as at April 1, 2009.

Interest of Certain Persons and Companies in Matters to be Acted Upon

Our management is not aware of any material interest, direct or indirect, of any director, any proposed nominee for election as director, executive officer or anyone who has held office as such since the beginning of our last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, except as is disclosed herein.

Voting Securities and Principal Holders of Voting Securities

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares issuable in series. As at April 1, 2009, there were 83,598,369 common shares and no preferred shares issued and outstanding. Holders of common shares are entitled to one vote for each common share held. To the knowledge of Petrobank's directors and executive officers, as at April 1, 2009, no person or company beneficially owns, directly or indirectly, or controls or directs, more than 10% of the common shares, other than Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, and FIL Limited (affiliated companies, hereinafter collectively referred to as "Fidelity"). To the best of Petrobank's knowledge, Fidelity owns approximately 17% of Petrobank's common shares.

Approval Requirements

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

The Articles of the Corporation require the Corporation have not less than one and not more than fifteen directors, with the actual number of directors holding office from time to time to be determined by the board of directors of the Corporation (the "Board"). The Board has resolved that the number of directors be set at nine. Accordingly, it is proposed that nine directors be elected at the Meeting to serve until the next annual meeting or until their successors are duly elected or appointed.

The persons named below are nominees of management for election as directors of the Corporation. Additional information with respect to each of the nine proposed nominees for election as director can be found under the heading "*Nominees for Election to the Board of Directors*", which sets forth each proposed director's place of residence; position held; present principal occupation; prior occupations within the last five (5) years; and a brief biography.

Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that does occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

Unless otherwise directed, the persons designated in the enclosed proxy form intend to vote FOR the election of these nominees at the Meeting.

Ian S. Brown
Chris J. Bloomer
Louis L. Frank
M. Neil McCrank
Kenneth R. McKinnon
Jerald L. Oaks
James D. Tocher
Harrie Vredenburg
John D. Wright

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Deloitte & Touche LLP, Chartered Accountants, as our auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration for the ensuing year. Deloitte & Touche LLP, through a predecessor firm, was first appointed on October 19, 2000.

Unless otherwise directed, the persons designated in the enclosed form of proxy intend to vote at the Meeting FOR the reappointment of Deloitte & Touche LLP as the Corporation's auditors and authorizing the Board to fix the auditors' remuneration.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The following table sets out the name of each of the persons proposed to be nominated for election as a director; the principal occupations and offices of the Corporation presently held by him and for the previous five years; the period during which he has served as a director of the Corporation; and the number of voting shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him.

Name of Nominee, Location of Residence and Position	Number of Common Shares Beneficially Owned or Controlled	Director Since	Present and Principal Occupation For Previous Five Years
Chris J. Bloomer, Alberta, Canada Senior Vice President and Chief Operating Officer, Heavy Oil and Director	279,010	March 12, 2007	Mr. Bloomer joined Petrobank in December 2002 and was the Vice President Heavy Oil and Chief Financial Officer until March 2007 when he became Vice President Heavy Oil and a Director of Petrobank. In November 2008, Mr. Bloomer was appointed Senior Vice President and Chief Operating Officer, Heavy Oil.
Ian S. Brown [1] Alberta, Canada Director	24,000	March 18, 2005	Independent businessman since January 2006 and prior thereto, Senior Managing Director of Raymond James Ltd.
Louis L. Frank New Hampshire, USA Director	380,284	September 27, 1993	Independent Consultant; President of Recco Inc., a private oil and gas development and real estate development company.
M. Neil McCrank Alberta, Canada Director	1,200	November 25, 2008	Mr. McCrank is Counsel at Borden Ladner Gervais LLP. From 1998 to 2007, Mr. McCrank was the Chairman of the Alberta Energy and Utilities Board.
Kenneth R. McKinnon [1]/[3] Alberta, Canada Director	168,399	March 14, 2000	Vice President Legal Affairs and General Counsel of Critical Mass Inc., a website design company.
Jerald L. Oaks [2] Colorado, USA Director	358,400	September 27, 1993	Professional Engineer; President of Oaks Resources Management Inc., a private petroleum engineering and management company.
James D. Tocher [2]/[3] Alberta, Canada Chairman of the Board	1,916,461	October 8, 1992	Chairman of the Board of the Corporation.
Harrie Vredenburg[1]/[3] Alberta, Canada Director	6,797	May 2, 2006	Professor of Strategic Management and Suncor Energy Chair in Competitive Strategy and Sustainable Development at the Haskayne School of Business at the University of Calgary.
John D. Wright [2] Alberta, Canada President, Chief Executive Officer and Director	3,527,824	March 14, 2000	President and Chief Executive Officer of the Corporation.

Notes:
1. Member of the Audit Committee.
2. Member of the Reserves Committee.
3. Member of the Compensation Committee.

The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to the Corporation by the nominees.

Cease Trade Orders

Mr. John D. Wright and Mr. Chris J. Bloomer are directors of Talon International Energy Ltd. ("Talon"), a reporting issuer listed on the TSX Venture Exchange. A cease trade order (the "Order") was issued on May 7, 2008 against Talon by the Alberta Securities Commission ("ASC") for the delayed filing of Talon's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2007 ("Annual Filings"). The Annual Filings were filed by Talon on SEDAR on May 8, 2008. As a result of the Order, the TSX Venture Exchange suspended trading in Talon's shares on May 7, 2008. Talon made application to the ASC for a revocation of the Order and in conjunction with Talon's application for revocation of the Order, the ASC reviewed Talon's financial statements and management's discussion and analysis for the periods ending March 31, 2008, June 30, 2008 and the year ended December 31, 2007 (collectively, the "Reviewed Financial Statements"), and provided Talon with comments in respect of such Reviewed Financial Statements. Talon is currently working to revise the Reviewed Financial Statements to address the comments of the ASC and intends to re-file the Reviewed Financial Statements on SEDAR.

Except as disclosed herein, to the knowledge of management of the Corporation, no proposed director of the Corporation is, or within the ten (10) years before the date of this information circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies and Insolvencies

To the knowledge of management of the Corporation, no proposed director of the Corporation:

a) is, at the date of this information circular or has been within the ten (10) years before the date of this information circular, 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; or

b) has, within the ten (10) years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties and Sanctions

To the knowledge of management of the Corporation, no proposed director of the Corporation has:

a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This discussion describes the Corporation's compensation program for the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the three most highly compensated executive officers of the Corporation (collectively, referred to herein as the "Named Executive Officers" or the "Executives" or the "NEOs") and includes a discussion of the compensation of the Corporation's directors. This section will address the Corporation's philosophy and objectives and provide a review of the process the Compensation Committee follows in deciding how to compensate the Corporation's Executives. This section will also provide discussion and analysis of the Compensation Committee's specific decisions about the compensation of the NEOs for the financial year ended December 31, 2008.

Composition of the Compensation Committee

The members of the Compensation Committee of the Board are Kenneth R. McKinnon (Chairman), James D. Tocher and Harrie Vredenburg. All of the members of the Compensation Committee are independent directors of Petrobank and none of the members of the Compensation Committee are Chief Executive Officers of any publicly traded entity. No member of the Compensation Committee is currently an officer or employee of the Corporation or any of its affiliates. The Compensation Committee is charged with the establishment, execution and periodic review of our compensation program, the compensation and performance standards for the Executives. The Board of Directors believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.

