



PETROBANK

STRENGTH IN OUR RESOURCES

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

Meeting to be held on Wednesday, May 26, 2010
at 2:00 p.m. (Calgary time) at
The Metropolitan Centre, Main Ballroom
Calgary, Alberta, Canada

April 23, 2010



PETROBANK

STRENGTH IN OUR RESOURCES

Notice of Annual and Special Meeting of Shareholders
to be held on Wednesday, May 26, 2010

The annual and special meeting (“Meeting”) of the shareholders of Petrobank Energy and Resources Ltd. (the “Corporation”) will be held on Wednesday, May 26, 2010 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, 2009, together with the report of the auditors thereon;
- 2) elect the directors of the Corporation for the ensuing year;
- 3) appoint the auditors and authorize the directors to fix their remuneration;
- 4) consider and, if thought fit, pass an ordinary resolution of the shareholders approving and ratifying the Corporation’s incentive share compensation plan;
- 5) consider and, if thought fit, pass an ordinary resolution of the shareholders approving amendments to the Corporation’s stock option plan;
- 6) consider and, if thought fit, pass an ordinary resolution of the shareholders approving all unallocated options under the Corporation’s stock option plan;
- 7) consider and, if thought fit, pass an ordinary resolution of the shareholders ratifying stock options granted pursuant to the Corporation’s stock option plan;
- 8) consider and, if thought fit, pass an ordinary resolution of the shareholders approving amendments to the Corporation's deferred common share compensation plan;
- 9) consider and, if thought fit, pass an ordinary resolution of the shareholders approving and ratifying the Corporation's deferred common share compensation plan for non-employee directors; and
- 10) 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 21, 2010 (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 23, 2010.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read "John D. Wright". The signature is written in a cursive, flowing style with some capitalization.

John D. Wright
President, Chief Executive Officer and Director



PETROBANK

STRENGTH IN OUR RESOURCES

Information Circular for the Annual and Special Meeting of Shareholders
to be held on Wednesday, May 26, 2010

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 and special meeting (“Meeting”) of the holders (“shareholders”) of common shares (“common shares”) of the Corporation to be held on, Wednesday, May 26, 2010, 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 21, 2010 (the “Record Date”) will be entitled to vote at the Meeting, unless that shareholder has transferred any common 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 23, 2010.

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 23, 2010, there were 105,794,131 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 23, 2010, 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 15.6% 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 ten. Accordingly, it is proposed that ten directors be elected at the Meeting to serve until the next annual meeting of shareholders or until their successors are duly elected or appointed. The persons named below are nominees of management for election as directors of the Corporation.

Ian S. Brown
Chris J. Bloomer
Louis L. Frank
M. Neil McCrank
Kenneth R. McKinnon
Jerald L. Oaks
Corey C. Ruttan
R. Gregg Smith
Harrie Vredenburg
John D. Wright

Additional information with respect to each of the ten 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, present and principal occupation and prior occupations within the last five (5) years.

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.

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.

Special Business

Approval of the Corporation's Incentive Share Compensation Plan

The Board of the Corporation determined that it was in the best interests of the Corporation to adopt an incentive share compensation plan (the “**Incentive Share Compensation Plan**”). Petrobank expects that the Incentive Share Compensation Plan will be an integral component of its total compensation program in terms of attracting and retaining key employees and enhancing shareholder value by aligning the interests of management and employees with the growth and profitability of Petrobank. The Board has unanimously approved the adoption of the Incentive Share Compensation Plan. Please see the section herein titled “*Incentive Share Compensation Plan*” for a summary of the terms of the Incentive Share Compensation Plan.

Shareholders will be asked to pass the following resolution (the “**Incentive Share Compensation Plan Resolution**”) at the Meeting, with or without variation, relating to the approval of the Incentive Share Compensation Plan:

“**BE IT RESOLVED THAT** the Incentive Share Compensation Plan of the Corporation, as more particularly described in the information circular of the Corporation dated April 23, 2010, be and is hereby authorized, confirmed, ratified and approved;

BE IT FURTHER RESOLVED THAT the maximum number of the number of common shares of the Corporation that may be reserved for issuance under the Incentive Share Compensation Plan shall not exceed 500,000; and

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the Incentive Share Compensation Plan Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Incentive Share Compensation Plan Resolution. The Board recommends that shareholders vote in favour of the Incentive Share Compensation Plan Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Incentive Share Compensation Plan Resolution at the Meeting.

Approval of Amendments to the Corporation's Stock Option Plan

The Board of the Corporation determined that it was in the best interests of the Corporation to amend the stock option plan of the Corporation (the “**Stock Option Plan**”). The Board has unanimously approved the amendments to the Stock Option Plan described in this information circular. As such, the Corporation is seeking approval from shareholders at the Meeting to make the following amendments to the Stock Option Plan:

- i) Reduce the maximum number of common shares of the Corporation that may be reserved for issuance pursuant to stock options granted under the Stock Option Plan from 10% of the issued and outstanding common shares of the Corporation at the time of reservation to 5% of the issued and outstanding common shares of the Corporation at the time of reservation.
- ii) Replace section 3.09 of the Stock Option Plan in its entirety, with the text set forth below:

“Subject to this section 3.09, the Board may amend, suspend or discontinue the Plan or amend an Option at any time and from time to time without shareholder approval, provided however that no such amendment may, without the consent of the Participant, alter or impair in an adverse manner, any Option previously granted to a Participant under the Plan. Any amendment to the Plan is subject to pre-clearance of such amendment by the Exchange as required.

The Board may not, without approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of holders of Shares, amend the Plan or any Option granted under the Plan to:

(a) increase the maximum number of Shares that may be issued under the Plan or the maximum number or percentage of Shares that may be issued to non-employee directors under the Plan;

(b) reduce the Exercise Price of an outstanding Option (including a cancellation and re-grant of an Option which constitutes a reduction in the Option Price);

(c) extend the expiry date of an outstanding Option or amend the Plan to allow for the grant of an Option with an expiry date of more than 10 (10) years from the grant date;

(d) amend the definition of Participants to expand the categories of individuals eligible for participation in the Plan;

(e) amend Section 3.03 to permit the transferability of Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes; and

(f) amend this section 3.09.

No amendment, suspension, or discontinuance of the Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject.”

- iii) Amend section 3.02 of the Stock Option Plan to add the following as subsection 3.02(e):

“Grants to non-employee directors of the Corporation of incentive shares under the incentive share compensation plan of the Corporation and Options under the Plan shall not exceed an aggregate value in

excess of \$100,000 annually, based on the Market Price at the time of grant of such incentive shares and Options. This limit shall not include deferred common shares of the Corporation granted pursuant to the deferred share compensation plan of the Corporation.”

Shareholders will be asked to pass the following resolutions (the “**Stock Option Plan Amendments Resolution**”) at the Meeting, with or without variation, relating to the amendments to the Stock Option Plan as described above:

“**BE IT RESOLVED THAT** the approval of the amendments to the Stock Option Plan, as more particularly described in the Corporation’s information circular dated April 23, 2010, be and are hereby authorized, ratified, confirmed and approved; and

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the Stock Option Plan Amendments Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Stock Option Plan Amendments Resolution. The Board recommends that shareholders vote in favour of the Stock Option Plan Amendments Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Stock Option Plan Amendments Resolution at the Meeting.

Approval of Unallocated Stock Options under Stock Option Plan

Petrobank, like many other listed companies, has in place a rolling Stock Option Plan. The Toronto Stock Exchange (“TSX”) requires listed companies to seek shareholder approval of all rolling stock option plans on a three year cycle. Therefore, in accordance with TSX requirements, every three (3) years after institution, all unallocated options, rights and other entitlements under any security based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder (commonly referred to as “rolling plans”), must be approved by the majority of the issuer’s directors and the issuer’s security holders. As such, shareholders of Petrobank are being asked at the Meeting to pass an ordinary resolution approving all unallocated options under the Stock Option Plan. The Board has approved the unallocated options under the Stock Option Plan. A detailed summary of the Corporation’s Stock Option Plan can be found under the heading “*Stock Option Plan*.”

If the ordinary resolution approving all unallocated options under the Stock Option Plan is not approved by the shareholders at the Meeting, then currently outstanding options will continue in full force and be unaffected, however, no new grants of options will be made pursuant to the Stock Option Plan and currently outstanding options that are subsequently cancelled or terminated will not be available to be re-granted by the Corporation. Shareholders will be therefore asked at the Meeting to pass the following resolution (the “**Stock Option Plan Resolution**”), with or without variation, relating to the approval of unallocated stock options as described above:

“**BE IT RESOLVED** that all unallocated options, rights and other entitlements under the Corporation’s Stock Option Plan are hereby approved until May 26, 2013; and

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the Stock Option Plan Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Stock Option Plan Resolution. The Board recommends that shareholders vote in favour of the Stock Option Plan Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Stock Option Plan Resolution at the Meeting.

Ratification of Option Grants under the Stock Option Plan since May 2, 2009

In accordance with the policies of the TSX pursuant to the TSX Company Manual, the Corporation was to have had shareholders approve unallocated stock options under the Stock Option Plan on or before May 2, 2009. As shareholder approval was not obtained prior to May 2, 2009, shareholders are required to ratify the grants of stock options made by the Corporation under the Stock Option Plan subsequent to May 2, 2009. The Board unanimously approved the ratification of stock options described in this information circular. The following table sets forth the particulars of the stock options granted by the Corporation subsequent to May 2, 2009, which equal, in aggregate, 1,039,375 stock options, representing 0.98% of the issued and outstanding common shares of the Corporation, as of the date of this information circular.

Recipient	# of Stock Options granted	Date of Grant	Exercise Price	Expiry
Louis Frank, Director	10,000	22-May-2009	\$32.72	22-May-2019
Harrie Vredenburg, Director	10,000	22-May-2009	\$32.72	22-May-2019
M. Neil McCrank, Director	10,000	22-May-2009	\$32.72	22-May-2019
Ian S. Brown, Director	10,000	22-May-2009	\$32.72	22-May-2019
Kenneth R. McKinnon	10,000	22-May-2009	\$32.72	22-May-2019
James Tocher, Director	10,000	22-May-2009	\$32.72	22-May-2019
Jerald L. Oaks, Director	10,000	22-May-2009	\$32.72	22-May-2019
Andrew Grasby, Corporate Secretary	7,500	22-May-2009	\$32.72	22-May-2019
Employees of the Corporation	12,000	22-May-2009	\$32.72	22-May-2014
Employees of the Corporation	40,500	21-Aug-2009	\$37.28	21-Aug-2014

Consultant	32,000	21-Aug-2009	\$37.28	21-Aug-2014
Employees of the Corporation	20,000	14-Sep-2009	\$42.99	14-Sep-2014
Employees of the Corporation	71,000	1-Oct-2009	\$43.32	1-Oct-2014 or 1-Oct-2016
Employees of the Corporation	88,500	23-Nov-2009	\$50.08	23-Nov-2014
Employees of the Corporation	41,000	26-Nov-2009	\$49.66	26-Nov-2014
Employees of the Corporation	27,000	14-Dec-2009	\$49.83	14-Dec-2014
Employees of the Corporation	219,000	24-Dec-2009	\$49.67	24-Dec-2014 or 24-Dec-2016
John D. Wright, President and Chief Executive Officer	56,250	24-Dec-2009	\$49.67	24-Dec-2019
Corey C. Ruttan, Senior Vice President and Chief Financial Officer	43,750	24-Dec-2009	\$49.67	24-Dec-2019
Chris J. Bloomer, Senior Vice President and COO, Heavy Oil	43,750	24-Dec-2009	\$49.67	24-Dec-2019
Allen Knight, Vice President, New Ventures	31,250	24-Dec-2009	\$49.67	24-Dec-2019
Andrea Hatzinikolas, General Counsel and Asst. Corporate Secretary	31,250	24-Dec-2009	\$49.67	24-Dec-2019
Employees of the Corporation	57,125	22-Jan-2010	\$53.73	22-Jan-2015 or 22-Jan-2017
Employees of the Corporation	95,000	26-Mar-2010	\$55.29	26-Mar-2015
Employees of the Corporation	22,500	7-Apr-2010	\$56.91	7-Apr-2015
Employees of the Corporation	30,000	14-Apr-2010	\$54.97	14-Apr-2015