Compensation Philosophy and Objective

The Corporation's Executive compensation philosophy and program objectives are intended to provide competitive levels of compensation in order to attract, motivate and retain talented executives, which is critical to our success. The program is intended to create an alignment of interest between the Corporation's Executives and shareholders so that a significant portion of each Executive's compensation is linked to maximizing shareholder value. In support of this philosophy, the Executive compensation program is designed to reward performance that is directly relevant to the Corporation's short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that varies based on both corporate and individual Executive performance.

The Corporation's Executive compensation program is structured into three main components: base salary, annual incentives, and long term incentives including stock options ("Stock Options") granted pursuant to the Corporation's stock option plan (the "Stock Option Plan") and deferred common shares ("DCS") granted pursuant to the Corporation's deferred common share plan ("DCS Plan"). In establishing the Executive compensation program, the Corporation believes that base salaries provide an immediate cash incentive for the Corporation's Executives and should be competitive with the Compensation Peer Group (as defined below); annual incentive bonuses encourage and reward performance and reflect progress toward Corporation-wide performance objectives, business unit performance objectives and individual Executive objectives; and Stock Options and DCS are long-term incentives that are intended to balance Executive focus between short and long term goals and provide equity accumulation linked to the Corporation's overall performance.

The Corporation's Executive compensation program has been designed to accomplish the following long-term objectives:

- Produce long-term, positive results for the Corporation's shareholders;
- Align Executive compensation with an applicable Compensation Peer Group,
- Align Executive compensation with overall corporate, business unit and individual performance; and
- Provide competitive compensation and benefits assist the Corporation to recruit, retain and motivate Executives.

The Committee has had numerous discussions on the relative merits of its compensation practice which embraces a relatively non-formulaic approach to the compensation of our Executives and has concluded that the current approach is successful and has resulted in an effective, focused management team. The approach provides the necessary flexibility to appropriately incentivize the management team in changing market and industry conditions. This methodology is continuously evaluated to ensure Executive compensation is linked with the performance of the Corporation.

Compensation Process

The Executive compensation program is administered by the Corporation's Compensation Committee. The Compensation Committee held two (2) meetings during the year ended December 31, 2008. All Compensation Members were present at all of the Compensation Committee meetings held in 2008. In 2008, there were also a number of informal meetings amongst the members of the Compensation Committee with the Compensation Consultant (defined below). The President and Chief Executive Officer of Petrobank typically attends meetings of the Compensation Committee, but does not have the right to vote on any matter before the Compensation Committee. In addition, all Compensation Committee meetings have an *in camera* session where the President and Chief Executive Officer and any other members of management in attendance at the Compensation Committee meeting are excused for the duration of the *in camera* session.

The Compensation Committee, in consultation with the President and Chief Executive Officer, establishes base salaries, cash bonuses, option-based and share-based awards for the Executives. Each component of compensation is determined on an individual Executive basis.

The Compensation Committee retains and does not delegate any of its power to determine matters of Executive compensation and benefits, although the Compensation Committee does consider compensation and benefit proposals made to the Compensation Committee by the President and Chief Executive Officer of the Corporation. The Compensation Committee reports to the Board of Directors on the major items covered at each Compensation Committee meeting.

For Executives, the Compensation Committee uses a compensation program based on an assessment of the overall performance of Petrobank, relative performance compared to peers, the achievements and overall contribution of each individual Executive. The evaluation of each individual Executive also includes a review of the Executive's execution of on-going projects and transactions, operational performance and progress on growth initiatives. The Compensation Committee reviewed the Corporation's performance in 2008 as exceeding expectations; this finding did not trigger any specific compensation for Executives, but rather served to provide the general context for the Compensation Committee's review of the performance of each individual Executive.

In addition, the Compensation Committee considers compensation surveys completed by independent third parties when making certain decisions with respect to Executive compensation. While the Compensation Committee may rely on external information and advice, all of the decisions with respect to Executive compensation are made by the Compensation Committee alone and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by the Compensation Consultant.

Compensation Consultant

In 2008, the Compensation Committee retained the services of an independent compensation consultant, Total Rewards Professionals, (the "Compensation Consultant"). The Compensation Committee must pre-approve the engagement and services provided by any compensation consultant, as such, the work completed by the Compensation Consultant was pre-approved and directed by the Chair of the Compensation Committee so as to ensure that the Compensation Consultant's independence as an advisor was not compromised. The role of the Compensation Consultant was to evaluate the total direct and indirect compensation of the Executives (including, but not limited to, an evaluation of the Executive base salaries, bonus awards, perquisites, option-based and share-based incentives, and other benefits), advise the Compensation Committee as to how the Corporation's compensation of its Executives compared to that of the Compensation Peer Group, provide independent survey data and make recommendations for modifications to Executive compensation. The analysis completed by the Compensation Consultant included, but was not limited to, employment agreement review, review of the Corporation's incentive and benefit plans and a total compensation review of Executives. The Corporation paid approximately $40,000 to the Compensation Consultant with respect to the work completed.

Compensation Peer Group

Given the nature of Petrobank's business strategy and operations, and as a result of having three distinct business units, peer companies (the "Compensation Peer Group") are varied. The composition of the Compensation Peer Group will be reviewed annually by the Compensation Committee for its ongoing business relevance to Petrobank. For the year ended December 31, 2008, the Compensation Peer Group surveyed were: Enerplus Resources Fund, Penn West Energy Trust, Connacher Oil and Gas Limited, Pacific Rubiales Energy Corp., Compton Petroleum Corporation, Baytex Energy Trust, Crescent Point Energy Trust, Harvest Energy Trust, Niko Resources Ltd. and UTS Energy Corporation.

The factors assessed by the Compensation Committee in determining the Compensation Peer Group included operational focus, total revenue, total assets, cash flow, total level of capital expenditures, number of employees and daily production levels. The compensation data from the Compensation Peer Group provides an initial reference point for the Compensation Committee.

Base Salaries

The base salaries of the Executives are reviewed annually to ensure they reflect a balance of market conditions, the levels of responsibility and accountability of each role, the skill and competencies of the individual, retention considerations as well as the level of demonstrated performance. In 2008, base salaries were modified as a result of the Compensation Committee's annual review of Executive base salaries. The President and Chief Executive Officer's salary was increased from $220,000 as at December 31, 2007 to $250,000, the Senior Vice President and Chief Financial Officer's salary was increased from $160,000 as at December 31, 2007 to $220,000, the Senior Vice President and Chief Operating Officer, Heavy Oil's salary was increased from $190,000 as at December 31, 2007 to $220,000, the Senior Vice President and Chief Operating Officer, Canada's salary was increased from $180,000 as at December 31, 2007 to $220,000 and the Vice President, Operations commenced employment on January 30, 2008 at an annual salary of $175,000.

Variable Cash Incentive Awards – Bonuses

The Compensation Committee's philosophy with respect to Executive bonuses is to align the issuance of bonuses with the performance of the Corporation and the performance of each individual Executive. For the year ended December 31, 2008, the Compensation Committee approved the payment of an aggregate of $380,000 in cash bonuses for the NEOs of the Corporation. For 2008, bonuses were determined by the Compensation Committee on the basis of a combination of factors. Quantitative factors included oil and gas reserves, recycle ratios, production levels and total shareholder return. Qualitative factors include growth strategy, staff development and mentorship, environmental, health and safety and leadership. Cash bonuses ranged between 32% and 36% of base salary, depending upon the performance by the Corporation and the individual Executive when reviewed in light of the quantitative and qualitative factors set forth above. Bonus amounts are typically evaluated and paid in the mid-first quarter of each financial year.

Long Term Incentive Plans

The Corporation uses both its Stock Option Plan and DCS Plan as a part of its long-term compensation strategy for its Executives. In addition, the Corporation's Executives are eligible to participate in the Corporation's Employee Share Ownership Plan. See "*Employee Share Ownership Plan*".