Shareholders will be therefore asked to pass the following resolution (the “**Ratification Resolution**”) at the Meeting, with or without variation, relating to the approval of stock options granted subsequent to May 2, 2009 as described above:

“**BE IT RESOLVED THAT** the all stock options granted by the Corporation under the Stock Option Plan subsequent to May 2, 2009, as more particularly described in the Corporation’s information circular dated April 23, 2010, are hereby ratified and confirmed.

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the Ratification Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Ratification Resolution. The Board recommends that shareholders vote in favour of the Ratification Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Ratification Resolution at the Meeting.

Approval of Amendments to the Corporation’s DCS Plan

The Board of the Corporation determined that it was in the best interests of the Corporation to amend the deferred common share compensation plan of the Corporation (the “**DCS Plan**”) as more particularly described below. The Board of the Corporation has unanimously approved the amendments to the DCS Plan as more particularly set forth in this information circular, such amendments to the DCS Plan consisting of:

- i) Exclude participation by non-employee directors in the DCS Plan.
- ii) Add a specific amendment provision to the DCS Plan, as set forth below:

“The Board reserves the right, without shareholder approval, to amend, modify or terminate the Plan and to amend or modify any agreement entered into between the Corporation and a Participant relating to deferred Common Shares (“**DCS Agreement**”) at any time if and when it is advisable in the absolute discretion of the Board, except that:

- i) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Deferred Common Shares; and
- ii) the approval of the holders of the Common Shares of the Corporation must be obtained for any amendment that would have the effect of:
 - a) increasing the number of deferred Common Shares that may be granted under the Plan;
 - b) increasing the number of Common Shares that may be reserved for issuance under the Plan;
 - c) amending the Plan to permit the transferability or assignability of deferred Common Shares, except for normal estate settlement purposes,
 - d) reducing the payment required to be made by a Participant to the Corporation in the amount of \$0.05 for each Common Share issued pursuant to deferred Common Shares held;
 - e) extending the term of deferred Common Shares granted beyond their original expiry date;
 - f) changing the limits to the grant of deferred Common Shares already established herein with respect to Insiders;
 - g) amending the eligible participants in the Plan that would permit the introduction of participation of non-employee directors in the Plan on a discretionary basis; and
 - h) amending the amendment provision contained in Article 13 of the Plan.

Any amendment to any provision of the Plan or the DCS Agreement shall be subject to the approval, if required, of the TSX or any regulatory body having jurisdiction over the Common Shares of the Corporation.”

Shareholders will be therefore asked to pass the following resolution (the “**DCS Amendments Resolution**”) at the Meeting, with or without variation, relating to the approval as described above:

“**BE IT RESOLVED THAT** the approval of the amendments to the DCS Plan, as more particularly described in the Corporation’s information circular dated April 23, 2010, be and is hereby authorized, ratified, confirmed and approved; and

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the DCS Amendments Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the DCS Amendments Resolution. The Board recommends that shareholders vote in favour of the DCS Amendments Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the DCS Amendments Resolution at the Meeting.

Approval of the Corporation’s Non-Employee Directors DCS Plan

The Board of the Corporation determined that it was in the best interests of the Corporation to adopt a non-employee directors deferred compensation plan (the “**Non-Employee Directors DCS Plan**”), with participation in the Non-Employee Directors DCS Plan limited to non-employee directors of the Corporation only.

The Corporation has established the Non-Employee Directors DCS Plan for non-employee directors to enhance Petrobank’s ability to attract and retain high quality individuals to serve as members of the Board and to promote a greater alignment of interests between non-employee directors and the Corporation’s shareholders. The Non-Employee Directors DCS Plan will be used in lieu of cash compensation for non-employee directors of the Corporation. When compensating the Board of Directors, the Corporation endeavours to strike an appropriate and effective balance between cash compensation and equity. The Board of Petrobank believes that directors can better represent shareholders if they are shareholders themselves. The Board has unanimously approved the adoption of the Non-Employee Directors DCS Plan. Please see the section herein titled “*Non-Employee Directors DCS Plan*” for a summary of the terms of the Non-Employee Directors DCS Plan.

Shareholders will be asked to pass the following ordinary resolution (the “**Non-Employee Directors DCS Plan Resolution**”) at the Meeting, with or without variation, relating to the approval of the Non-Employee Directors DCS Plan:

“**BE IT RESOLVED THAT** the Non-Employee Directors DCS Plan as more particularly described in the Corporation’s information circular dated April 23, 2010, be and is hereby authorized, confirmed, ratified and approved;

BE IT FURTHER RESOLVED THAT the maximum number of the number of common shares of the Corporation that may be reserved for issuance under the Non-Employee Directors DCS Plan shall not exceed 500,000; and

BE IT FURTHER RESOLVED THAT any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be approved, the Non-Employee Directors DCS Plan Resolution must be approved by an ordinary resolution of the shareholders, being a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the Non-Employee Directors DCS Plan Resolution. The Board recommends that shareholders vote in favour of the Non-Employee Directors DCS Plan Resolution.

Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the Non-Employee Directors DCS Plan Resolution at the Meeting.

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	Principal Occupation During Last Five Years
Chris J. Bloomer Alberta, Canada Senior Vice President and Chief Operating Officer, Heavy Oil and Director	353,500	March 12, 2007	Mr. Bloomer has been the Senior Vice President and Chief Operating Officer, Heavy Oil and Director of Petrobank since May 2007. Prior thereto, Mr. Bloomer was Vice President Heavy Oil and Chief Financial Officer of Petrobank.
Ian S. Brown ⁽¹⁾ Alberta, Canada Director	40,000	March 18, 2005	Mr. Brown is a Chartered Accountant with over 20 years experience in the capital markets. Mr. Brown was a Senior Managing Director at Raymond James Ltd. (and predecessor companies) from 1995 to 2005 and previously was Executive Vice President at the Alberta Stock Exchange. Mr. Brown has been a director of the Company since March 18, 2005 and a director of PetroBakken since October 2009.

Name of Nominee, Location of Residence and Position	Number of Common Shares Beneficially Owned or Controlled	Director Since	Principal Occupation During Last Five Years
Louis L. Frank New Hampshire, USA Director	419,589	September 27, 1993	Mr. Frank has been a director of Petrobank September 1993. Since 1992, Mr. Frank has been an independent consultant and President of Recco Inc., an oil and gas development and real estate development company.
M. Neil McCrank ⁽²⁾⁽³⁾ Alberta, Canada Director	1,200	November 25, 2008	Mr. McCrank was appointed to the Board of Directors of Petrobank in November, 2008. In June 2008, M. McCrank was appointed as Counsel to 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	208,399	March 14, 2000	Mr. McKinnon has been a director of the Company since March 2000, a director of Petrominerales since May 2006 and a director of PetroBakken since October 2009. Mr. McKinnon holds the position of Vice President Legal and General Counsel of Critical Mass Inc., a website design company.
Jerald L. Oaks ⁽²⁾ Colorado, USA Chairman of the Board	328,200	September 27, 1993	On June 15, 2009, Mr. Oaks assumed the position of Chairman of the Board subsequent to Mr. James D. Tocher's passing. Mr. Oaks has been a director of Petrobank since September 1993 and a director of Petrominerales since May 2006. He is a Professional Engineer and President of Oaks Resources Management Inc. since June 1986.
Corey C. Ruttan, Alberta, Canada Director	436,381	April 23, 2010	Mr. Ruttan was appointed a Director of Petrobank on April 23, 2010, and has been the Senior Vice President Finance and Chief Financial Officer of Petrobank since November 2008. Mr. Ruttan has been the Executive Vice President, Chief Financial Officer and a Director of PetroBakken Energy Ltd. since July 30, 2009. Mr. Ruttan was the Vice President Finance and Chief Financial Officer of Petrobank from May 2007 to November 2008; Vice President Finance of Petrobank from May 2006 to May 2007; Vice President, Finance and Chief Financial Officer of Petrominerales Ltd. since May 2006; and Director of Corporate Finance and Investor Relations of Petrobank from July 2003 to May 2006.
R. Gregg Smith Alberta, Canada Director	227,837	November 11, 2009	Mr. Smith is the President and Chief Operating Officer of PetroBakken. Prior thereto, Mr. Smith was the Senior Vice President and Chief Operating Officer, Canada of Petrobank since November 2008 and the Vice President, Canada from March of 2003 to November 2008. Mr. Smith was appointed as a director of the Corporation on November 11, 2009.

Name of Nominee, Location of Residence and Position	Number of Common Shares Beneficially Owned or Controlled	Director Since	Principal Occupation During Last Five Years
Harrie Vredenburg ⁽¹⁾⁽³⁾ Alberta, Canada Director	6,797	May 2, 2006	Dr. Harrie Vredenburg is Professor of Strategy at the University of Calgary's Haskayne School of Business and is the Suncor Energy Chair in Competitive Strategy and Sustainable Development, a Haskayne research chair affiliated with the University's Institute for Sustainable Energy, Environment & Economy. He also holds an appointment as an International Research Fellow at Oxford University's Saïd Business School in the UK. Dr. Vredenburg has been a director of the Company since May 2, 2006.
John D. Wright ⁽²⁾ Alberta, Canada President, Chief Executive Officer and Director	3,704,133	March 14, 2000	Mr. Wright has been President and Chief Executive Officer and a director of Petrobank since March 2000. Mr. Wright is also the President and Chief Executive Officer and a director of Petrominerales Ltd. and Chairman of the Board of Directors and Chief Executive Officer of PetroBakken.

Notes:

1. Member of the Audit Committee.
2. Member of the Reserves Committee.
3. Member of the Compensation Committee.
4. Mr. James D. Tocher was the Chairman of the Board until his passing on June 14, 2009.

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 Canadian Energy Exploration Inc. ("CEE") (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSX Venture Exchange. A cease trade order (the "ASC Order") was issued on May 7, 2008 against CEE by the Alberta Securities Commission ("ASC") for the delayed filing of CEE'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 CEE on SEDAR on May 8, 2008. As a result of the Order, the TSX Venture Exchange suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission ("BCSC") issued a cease trade order (the "BCSC Order") against CEE for the failure of CEE to file its audited annual financial statements and management's discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management's discussion and analysis for the three months ended March 31, 2009.

CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

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 as at December 31, 2009 and those individuals that who would be a Named Executive Officer but for the fact that the individual was not an Executive as at December 31, 2009 (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, 2009.

Composition of the Compensation Committee

The members of the Compensation Committee of the Board are Kenneth R. McKinnon (Chairman), M. Neil McCrank 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 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”), deferred common shares (“DCS”) granted pursuant to the Corporation’s deferred common share plan (“DCS Plan”) and incentive shares (“Incentives”) granted pursuant to the incentive share compensation plan (“Incentive Share Compensation 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, DCS and Incentives 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, department 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, 2009 and in early 2010 held two (2) meetings relating to Executive compensation for the 2009 year. All Compensation Members were present at all of the Compensation Committee meetings held in 2009 and 2010. In addition, in early 2009, 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 with reference to overall performance of the Corporation.

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 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 2009 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 may consider 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 and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by independent third party surveys and any compensation consultant.