Stock Options are intended to align Executive and shareholder interests by attempting to create a direct link between compensation and shareholder return as measured through the price of the Corporation's common shares. Additional grants of Stock Options may be made periodically to recognize the exemplary performance of certain Executives. An annual grant of Stock Options is typically made to Executives based on individual performance and the performance of the Corporation during the most recently completed financial year in relation to corporate goals and objectives and in comparison to performance achieved by industry peer corporations during the comparable period.

The Corporation's Stock Option Plan, DCS Plan and Employee Share Ownership Plan are described in detail in this circular under the headings "*Stock Option Plan*", "*Deferred Common Share Plan*" and "*Employee Share Ownership Plan*".

Group Benefits/Perquisites

The Compensation Committee believes that the perquisites for Executives should be limited in scope and value and be commensurate with perquisites offered by the Compensation Peer Group. The Corporation provides its NEOs a company paid parking stall, which in 2008 was valued at $5,985, and additional executive insurance programs, the cost of which is disclosed under the heading "*Summary Executive Compensation Table*" under the column titled "*All Other Compensation*".

Equity Ownership Guidelines

Although the Executives of Petrobank have always been encouraged to invest in the Corporation and have historically maintained high levels of Petrobank equity ownership, on February 1, 2009, Petrobank formalized equity ownership guidelines for the Executives. The equity ownership guidelines encourage Executives to achieve and maintain an ownership level in the Corporation that the Compensation Committee views as significant in relation to each Executive's annual salary. The guidelines require the President and Chief Executive Officer to maintain an equity ownership in Petrobank of five (5) times his annual salary. Depending on level of seniority the equity ownership guidelines for the remainder of the Executives range from one (1) to three (3) times their annual salary. Executives generally have two (2) years to meet their applicable level of equity ownership based on the date they are initially included in the equity ownership guidelines. The level of equity ownership can be achieved through the ownership of common shares and common shares held notionally in vested stock options or deferred common shares. As of the date hereof, all of the Executives of Petrobank have attained the required level of share ownership set out in the guidelines.

The following table sets out the equity ownership guidelines and Executive equity ownership levels calculated in accordance with the equity ownership guidelines, for each of the Named Executives Officers, as at the date hereof.

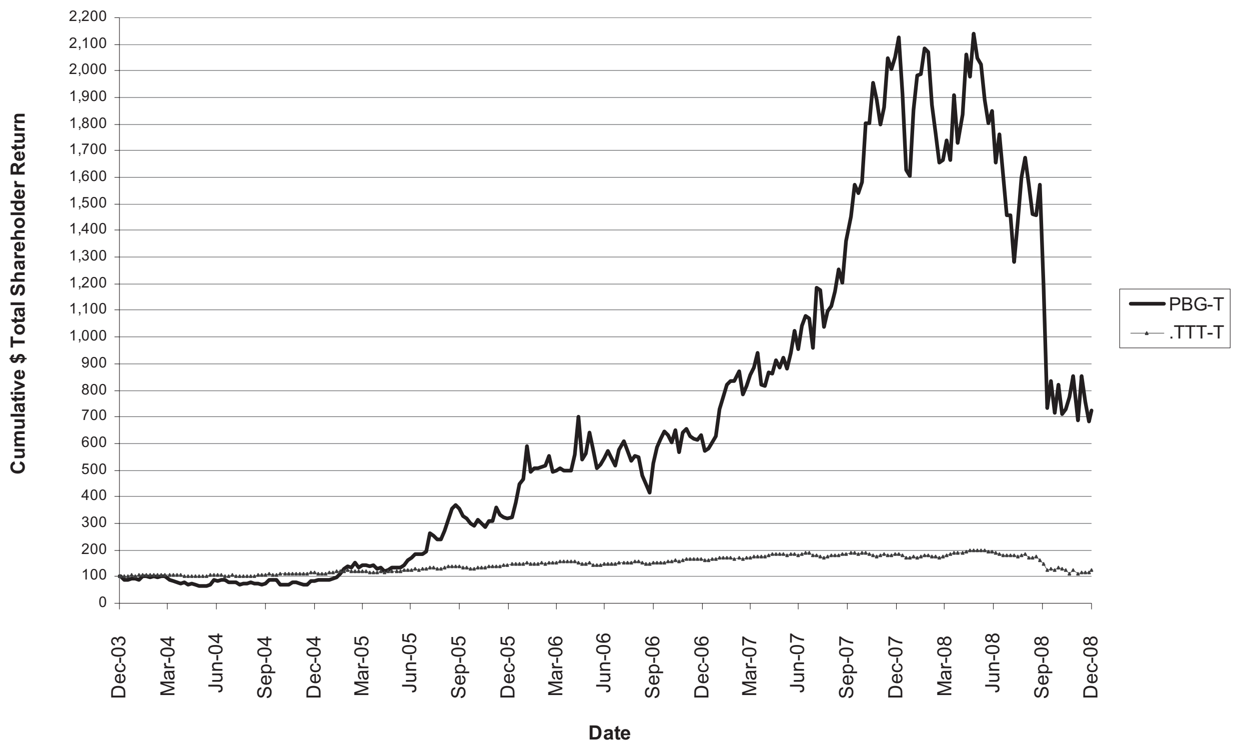
	Equity Ownership Guideline		Equity Ownership Value					
Name	Guideline multiple of Annual Salary	Total Value of Guideline Amount(1) ($)	Value common shares(1) ($)	Value DCS(2) ($)	Value vested Stock Options(2) ($)	Total Value Held(1)(2) ($)	Actual multiple of Annual Salary	Guideline Met or Investment Required to Meet Guideline
John D. Wright	5	1,250,000	84,138,602	2,461,320	8,943,750	95,543,672	76.4	Yes
Chris J. Bloomer	3	660,000	6,654,389	333,900	4,770,000	11,758,289	17.8	Yes
Corey C. Ruttan	3	660,000	9,855,416	357,750	2,906,719	13,119,885	19.9	Yes
R. Gregg Smith	3	660,000	3,606,120	369,675	4,173,750	8,149,545	12.3	Yes
Rene LaPrade(3)	1	175,000	9,779	220,612	715,500	945,891	5.4	Yes

<u>Notes:</u>

1. Calculated based on the closing price of the Corporation's common shares on the TSX on April 1, 2009 (being $23.85).
2. The value of DCS and vested Stock Options was calculated based on the full value of the underlying common shares, using the closing price of the Corporation's common shares on the TSX on April 1, 2009 (being $23.85).
3. Mr. LaPrade commenced his employment with the Corporation on January 30, 2008.

Performance Graph

The following graph illustrates the Corporation's five year cumulative shareholder return, assuming an initial investment of $100 and the reinvestment of dividends and distributions where applicable, compared to the S&P/TSX Composite Index (.TTT-T).



Summary Executive Compensation Table

The following table sets forth all annual and long-term compensation paid in respect of the individuals who, as at the three most recently completed financial years ended December 31, 2008, meet the requirements to be classified as "Named Executive Officers" of the Corporation as item is defined in Form 51-102F6 – *Statement of Executive Compensation to National Instrument 51-102 – Continuous Disclosure Obligations*.

Name and Principal Position	Year	Salary[1] ($)	Share-Based Awards[3] ($)	Option-Based Awards[4] ($)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans[5] ($)	All other Compensation[6] ($)	Total Compensation ($)
CHRIS J. BLOOMER Senior Vice President and Chief Operating Officer Heavy Oil, and Director	2008 2007 2006	240,835 207,658 190,931	111,533 138,902 92,066	3,344,343 nil 296,556	80,000 45,000 56,800	19,354 16,433 16,433	3,796,065 407,993 652,786
RENE LAPRADE[(1) (2)] Vice President, Operations	2008	176,754	206,335	2,209,233	60,000	nil	2,652,322
COREY C. RUTTAN Senior Vice President and Chief Financial Officer	2008 2007 2006	238,489 183,413 163,318	133,839 138,902 103,574	2,202,667 2,201,723 296,556	80,000 51,666 26,000	5,270 5,270 3,224	2,660,265 2,580,974 592,672
R. GREGG SMITH Senior Vice President and Chief Operating Officer, Canada	2008 2007 2006	224,784 186,786 175,599	133,839 138,902 103,574	3,746,862 nil 296,556	80,000 55,000 16,000	4,584 4,570 2,139	4,190,069 385,258 593,868
JOHN D. WRIGHT President, Chief Executive Officer, and Director	2008 2007 2006	273,481 261,527 204,167	245,372 231,503 188,735	2,044,009 nil 296,556	80,000 51,666 37,680	13,431 11,315 11,315	2,656,293 556,011 738,453

Notes:

1. Salary, for the purposes of the Summary Compensation Table includes, certain taxable benefits paid by the Corporation on behalf of the Named Executive Officers, including, but not limited to: parking, employee share purchase plan and Alberta Health Care premiums.
2. Mr. LaPrade commenced employment with the Corporation on January 30, 2008.
3. Share based awards consist of DCS granted pursuant to the DCS Plan. The fair value of DCS granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a complete description of the terms of the DCS Plan, see details provided herein under the heading "*Deferred Common Share Plan*".
4. Option based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted is estimated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Stock Option Plan, see details provided herein under the heading "*Stock Option Plan*".
5. The amount shown in the column titled 'Annual Incentive Plan' is the cash bonus award to each of the Named Executive Officer for individual and corporate performance during the year.
6. The value in the column titled 'All other Compensation' includes all other compensation not reported in any other column of the table for each of the Named Executive Officers and includes the insurance premiums paid by the Corporation for certain, executive only, health insurance plans.

Executive Incentive Plan Awards

Outstanding share-based awards and option based awards for the year ending December 31, 2008

The following table sets forth, with respect to each of the Named Executive Officers, details regarding option-based and share-based awards outstanding as at December 31, 2008.

	Option-Based Awards				Share-Based Awards	
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options[1] ($)**	**Number of Incentives that have not vested (#)**	**Market or Payout Value of Incentives that have not vested[2] ($)**
Chris J. Bloomer	100,000	2.25	1-Dec-09	1,806,000	9,000	182,340
	50,000	17.59	15-Dec-16	136,000		
	187,500	48.53	31-Mar-18	nil		
	37,500	22.58	12-Dec-18	nil		
Rene LaPrade	110,000	48.53	31-Mar-18	nil	nil	nil
	10,000	48.97	26-Jun-18	nil		
	30,000	22.58	12-Dec-18	nil		
Corey C. Ruttan	21,875	2.25	1-Dec-09	395,063	9,000	182,340
	50,000	17.59	15-Dec-16	136,000		
	150,000	36.01	28-Sep-17	nil		
	75,000	48.53	31-Mar-18	nil		
	37,500	43.89	25-Aug-18	nil		
	37,500	22.58	12-Dec-18	nil		
R. Gregg Smith	62,500	2.25	1-Dec-09	1,128,750	9,500	192,470
	50,000	17.59	15-Dec-16	136,000		
	212,500	48.53	31-Mar-18	nil		
	37,500	22.58	12-Dec-18	nil		
John D. Wright	350,000	4.15	21-Mar-10	5,656,000	17,200	348,472
	50,000	17.59	15-Dec-16	136,000		
	100,000	48.53	31-Mar-18	nil		
	50,000	22.58	12-Dec-18	nil		

Notes:
1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31.
2. The market value of incentives that have not yet vested is calculated for unvested DCS based on the difference $0.05 and the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31.

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

Name	Option-Based Awards – Value Vested During the Year[2] ($)	Share-Based Awards – Value Vested During the Year[3] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year[4] ($)
Chris J. Bloomer	1,049,750	nil	80,000
Rene LaPrade[1]	nil	nil	60,000
Corey C. Ruttan	555,438	nil	80,000
R. Gregg Smith	681,781	nil	80,000
John D. Wright	4,550,500	3,669,000	80,000

Notes:
1. Mr. LaPrade commenced his employment with the Corporation on January 30, 2008.
2. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. This column represents the aggregate net benefit the Named Executive Officer would have received had the Named Executive Officer exercised their vested Stock Options in 2008, on the date of vesting.
3. Share based awards consist of DCS granted pursuant to the DCS Plan. This column shows the aggregate net benefit the Named Executive Officer would have received had the Named Executive Officer elected to receive those common shares underlying their vested DCS on the date of vesting.
4. The amount shown as Non-Equity Incentive Plan Compensation is the cash bonus award to each of the Named Executive Officer for individual and corporate performance during the year.

Pension and Retirement Plans

The Corporation does not have any pension or retirement plan for employees or Executives.

Termination and Change of Control Benefits

Employment Agreements

All of the Executives are parties to employment agreements with the Corporation, which outline the terms and conditions of their employment. The employment agreements provide for confidentiality requirements, base salary amounts, vacation entitlements, equity ownership guidelines, change of control provisions, constructive dismissal and termination payments. Each employment agreement is for an indefinite term but may be terminated earlier by the Corporation for cause. The Executives may terminate their employment agreement at any time by providing the Corporation with thirty (30) days notice. The Compensation Committee annually reviews termination payment amounts for each of the NEOs as calculated under the Employment Agreements. Additional details with respect to compensation paid to the NEOs pursuant to these employment agreements is set forth under the heading "*Summary Compensation Table*".

A change of control for the purposes of the Corporation's employment agreements generally means any change in the holding of the shares of the Corporation as a result of which a person, or group of persons acting jointly are in a position to exercise effective control of the Corporation, any transaction that the majority of the Board of Directors of the Corporation deems to be a Change of Control with respect to the Corporation, if the Corporation ceases to be a publicly traded entity, approval by the shareholders of the Corporation of an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another entity or entities pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor corporation which would entitle them to cast more than 50% of the votes attaching to all of the shares in the capital of the successor corporation, a liquidation, dissolution or winding-up of the Corporation, or the sale, lease or other disposition of all or substantially all of the assets of the Corporation.

President and Chief Executive Officer, Senior Vice President and Chief Operating Officer, Heavy Oil, Senior Vice President and Chief Operating Officer, Canada and Senior Vice President and Chief Financial Officer

The President and Chief Executive Officer, Senior Vice President and Chief Operating Officer, Heavy Oil, Senior Vice President and Chief Operating Officer, Canada and Senior Vice President and Chief Financial Officer have employment agreements with the Corporation. If such Executive's employment agreement is terminated without cause or if a change of control occurs then such Executive is entitled to a payment of an amount equal to the cash equivalent of his base salary for a period of eighteen (18) months, as well as the cash equivalent of the average of the relevant Executive's prior two year's annual bonus (both cash and deferred common share components) multiplied by one and a half (1.5). However, if the President and Chief Executive Officer's employment agreement is terminated without cause or if a change of control occurs he is entitled to payment of the cash equivalent of his base salary for two (2) years, in addition to the cash equivalent of the average of his prior two year's annual bonus (both cash and deferred common share components) multiplied by two (2).