Compensation Consultant

In early 2009, 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 and provide independent survey data. The Compensation Consultant made recommendations for modifications to Executive compensation which were implemented by the Corporation. 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, 2009, the Compensation Peer Group surveyed were: ARC Energy Trust, Baytex Energy Trust, Bonavista Energy Trust, Enerplus Resources Fund, Penn West Energy Trust, Pengrowth Energy, NAL Oil & Gas Trust, Provident Energy Ltd., Crescent Point Energy Corp., and Vermillion Energy Trust.

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. For 2009, the base salary of the President and Chief Executive Officer was \$310,000, the base salary of the Senior Vice President and Chief Financial Officer was \$260,000, the base salary of the Senior Vice President and Chief Operating Officer, Heavy Oil was \$260,000, the base salary of the Senior Vice President and Chief Operating Officer, Canada was \$260,000, the base salary of the Vice President, Operations was \$200,000 and the base salary of the Vice President, New Ventures was \$200,000.

The base salaries of the Senior Vice President and Chief Operating Officer and the Vice President, Operations, are reported above on an annualized basis; however, each of these particular Executives was employed by Petrobank during 2009 from January 1, 2009 until September 30, 2009, at which time they commenced their employment with PetroBakken Energy Ltd. (“PetroBakken”), a 58% owned subsidiary of Petrobank. PetroBakken commenced trading on the TSX on October 6, 2009. From the period commencing October 1, 2009 to December 31, 2009, the base salaries of the Senior Vice President and Chief Operating Officer, Canada and the Vice President, Operations were paid by PetroBakken.

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 2009, 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. Bonus amounts are typically evaluated and paid in the mid-first quarter of each financial year in relation to the performance of the Executive for the prior year.

For the year ended December 31, 2009, the Compensation Committee approved the payment of an aggregate of \$400,000 in cash bonuses for the NEOs of the Corporation, excluding the bonuses of the Senior Vice President and Chief Operating Officer, Canada and the Vice President, Operations which were paid by PetroBakken and were comprised of an aggregate of \$200,000.

Cash bonuses for the 2009 year ranged between 32% and 71% 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.

Long Term Incentive Plans

The Corporation uses both its Stock Option Plan, Incentive Share Compensation 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, Incentives, and DCS 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*", "*Incentive Share Compensation Plan*", "*DCS 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 2009 was valued at \$35,484, 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 have always been encouraged to invest in the Corporation and have historically maintained high levels of 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, Incentives or deferred common shares. As of the date hereof, all of the Executives have attained the required level of share ownership required by the equity ownership guidelines.

Although the Corporation does not have formal equity ownership guidelines for the Board of Directors, the Corporation believes that by allowing director participation in certain share based compensation programs of the Corporation and awarding the directors deferred common shares pursuant to the Non-Employee Directors Compensation Plan in lieu of cash compensation, the Board is encouraged to invest in the Corporation. The Corporation believes that its directors can better represent shareholders if they are shareholders themselves and that equity ownership in the Corporation promotes a greater alignment of interests between the non-employee directors and shareholders. As of the date of this information circular, the equity interest of each member of the Board exceeded three (3) times each director's annual cash retainer, based on the same equity ownership calculations used for Executives.

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.

Name	Equity Ownership Guideline		Equity Ownership Value					Guideline Met or Investment Required to Meet Guideline
	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	
John D. Wright	5	2,000,000	197,083,534	5,749,014	1,943,250	204,775,799	102.4	Yes
Chris J. Bloomer	3	900,000	18,318,370	958,929	7,773,000	27,050,299	30.1	Yes
Corey C. Ruttan	3	900,000	22,613,263	1,083,660	7,773,000	31,469,923	35.0	Yes
Allen Knight	1	210,000	281,590	43,788	1,295,500	1,620,878	7.7	Yes

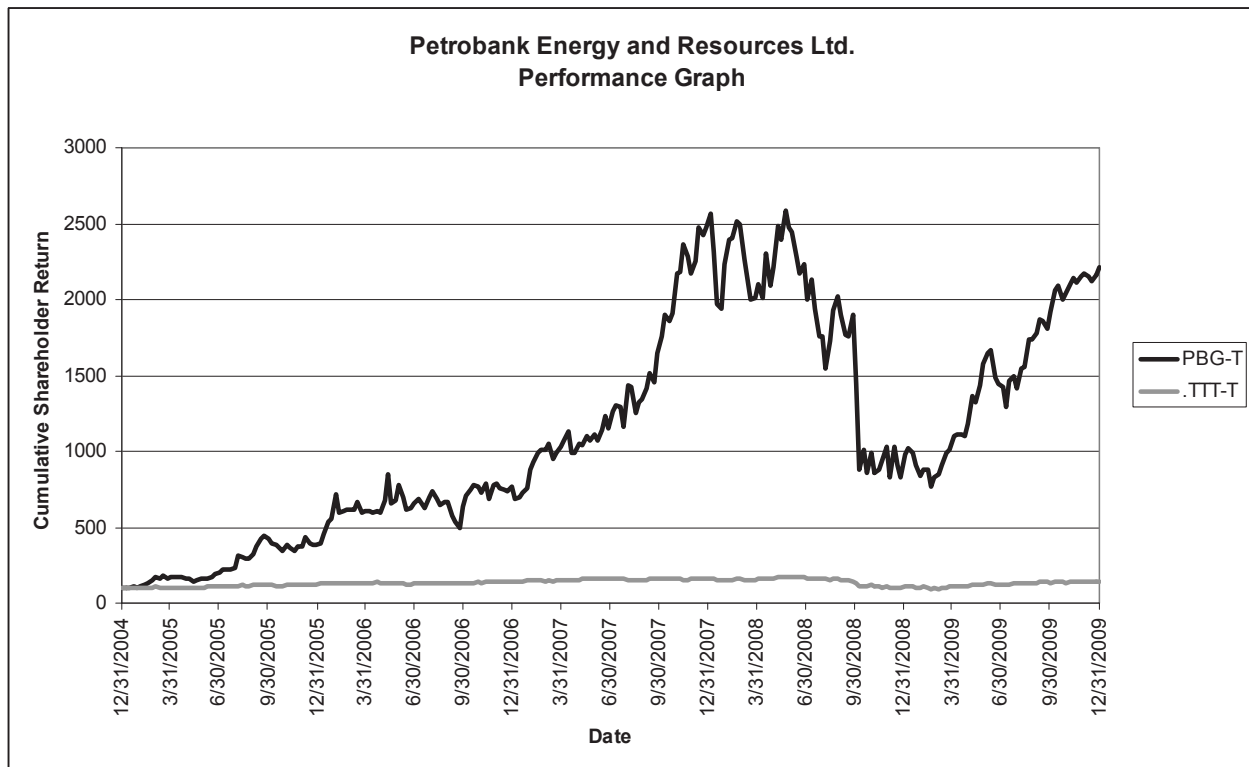
Notes:

1. Calculated based on the closing price of the common shares on the TSX on April 21, 2010 (being \$51.82).
2. The value of deferred common shares under the DCS Plan and vested Stock Options was calculated based on the full value of the underlying common shares, using the closing price of the common shares on the TSX on April 21, 2010 (being \$51.82).

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).

The five year cumulative shareholder return achieved by the Corporation demonstrates exceptional growth and extremely positive shareholder return for the Corporation's shareholders in general and relative to the performance of the S&P/TSX Composite Index during the same time period. The trend in the Corporation's Executive compensation over the same period is characterized by increases in Executive base salary and long term incentives reflecting the performance of the individual Executive in the context of strong corporate-wide performance.



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, 2009, 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*, including those individuals that who would be a Named Executive Officer but for the fact that the individual was not an Executive as at December 31, 2009.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Share-Based Awards ⁽³⁾ (\$)	Option-Based Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation	All other Compensation ⁽⁶⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans ⁽⁵⁾ (\$)		
CHRIS J. BLOOMER Senior Vice President and Chief Operating Officer Heavy Oil, and Director	2009	295,808	248,893	492,656	100,000	20,614	1,157,971
	2008	240,835	111,533	3,344,343	80,000	19,354	3,796,065
	2007	207,658	138,902	nil	45,000	16,433	407,993
ALLEN E. KNIGHT⁽⁸⁾ Vice President, New Ventures	2009	216,181	46,685	351,897	100,000	4,152	718,915
RENE LAPRADE⁽²⁾⁽⁵⁾ Vice President, Operations	2009	160,466	nil	nil	75,000	3,296	238,762
	2008	176,754	206,335	2,209,233	60,000	Nil	2,652,322
COREY C. RUTTAN⁽⁷⁾ Senior Vice President and Chief Financial Officer	2009	287,211	326,628	492,656	100,000	5,340	1,211,835
	2008	238,489	133,839	2,202,667	80,000	5,270	2,660,265
	2007	183,413	138,902	2,201,723	51,666	5,270	2,580,974
R. GREGG SMITH⁽⁵⁾ Senior Vice President and Chief Operating Officer, Canada	2009	207,240	nil	nil	75,000	3,786	286,026
	2008	224,784	133,839	3,746,862	80,000	4,584	4,190,069
	2007	186,786	138,902	nil	55,000	4,570	385,258
JOHN D. WRIGHT⁽⁷⁾ President, Chief Executive Officer, and Director	2009	336,236	427,732	633,415	100,000	13,819	1,511,202
	2008	273,481	245,372	2,044,009	80,000	13,431	2,656,293
	2007	261,527	231,503	nil	51,666	11,315	556,011

Notes:

- Salary, for the purposes of the Summary Executive Compensation Table includes, certain taxable benefits paid by the Corporation on behalf of the Named Executive Officers, including, but not limited to: parking and employee share purchase plan.
- Mr. LaPrade commenced employment with the Corporation on January 30, 2008.
- Share based awards consist of deferred common shares granted pursuant to the DCS Plan. The fair value of deferred common shares 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 “DCS Plan”.
- 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”.
- The amount shown for the 2009 base salary of Messrs. Smith and LaPrade and in the column titled ‘Annual Incentive Plan’ is the base salary and cash bonus award to each of the Named Executive Officer for individual and corporate performance during the year. Base salaries for 2009 and bonus amounts awarded to Messrs. Smith and LaPrade have been pro-rated in this table to reflect their employment by Petrobank for the period in 2009 commencing January 1, 2009 and ending September 30, 2009. Messrs. Smith and LaPrade become employees of PetroBakken, a 58% owned subsidiary of Petrobank, on October 1, 2009 and their base salaries for October 1, 2009 to December 31, 2009 were paid by PetroBakken. However, PetroBakken paid the entire 2009 bonus amount awarded to Messrs. Smith and LaPrade.

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.
7. A portion of the base salaries of Messrs. Wright and Ruttan is considered to be associated with the services they provide to PetroBakken and Petrominerales pursuant to the Management Services Agreements between the Corporation and each of PetroBakken and Petrominerales. See the section titled “*Management Services Agreements*” herein.
8. Mr. Knight commenced employment with the Corporation on November 6, 2008.

Executive Share Based Compensation Plan Awards

Outstanding share-based awards and option based awards for the year ending December 31, 2009

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, 2009.

Name	OPTION-BASED AWARDS				SHARE-BASED AWARDS	
	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	50,000	17.59	15-Dec-16	1,681,000	12,000	613,920
	187,500	48.53	31-Mar-18	502,500		
	37,500	22.58	12-Dec-18	1,073,625		
	43,750	49.67	24-Dec-2019	67,375		
Allen E. Knight	120,000	19.60	21-Nov-2018	3,793,200	nil	nil
	31,250	49.67	24-Dec-2019	48,125		
Rene LaPrade	nil	nil	nil	nil	9,250	473,230
Corey C. Ruttan	50,000	17.59	15-Dec-16	1,681,000	13,500	690,660
	150,000	36.01	28-Sep-17	2,280,000		
	75,000	48.53	31-Mar-18	201,000		
	37,500	43.89	25-Aug-18	274,500		
	37,500	22.58	12-Dec-18	1,073,625		
43,750	49.67	24-Dec-2019	67,375			
R. Gregg Smith	37,500	17.59	15-Dec-16	1,260,750	13,500	690,660
John D. Wright	350,000	4.15	21-Mar-10	16,471,000	24,200	1,238,072
	50,000	17.59	15-Dec-16	1,681,000		
	100,000	48.53	31-Mar-18	268,000		
	50,000	22.58	12-Dec-18	1,431,500		
	56,250	49.67	24-Dec-2019	86,625		

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, 2009, being \$51.21.
2. The market value of Incentives that have not yet vested is calculated for unvested deferred common shares based on the difference \$0.05 and the closing price of the common shares on the TSX on December 31, 2009, being \$51.21.