Vice President, Operations

The Vice President, Operations, has an employment agreement with the Corporation. If his employment agreement is terminated without cause or for good reason as defined therein, or upon a change of control (provided he is constructively dismissed), then the Vice President, Operations is entitled to payment of an amount equal to the cash equivalent of his base salary for one (1) year**,** as well as the cash equivalent of the average of his prior two (2) year's annual bonus (both cash and deferred common share components).

Estimated Payment Made to Named Executive Officers upon Termination of Employment Agreements

The following table sets forth the payments that would be made to each of the Named Executive Officers, pursuant to their respective employment agreements, under the noted triggering events with and without a deemed change of control. All payments are calculated assuming the date of the termination event was, and if applicable, a change of control occurred, on December 31, 2008. The disclosed values represent payments made pursuant to the terms of the employment agreements.

	WITHOUT A CHANGE OF CONTROL			**WITH A CHANGE OF CONTROL**
Name	**Payment Made in the Event of Termination with Cause ($)**	**Payment made in the Event of Termination Without Cause ($)**	**Payment made in the Event of Retirement or Death ($)**	**Payment made Following a Change of Control ($)**
John D. Wright	nil	1,003,390	nil	1,003,390
Corey C. Ruttan	nil	565,309	nil	565,309
R. Gregg Smith	nil	557,809	nil	557,809
Chris J. Bloomer	nil	579,765	nil	579,765
Rene LaPrade[(1)]	nil	175,000	nil	175,000

Notes:

1. The employment agreement for Mr. LaPrade provides that this payment is made in the event a change of control occurs and Mr. LaPrade is constructively dismissed from his employment with the Corporation.

Summary Termination and Change of Control Benefits pursuant to Employment Agreements and Incentive Plans

Depending on the conditions of termination, a summary of the impact of such termination event on the Executive's salary, benefit and incentive programs is summarized below.

In all termination events, upon an Executive ceasing their employment with the Corporation, and within ten (10) years from the date of the grant of DCS, the Executive (or their estate, if applicable) is required to elect whether they wish to be issued all or any portion of the common shares underlying the DCS which have been granted to them pursuant to the DCS Plan, and to deliver payment for all of such common shares to be issued. Additional details can be found under the heading "*Deferred Common Share Plan*".

Termination Event	**Description**
Resignation	All salary, perquisites, and benefit programs cease as at the effective date of resignation. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding as at effective date of resignation are cancelled. Vested Stock Options outstanding as at effective date of resignation must be exercised within seven (7) days from effective date of resignation.
Retirement	All salary, perquisites, and benefit programs cease as at effective date of retirement. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding as at effective date of retirement are cancelled. Vested Stock Options outstanding as at effective date of retirement must be exercised within seven (7) days from effective date of retirement.
Death	All salary, perquisites, and benefit programs cease as at date of death except for the payout of any applicable insurance benefits. Annual cash and share bonuses are not paid. All unvested Stock Options immediately vest. All Stock Options outstanding as at date of death must be exercised within six (6) months from the date of death.
Termination without cause	All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding on effective date of termination are cancelled. Vested Stock Options outstanding on the effective date of termination must be exercised within three (3) months. Severance is provided on an individual basis reflecting service, experience and salary level and in accordance with the individual's employment agreement, if applicable.
Termination for cause	All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding as at the effective date of termination are cancelled. Vested Stock Options outstanding as at the effective date of termination must be exercised prior to the effective date of termination.

Note:
Additional details with respect to the Corporation's Stock Option Plan, and the treatment of termination events under the Stock Option Plan, can be found herein under the heading "*Stock Option Plan*".

Incremental Payment pursuant to Incentive Plans upon triggering event

The following table outlines the estimated incremental payments the Named Executive Officers would have received upon a change of control (or upon death of the Executive), as defined in the respective incentive plans of the Corporation, as if such triggering event occurred effective December 31, 2008.

Name	Value of Accelerated Stock Option vesting[(1)] ($)	Value of Accelerated DCS vesting[(2)] ($)
John D. Wright	1,684,000	348,472
Corey C. Ruttan	68,000	182,340
Rene LaPrade[(3)]	nil	nil
R. Gregg Smith	68,000	192,470
Chris J. Bloomer	68,000	182,340

Notes:
1. Represents the incremental aggregate net benefit relating to Stock Options that the Named Executive Officer would have received upon the triggering event, calculated based on the difference between the market price of the common shares underlying the accelerated Stock Options (based on the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31) and the exercise price of the Stock Option on the vesting date.
2. Represents the incremental aggregate net benefit relating to DCS that the Named Executive Officer would have received upon the triggering event, based on the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31.
3. Mr. LaPrade commenced employment with the Corporation on January 30, 2008.

Compensation of Directors

General

Each of the non-management directors received 40,000 Stock Options on appointment, in addition to their annual retainer, that vest evenly over a four-year period upon re-election at each annual meeting. Annually, each non-management director receives 10,000 Stock Options to vest upon re-election at the annual meeting of shareholders in the fourth year from the date of grant. If a director is not re-elected, all unvested Stock Options will be cancelled. The following table sets out the cash compensation that is paid to directors, such compensation paid following each year's annual meeting of the Corporation's shareholders, in respect of services provided (and to be provided) in the current calendar year.

Position	Annual Retainer
Board Retainer	$50,000
Chairman	$15,000
Committee Chair – Audit	$12,500
Committee Chair – Reserve and Compensation	$7,500
Audit Committee Member	$10,000
Reserve Committee Member	$5,000
Compensation Committee Member	$5,000

Notes:
Only non-management directors receive compensation from the Corporation in connection with their services as directors. At the discretion of Petrobank, certain of the compensation of our directors may be paid as deferred common shares in accordance with the DCS Plan.

Directors' Compensation Table

The Board approved the following compensation to non-management directors in 2008.

Name	Fees Earned ($)	Share-Based Awards[(1)] ($)	Option-Based Awards[(2)] ($)	Non-Equity Incentive Plan Compensation ($)	Total ($)
Ian S. Brown	17,500	62,097	197,217	nil	276,814
Louis F. Frank	50,000	nil	197,217	nil	247,217
M. Neil McCrank[(3)]	nil	nil	260,745	nil	260,745
Kenneth R. McKinnon	15,000	64,919	197,217	nil	277,136
Jerald L. Oaks	62,500	nil	197,217	nil	259,717
James D. Tocher	75,000	nil	197,217	nil	272,217
Harrie Vredenburg	10,000	62,097	197,217	nil	269,314

Notes:
1. Share-based awards consist of DCS granted pursuant to the DCS Plan. The fair value of DCS has been calculated based on the grant date using the Black-Scholes option-pricing model.
2. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options granted has been calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Stock Option Plan and DCS Plan see "Stock Option Plan" and "Deferred Share Compensation Plan" herein.
3. Mr. McCrank was appointed to the Board of Directors effective November 25, 2008.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each director of the Corporation, other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2008 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2008.

Name	Option-Based Awards – Value Vested During the Year[(1)]	Share-Based Awards – Value Vested During the Year[(2)]	Non-Equity Incentive Plan Compensation – Value Earned During the Year
Ian S. Brown	$548,500	nil	nil
Louis F. Frank	$548,500	nil	nil
M. Neil McCrank[(3)]	nil	nil	nil
Kenneth R. McKinnon[(4)]	$548,500	$807,180	nil
Jerald L. Oaks	$548,500	nil	nil
James D. Tocher	$548,500	nil	nil
Harrie Vredenburg	$405,100	nil	nil

Notes:
1. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. This column represents the aggregate net benefit the Named Executive Officer would have received had the Named Executive Officer exercised their vested Stock Options in 2008, on the date of vesting.
2. Share based awards consist of DCS granted pursuant to the DCS Plan. This column shows the aggregate net benefit the Named Executive Officer would have received had the Named Executive Officer elected to receive those common shares underlying their vested DCS on the date of vesting.
3. Mr. McCrank was appointed to the Board of Directors effective November 25, 2008.
4. On the date Mr. McKinnon's share-based awards vested in 2008, the price of the Corporation's common shares on the TSX was $48.97.

Directors' Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each of the directors of the Corporation, other than directors who are also Named Executive Officers, all option-based and share-based awards outstanding at the end of the year ended December 31, 2008.

	Option-Based Awards				Share-Based Awards	
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options[(1)] ($)**	**Number of Incentives that have not Vested (#)**	**Market or Payout Value of Incentives that have not Vested[(2)] ($)**
Ian S. Brown	40,000 10,000 10,000 10,000	4.15 14.39 24.98 58.52	21-Mar-2010 14-Jun-2016 25-May-2017 29-May-2018	646,400 59,200 nil nil	1,100	22,286
Louis F. Frank	59,500 10,000 10,000 10,000	4.15 14.39 24.98 58.52	21-Mar-2010 14-Jun-2016 25-May-2017 29-May-2018	961,250 59,200 nil nil	nil	nil
M. Neil McCrank[(3)]	35,000	19.99	25-Nov-2018	11,200	nil	nil
Kenneth R. McKinnon	40,000 10,000 10,000 10,000	4.15 14.39 24.98 58.52	21-Mar-2010 14-Jun-2016 25-May-2017 29-May-2018	646,400 59,200 nil nil	1,150	23,299
Jerald L. Oaks	20,000 10,000 10,000 10,000	4.15 14.39 24.98 58.52	21-Mar-2010 14-Jun-2016 25-May-2017 29-May-2018	323,200 59,200 nil nil	nil	nil
James D. Tocher	10,000 10,000 10,000 10,000	4.15 14.39 24.98 58.52	21-Mar-2010 14-Jun-2016 25-May-2017 29-May-2018	161,600 59,200 nil nil	nil	nil
Harrie Vredenburg	40,000 10,000 10,000	14.39 24.98 58.52	14-Jun-2016 25-May-2017 29-May-2018	236,800 nil nil	1,100	22,286

Notes:
1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31.
2. The market value of incentives that have not yet vested is calculated for unvested DCS based on the difference $0.05 and the closing price of the Corporation's common shares on the TSX on December 31, 2008, being $20.31.
3. Mr. McCrank was appointed to the Board of Directors effective November 25, 2008.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2008, aggregated for all compensation plans previously approved by the shareholders.

Plan Category	Number of securities to be issued upon exercise of options and DCS	Weighted-average exercise price of outstanding options and DCS	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders: - Stock Option Plan - Deferred Share Compensation Plan	 6,596,076 146,810	 $22.37/share $0.05/share	 1,756,463 304,690
Equity compensation plans not approved by shareholders	Not applicable	Not applicable	Not applicable
Total	**6,742,886**	**$21.88/share**	**2,061,153**

Stock Option Plan

Pursuant to the Corporation's Stock Option Plan, the Corporation may grant Stock Options to employees or insiders of the Corporation or to any other person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation (collectively, "Service Providers"). The maximum number of common shares that may be reserved for issuance pursuant to Stock Options granted under the Stock Option Plan is 10% of the aggregate number of common shares of the Corporation issued and outstanding. The purpose of the Stock Option Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board, will be largely responsible for its future growth and success.

The Stock Option Plan contains provisions that limit issuances to *insiders* so that the maximum number of common shares that may be reserved for issuance to *insiders* pursuant to Stock Options granted under the Stock Option Plan (and any other share compensation arrangement) is 10% of the aggregate number of common shares issued and outstanding. The maximum number of common shares that may be issued to *insiders* under the Stock Option Plan and any other share compensation arrangement within a one year period is 10% of the aggregate common shares issued and outstanding; provided that, the maximum number of common shares that may be issued to any one *insider* or such *insider's* associates under the Stock Option Plan within a one year period is 5% of the aggregate number of common shares issued and outstanding. In addition, not greater than 5% of the issued and outstanding common shares may be available for issuance to any one person under the Stock Option Plan. For the purposes of the Stock Option Plan, a "share compensation arrangement" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of common shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.

The exercise price of Stock Options granted under the Stock Option Plan will be fixed by the Board at the time of grant, provided that, such exercise price may not be less than the market price of the common shares on the date of the grant. For the purposes of the Stock Option Plan, the market price means the volume weighted average trading price of the common shares on the TSX for the five (5) trading days prior to the date of the grant (or such other stock exchange in Canada if not then listed and posted for trading on the TSX) and if the common shares are not listed and posted for trading on any stock exchange in Canada, the Board will determine the market price. No common shares will be issued upon the exercise of Stock Options until the full purchase price is received.

Stock Options granted under the Stock Option Plan will vest as determined by the Board and will be exercisable for a period generally not exceeding five (5) or seven (7) years, as determined by the Board, but in any event the option period shall not exceed ten (10) years from the date of grant. The Stock Option Plan provides that subject to the rules and regulations of the TSX and any other applicable laws, the Board may at any time authorize the Corporation to loan money to a Service Provider on such terms and conditions as the Board in its sole discretion may determine, to assist such Service Provider to exercise an option held.

The Stock Option Plan also includes provision for a cashless option exercise right (the "Put Right"). Under the Put Right, optionholders can request that the Corporation purchase for cash all or any part of their Stock Options at a price being the difference between the current market price of the common shares, or a lower price as the Board may determine, and the exercise price of each option. Upon acceptance of the Put Right by the Corporation, the Corporation will deliver a cheque to the exercising optionholder within three (3) business days of receipt of notice exercising this Put Right.

All benefits, rights and options accruing to any participant of the Stock Option Plan in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable. During the lifetime of a Service Provider, all benefits, rights and options may only be exercised by the Service Provider.

If the Corporation amalgamates, consolidates with or merges with or into another unrelated corporation, any common shares receivable on the exercise of an option (whether vested or not) shall be converted into the securities, property or cash which the optionee would have received upon such amalgamation, consolidation or merger if the optionee had exercised his or her option (whether vested or not) immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Stock Option Plan. If a bona fide offer (the "Offer") for common shares is made to the optionee or to shareholders of the Corporation generally, which Offer, if accepted in whole or part, would result in the offeror exercising control over the Corporation, then the Corporation must notify each optionee holding an option of the Offer, with full particulars thereof; whereupon, such option (whether vested or not) may be exercised in whole or in part by the optionee in order that the optionee tenders the common shares received upon such exercise (the "Optioned Shares") pursuant to the Offer. If: (a) the Offer is withdrawn by the offeror; or (b) the optionee does not tender the Optioned Shares pursuant to the Offer; or (c) all of the Optioned Shares tendered by the optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof; then the Optioned Shares or, in the case of subsection (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Corporation and reinstated as authorized but unissued common shares and the terms of the option shall again apply to the option. If any Optioned Shares are returned to the Corporation, the Corporation shall refund the exercise price to the optionee for such Optioned Shares. In no event shall the Optionee be entitled to sell the Optioned Shares otherwise than pursuant to the Offer.