Share Based Compensation Awards – Value Vested or Earned During the Year Ended December 31, 2009

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⁽³⁾ (\$)
Chris J. Bloomer	399,500	50,580	100,000
Allen E. Knight	875,700	nil	100,000
Rene LaPrade ⁽⁴⁾	nil	nil	75,000
Corey C. Ruttan	546,500	37,935	100,000
R. Gregg Smith ⁽⁴⁾	399,500	50,580	75,000
John D. Wright	2,518,500	101,160	100,000

Notes:

- 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 2009, on the date of vesting.
- Share based awards consist of deferred common shares 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.
- 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.
- The non-equity incentive plan compensation for Messrs. LaPrade and Smith is reported on a pro-rated basis to reflect their employment by Petrobank for the period in 2009 commencing January 1, 2009 and ending September 30, 2009. Messrs. Smith and LaPrade become employees of PetroBakken, a 58% owned subsidiary of Petrobank, on October 1, 2009, however, PetroBakken paid the entire 2009 bonus amount awarded to Messrs. Smith and LaPrade.

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 who were Executives of the Corporation as at December 31, 2009, 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 Executive Compensation Table*”.

A change of control for the purposes of the Corporation’s employment agreements generally means any change in the holding of the common 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 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, 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 share based compensation 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 share based compensation components) multiplied by two (2).

Vice President, New Ventures

The Vice President, New Ventures, 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, New Ventures 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 share based compensation 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 who were Named Executive Officers as at December 31, 2009, 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, 2009. The disclosed values represent payments made pursuant to the terms of the employment agreements.

Name	WITHOUT A CHANGE OF CONTROL			WITH A CHANGE OF CONTROL
	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	1,216,140	nil	1,216,140
Corey C. Ruttan	nil	686,273	nil	686,273
Chris J. Bloomer	nil	670,455	nil	670,455
Allen E. Knight ⁽¹⁾	nil	200,000	nil	200,000

Notes:

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

Summary Termination and Change of Control Benefits pursuant to Employment Agreements and Share Based Compensation 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 deferred common shares 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 headings "*Stock Option Plan*" "*Incentive Share Compensation Plan*" and "*DCS Plan*".

Termination Event	Description
<i>Resignation</i>	All salary, perquisites, and benefit programs cease as at the effective date of resignation. Annual cash and share bonuses are no longer paid. Stock Options and Incentives that are unvested and 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.
<i>Retirement</i>	All salary, perquisites, and benefit programs cease as at effective date of retirement. Annual cash and share bonuses are no longer paid. Stock Options and Incentives that are unvested and outstanding as at effective date of retirement are cancelled. Stock Options and Incentives that are vested and outstanding as at effective date of retirement must be exercised within seven (7) days from effective date of retirement.
<i>Death</i>	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 Stock Options and Incentives that are unvested immediately vest. All Stock Options and Incentives outstanding as at date of death must be exercised within six (6) months from the date of death.
<i>Termination without cause</i>	All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Stock Options and Incentives that are unvested and outstanding on effective date of termination are cancelled. Stock Options and Incentives that are vested and 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.
<i>Termination for cause</i>	All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Stock Options and Incentives that are unvested and outstanding as at the effective date of termination are cancelled. Stock Options and Incentives that are vested and outstanding as at the effective date of termination must be exercised prior to the effective date of termination.

Incremental Payment pursuant to Share Based Compensation 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, 2009.

Name	Value of Accelerated Stock Option vesting⁽¹⁾ (\$)	Value of Accelerated DCS vesting⁽²⁾ (\$)
John D. Wright	2,206,375	1,238,072
Corey C. Ruttan	2,606,750	690,660
Rene LaPrade	nil	473,230
R. Gregg Smith	nil	690,660
Chris J. Bloomer	1,862,750	613,920
Allen E. Knight	2,893,025	nil

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 common shares on the TSX on December 31, 2009, being \$51.21) and the exercise price of the Stock Option on the vesting date.
2. Represents the incremental aggregate net benefit relating to deferred common shares that the Named Executive Officer would have received upon the triggering event, based on the closing price of the common shares on the TSX on December 31, 2009, being \$51.21.

Compensation of Directors

General

Each of the non-employee 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-employee 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.

Directors' Compensation Table

The Board approved the following compensation to non-management directors in 2009.

Name	Cash Fees Earned (\$)	Share-Based Awards⁽¹⁾ (\$)	Option-Based Awards⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Total (\$)
Ian S. Brown	17,500	89,865	106,245	nil	213,610
Louis F. Frank	50,000	nil	106,245	nil	156,245
M. Neil McCrank	10,000	65,356	106,245	nil	181,601
Kenneth R. McKinnon	15,000	93,950	106,245	nil	215,195
Jerald L. Oaks	62,500	nil	106,245	nil	168,745
James D. Tocher	75,000	nil	106,245	nil	181,245
Harrie Vredenburg	10,000	89,865	106,245	nil	206,110

Notes:

1. Share-based awards consist of deferred common shares granted pursuant to the DCS Plan. The fair value of deferred common shares 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 “*DCS Plan*” herein.

Directors' Share Based Compensation 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, 2009 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2009.