In the event of the death of a participant, all vested and unvested Stock Options held by such participant at the date of death shall be exercisable for six (6) months after the date of death or prior to the expiration of the period during which the option may be exercised, whichever is sooner. If a participant ceases to be employed by (or to be a director or officer of) the Corporation for cause, no Stock Options may be exercised following the date on which such participant ceases to be so employed or ceases to be a director or officer, as the case may be. If a participant voluntarily ceases employment with the Corporation or voluntarily ceases to be a director or officer of the Corporation, then any vested option held by such participant at the effective date thereof shall be exercisable only for seven (7) days after such date, or prior to the expiration of the period during which the option may be exercised, whichever is sooner. If a participant ceases to be employed by or to be a director or officer of the Corporation by way of termination without cause, then any vested option held by such participant at the effective date thereof shall be exercisable for three (3) months after such date or prior to the expiration of the period during which the option may be exercised, whichever is sooner.

The Board has the right to amend, modify or terminate the Stock Option Plan at any time if and when it is advisable in the absolute discretion of the Board. Such right of the Board includes the ability to amend, modify or terminate the following provisions without shareholder or optionee approvals: (a) those persons to whom Stock Options may be granted; (b) general terms of the Stock Options including but not limited to vesting, change to the option period and the manner of exercising Stock Options; (c) exercise of Stock Options upon termination of employment or death; (d) exercise of Stock Options in the event of a takeover bid, amalgamation, consolidation, merger or similar transaction and adjustment in common shares as a result of such events; (e) financial assistance to optionees; (f) general limits on the size of Stock Option grants to certain individuals, including *insiders*; (f) transferability or assignability of Stock Options; and (g) the terms, conditions and exercise of the Put Right.

The Stock Option Plan contains a provision for a Blackout Expiration Period which allows for the term of an option to be extended, if applicable, to include a Blackout Expiration Period. A Blackout Period means, pursuant to the policies of the Corporation, routinely scheduled periods of time and non-routinely schedule periods of time as notified by the Corporation, during which participants of the Stock Option Plan may not trade in the securities of the Corporation. A Blackout Expiration Period means ten (10) days after the end of a Blackout Period if an option period expires during a Blackout Period or the difference between ten (10) days after the end of the option period expiration date if the option period expires within ten (10) days after the end of a Blackout Period.

As of the date of this information circular, 6,938,570 Stock Options have been exercised since inception of the Stock Option Plan (representing 8.30% of the issued and outstanding common shares of the Corporation), there are 6,653,725 Stock Options outstanding (representing 7.96% of the issued and outstanding common shares) and the Corporation may grant 1,706,112 additional Stock Options (representing 2.04% of the issued and outstanding common shares).

<u>Deferred Common Share Plan</u>

The DCS Plan provides effective incentives for the directors, officers and employees of the Corporation to promote the success and business of the Corporation and to reward such directors, officers and employees in relation to the long-term performance and growth of the Corporation by encouraging ownership of common shares.

There are two components to the DCS Plan: (i) a deferred grant to directors of the Corporation of such number of deferred common shares per calendar year which is approved by the Board from time to time; and (ii) a deferred grant to officers and employees of the Corporation who are approved by the Board of such number of deferred common shares per calendar year as is approved by the Board. Compensation is payable pursuant to the DCS Plan in the form of a deferred grant of common shares. A director, officer or employee of the Corporation will not be entitled to elect to be issued any of the common shares which he or she has been granted until a period of three (3) years has passed since the date of grant of such common shares or until the director, officer or employee ceases to be a director, officer or employee of the Corporation, whichever is earlier.

Common shares which a director, officer or employee is entitled to receive pursuant to the DCS Plan will not be issued until the director, officer or employee has delivered to the Corporation an election in writing that the common shares be issued together with payment to the Corporation in the amount of $0.05 for each common share issued. A director, officer or employee shall have no right to receive common shares granted to him or her which have not been issued on the date that is ten (10) years following the date of grant. The DCS Plan provides that the number of deferred common shares that are issuable to a director, officer or employee pursuant to the DCS Plan shall be increased on each date on which a cash dividend is paid to shareholders by an amount equal to the product of the number of the common shares which remain issuable and the fraction which has as its numerator the cash dividend paid, expressed as an amount per common share and which has as its denominator the weighted average trading price of common shares of the Corporation on the TSX for the ten (10) trading days preceding the record date for such dividend.

The total number of common shares issuable pursuant to the DCS Plan, subject to adjustment in accordance with the DCS Plan, including adjustments for cash dividends paid on the common shares, may not exceed 500,000 common shares.

Employee Share Ownership Plan

The Corporation has an employee share ownership plan ("ESOP") pursuant to which all permanent full-time and part-time employees of the Corporation may contribute up to 5% of their gross annual salary to the ESOP, with the Corporation matching the contribution initially on a 100% basis, and thereafter on a pre-defined basis. The Corporation's matching contribution increases after twenty-four (24) months of the Employee's participation to 125%; after 60 months of participation to 150%; and after one hundred and twenty (120) months of participation to 200%. The Corporation, through its appointed independent firm, uses the contributions to acquire common shares on behalf of the employees through open market purchases at the current market price on the TSX. For the year ended December 31, 2008, the Corporation's share of the contribution is recorded as general and administrative expense and amounted to $661,173, where $121,391 of this total was contributed by the Corporation to match the contributions of the Executives. The Corporation's Executives are eligible to participate in the ESOP on the same basis as all other employees of the Corporation.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No director, executive officer or proposed nominee for election as a director, any of their associates or affiliates, or any employee, is or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been 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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interest, direct or indirect, of any Director, any proposed nominee for director or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of any such person in any transaction which was commenced in the last completed financial year of the Corporation or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

AUDIT COMMITTEE

Reference is made to Appendix "E" of the Corporation's Annual Information Form ("AIF") dated March 17, 2009, which information is hereby incorporated by reference. The AIF can be found on SEDAR at www.sedar.com or on the Corporation's website at www.petrobank.com.

CORPORATE GOVERNANCE

The Board and senior management of Petrobank consider sound corporate governance to be a key component in the effective and efficient operation of the Corporation.

Board of Directors

The Board has the responsibility to oversee the conduct of the business of the Corporation and to supervise management who is responsible for the day-to-day conduct of the business of the Corporation. The Board's fundamental objectives are to enhance and preserve long-term shareholder value and to ensure the Corporation meets its obligations on an ongoing basis.

While the Board has delegated the responsibility for day-to-day management of the Corporation to management, the Board has implicitly and explicitly acknowledged its responsibility for the stewardship of the Corporation, including the responsibility for:

(a) approving and monitoring the Corporation's strategic planning through a regular reporting and review process;

(b) the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;

(c) the appointment of the senior executive officers and for succession planning; and

(d) ensuring timely and accurate communications to shareholders of financial and other matters in accordance with applicable laws.

At the Corporation's expense, individual directors may engage outside advisors on any matter, when it considers it necessary or desirable. The Board or any committee of the Board has the sole authority to retain and terminate any such advisors, including sole authority to review an advisor's fees and other retention terms.

Mandate of the Board

The Board and each of its committees have written mandates. Refer to Schedule "A" of this information circular for the full text of the mandate of the Board. The Board has the responsibility to oversee the conduct of the business of the Corporation and has delegated the responsibility for the day-to-day conduct of the business to the President and Chief Executive Officer and other members of management, subject to compliance with plans and objectives that may be approved from time to time by the Board.

Composition of the Board

The Board is currently comprised of nine members, a majority (seven) of whom are considered independent. Messrs. Tocher (Chairman of the Board), Brown, Frank, McCrank, McKinnon, Oaks and Vredenburg are independent directors.

Messrs. Wright and Bloomer are not considered independent directors as they would be considered to have a "material relationship", as defined in Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110"), with the Corporation as Mr. Wright is the current President and Chief Executive Officer and Mr. Bloomer is the Senior Vice President and Chief Operating Officer, Heavy Oil.

Board Meetings

The Board is scheduled to meet quarterly, with additional meetings held as appropriate or required. The Board also meets as necessary to consider specific developments or opportunities as they arise. Where appropriate, key management personnel and professional advisors are invited to attend meetings to speak to these issues.

While the Board does not hold regularly scheduled meetings comprised solely of independent directors, a portion of many Board meetings consist of an *in camera* session of the independent directors, where non-independent directors and members of management of the Corporation are not in attendance.

Board Meeting Attendance

During 2008, the Board held a total of five (5) Board meetings. All directors at the time of such meetings attended each of the Board meetings, with the exception of Mr. Louis L. Frank who attended two (2) out of a total of five (5) Board meetings.

During 2008, the Audit Committee held five (5) meetings, the Compensation Committee held two (2) meetings, and the Reserves Committee held one (1) meeting. All committee members were present at all committee meetings held during 2008.

Members of the Petrobank Board who are Directors of Other Reporting Issuers

The following Board members are directors of other reporting issuers: Mr. Bloomer for Talon International Energy Ltd., Mr. Brown for Bonavista Energy Trust, Stem Cell Therapeutics Corp. Sembiosys Genetics Inc., and Consolidated Westview Resource Corp., Mr. McKinnon for Quorum Information Technologies Inc. and Petrominerales Ltd.; Mr. Oaks for Petrominerales Ltd; and Mr. Wright for Talon International Energy Ltd. and Petrominerales Ltd.

Committees of the Board

The Board has three committees: the Audit Committee, the Reserves Committee, and the Compensation Committee. All of the committees of the Board operate under written mandates.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by Petrobank to any regulatory body or the public; the Corporation's systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally.

The purpose of the Compensation Committee is to assist the Board in fulfilling its responsibility by reviewing and evaluating matters relating compensation of the directors, officers and employees of the Corporation in the context of the budget and business plan of the Corporation.

The primary function of the Reserves Committee is to assist the Board in the selection, engagement and instruction of an independent reserves evaluator for the Corporation, ensuring there is a process in place to provide all relevant reserves data to the independent reserves evaluator and monitoring the preparation of the independent reserves evaluation of the Corporation.

Position Descriptions

The Board has adopted a formal written position description for the President and Chief Executive Officer of the Corporation and for the Chairman of the Board, which sets out the duties and responsibilities of such positions. The President and Chief Executive Officer is charged with the general oversight and management of the Corporation. The Chair of each committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate as set out in the committee terms of reference.

Orientation and Continuing Education

The Board provides an informal orientation program for all new directors. New members of the Board are provided with background information about the Corporation's business, current issues and corporate strategy. New members of the Board also receive a copy of the Corporation's Vision and Values statement. In addition, all directors, both current and new directors, are encouraged to attend, at the expense of the Corporation, applicable educational programs so as to ensure that they are familiar with aspects of the Corporation's operations and assets. Educational programs are also provided for directors on an 'as requested' basis. As well, any director has unrestricted direct access to any member of senior management and their staff at any time.

The Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Board, the size of the Corporation, the nature and scope of the Corporation's business and operations and the experience and expertise of Board members.

Code of Ethics

The Board has adopted an extensive Disclosure, Confidentiality and Trading Policy to which all such persons are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of the Corporation's activities and restricts trading in the securities of the Corporation at times when individuals may be in possession of material non-public information. The Corporation also has written policies in place in respect of conduct, privacy, harassment and whistle-blowing. Compliance with the Corporation's various policies is monitored by management of the Corporation, with reports to the Board, if necessary.

In addition, the Corporation has in place a written Vision and Values statement, which outlines the Corporation's commitment to safety, shareholder value, its employees, the environment and integrity. Management of the Corporation and the Board are of the view that the Vision and Values statement encourages and promotes a culture of ethical business conduct within the Corporation. A copy of the Vision and Values statement can be obtained free of charge by writing to the Senior Vice President and Chief Financial Officer. In light of the foregoing, the Corporation has not adopted a separate formal written code of ethics.

Nomination of Board Members

The full Board performs the function of a nominating committee of the Corporation with the responsibility for the appointment and assessment of directors. All directors are encouraged to identify and put forth potential nominees. The Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Board and the size of the Corporation.

Compensation of Board Members

The Compensation Committee periodically reviews the compensation of the directors, which is discussed under the heading "*Compensation of Directors*".

Board Assessments

The Board as a whole periodically reviews the effectiveness of the Board, its committees, and the contributions of individual Board members. This assessment is often conducted through informal discussion and evaluation of members' contributions.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year. Copies of the documents incorporated herein by reference may be obtained on SEDAR or on request without charge from the Senior Vice President and Chief Financial Officer of the Corporation by submitting a request to the Corporation by telephone (403.750.4400), by fax 403.266.5794), by email: ir@petrobank.com, or by mail to Petrobank Energy and Resources Ltd., 1900, 111 – 5th Avenue SW., Calgary, Alberta, T2P 3Y6, Attention: Senior Vice President and Chief Financial Officer.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

SCHEDULE "A"

PETROBANK ENERGY AND RESOURCES LTD.
MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Petrobank Energy and Resources Ltd. (the "**Corporation**") is responsible for the stewardship of the Corporation. In general terms, the Board will:

A. in consultation with the chief executive officer of the Corporation (the "CEO"), periodically approve the general business strategy of the Corporation;

B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's general business strategy as approved by the Board;

C. discharge the duties imposed on the Board by applicable laws; and

D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

1. require the CEO to periodically present to the Board a strategic plan for the Corporation's business, which plan must:
   (a) be designed to implement the Corporation's general business strategy,
   (b) identify the principal strategic and operational opportunities and risks of the Corporation's business, and
   (c) be approved by the Board as a pre-condition to the implementation of such plans;
2. review progress towards the achievement of the goals established in the strategic, operating and capital plans;
3. identify the principal risks of the Corporation's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
4. approve the annual operating and capital plans;
5. approve issuances of additional common shares or other securities to the public;
6. monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;

Management and Organization

1. appoint the CEO and determine the terms of the CEO's employment with the Corporation;
2. evaluate the performance of the CEO;

3. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;

4. in consultation with the CEO, appoint all officers of the Corporation and approve the terms of any unique or long-term compensation arrangements or severance terms agreed to with senior management;

5. develop a succession plan for senior management positions;

6. generally provide advice and guidance to management;

Finances and Controls

1. use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;

2. monitor the appropriateness of the Corporation's capital structure;

3. in consultation with the CEO, establish and confirm that appropriate ethical standards are observed by all officers and employees of the Corporation;

4. require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;

5. recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;

6. take all necessary actions to gain reasonable assurance that all material financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) represents fairly the Corporation's financial position and performance in accordance with Canadian generally accepted accounting principles;

Governance

1. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,

    (a) selecting nominees for election to the Board,

    (b) appointing a Chairman of the Board who is not a member of management;

    (c) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,

    (d) defining the mandate of each committee of the Board,

    (e) assessing the size and effectiveness of the Board as a whole, each committee of the Board and each director individually,

    (f) providing an appropriate opportunity for any director to engage an outside adviser at the expense of the Corporation;

2. periodically review the adequacy and form of the compensation of directors.

Delegation

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

Meetings

1. The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;

3. minutes of each meeting shall be prepared;

4. the Chief Executive Officer or his designate(s) may be present at all meetings of the Board;

5. Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board;

6. The Board may call meetings without members of management, including members of management who are also directors of the Corporation, in attendance for purposes of discussing and evaluating management's performance and addressing other material issues at the Board's discretion.