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	\$176,800	nil	nil
Louis F. Frank	\$176,800	nil	nil
M. Neil McCrank	\$120,800	nil	nil
Kenneth R. McKinnon	\$176,800	nil	nil
Jerald L. Oaks	\$176,800	nil	nil
James D. Tocher ⁽³⁾	\$176,800	nil	nil
Harrie Vredenburg	\$176,800	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 Director would have received had the Director exercised their vested Stock Options in 2009, on the date of vesting.
2. Share based awards consist of deferred common shares granted pursuant to the DCS Plan. This column shows the aggregate net benefit the director would have received had the Director elected to receive those common shares underlying their vested deferred common shares on the date of vesting.
3. Upon his passing on June 14, 2009, all Stock Options and deferred common shares held by Mr. Tocher were vested and subsequently exercised by Mr. Tocher’s estate.

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, 2009.

Name	OPTION-BASED AWARDS				SHARE-BASED AWARDS	
	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	30,000	4.15	21-Mar-2010	1,411,800	3,850	196,966
	10,000	14.39	14-Jun-2016	368,200		
	10,000	24.98	25-May-2017	262,300		
	10,000	58.52	29-May-2018	nil		
	10,000	32.72	22-May-2019	184,900		
Louis F. Frank	10,000	14.39	14-Jun-2016	368,200	nil	nil
	10,000	24.98	25-May-2017	262,300		
	10,000	58.52	29-May-2018	nil		
	10,000	32.72	22-May-2019	184,900		
M. Neil McCrank	35,000	19.99	25-Nov-2018	1,092,700	2,000	102,320
	10,000	32.72	22-May-2019	184,900		
Kenneth R. McKinnon	40,000	4.15	21-Mar-2010	1,882,400	4,025	206,120
	10,000	14.39	14-Jun-2016	368,200		
	10,000	24.98	25-May-2017	262,300		
	10,000	58.52	29-May-2018	nil		
	10,000	32.72	22-May-2019	184,900		
Jerald L. Oaks	10,000	14.39	14-Jun-2016	368,200	nil	nil
	10,000	24.98	25-May-2017	262,300		
	10,000	58.52	29-May-2018	nil		
	10,000	32.72	22-May-2019	184,900		
James D. Tocher	10,000	58.52	29-May-2018	nil	nil	nil
Harrie Vredenburg	40,000	14.39	14-Jun-2016	1,472,800	3,850	196,966
	10,000	24.98	25-May-2017	262,300		
	10,000	58.52	29-May-2018	nil		
	10,000	32.72	22-May-2019	184,900		

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, 2009, being \$51.21.
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, 2009, being \$51.21.

**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, 2009, 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	4,091,079	\$28.34/share	5,270,617
- Deferred Share Compensation Plan	204,310	\$0.05/share	247,190
Equity compensation plans not approved by shareholders			
- Incentive Share Compensation Plan ⁽¹⁾	nil	N/A	500,000
- Non-Employee Directors Share Compensation Plan ⁽¹⁾	nil	N/A	500,000
Total	4,295,389	\$26.99/share	6,517,807

Notes:

- For clarity, the Incentive Share Compensation Plan and the Non-Employee Directors Share Compensation Plan were not adopted by the Corporation until April 23, 2010, and as such these share based compensation plans are included in this table for reference purposes.

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"). As of the date of this information circular, 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. At the Meeting, shareholders will be asked to approve certain amendments to the Stock Option Plan, including a reduction in the percentage of issued and outstanding common shares that may be subject to stock options from 10% to 5%.

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, except to permit a transfer to a family member, an entity controlled by the Service Provider or a family member, a charity or for estate planning or estate settlement purposes. 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. At the Meeting, shareholders will be asked to approve a new amendment provision for the Stock Option Plan.

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, 9,165,862 Stock Options have been exercised since inception of the Stock Option Plan (representing 8.67% of the issued and outstanding common shares of the Corporation), there are 3,344,638 Stock Options outstanding (representing 3.16% of the issued and outstanding common shares) and the Corporation may grant 7,222,959 additional Stock Options (representing 6.84% of the issued and outstanding common shares).

At the Meeting, shareholders will be asked to approve certain amendments to the Stock Option Plan. See “*Approval of Amendments to the Corporation’s Stock Option Plan*”.

Incentive Share Compensation Plan

The Corporation adopted the Incentive Share Compensation Plan respecting the common shares of the Corporation effective April 23, 2010, for the purpose of providing effective incentives for the directors, officers, service providers and employees of the Corporation and its affiliates (collectively, the “**Participants**”), to promote the success and business of the Corporation and to reward such Participants in relation to the long-term performance and growth of the Corporation by encouraging ownership of common shares. Compensation is payable pursuant to the Incentive Share Compensation Plan in the form of incentive shares (“**Incentives**”). Under the Incentive Share Compensation Plan, the Board of Petrobank may grant Incentives to such Participants as it chooses in such numbers as it chooses. The Incentives vest over time and, upon vesting, each one (1) vested Incentive is entitled to redeemed for one (1) common share.

Incentives will vest over time in accordance with the vesting provisions set forth in the Incentive agreement between the Participant and the Corporation. A Participant will not be entitled to elect to be issued any of the common shares which he or she is entitled pursuant to their Incentives until such time as the Incentive grant has vested in accordance with the vesting terms provided for in the Incentive agreement between the Participant and the Corporation.

Common shares which a Participant is entitled to receive pursuant to the Incentive Share Compensation Plan will not be issued until such Incentives have vested and the Participant has delivered to the Corporation an election in writing to elect whether he or she will be issued all or any portion of the common shares which have been granted to him or her (and to deliver payment for all of such common shares to be issued), such election, payment and delivery of such common Shares to the Participant to occur the earlier of: (i) three (3) years after the date of grant of such deferred common shares; (ii) six (6) months after the Participant ceases to be such; or (iii) the fiscal year end of the Corporation in the year in which the Participant ceases to be such. A Participant shall have no right to receive common shares underlying Incentives granted to him or her which have not been issued on the date that is ten (10) years following the date of grant.

The Incentive Share Compensation Plan provides that the number of common shares issuable to a Participant with respect to the vested Incentives held by such Participant shall be increased on each date on which a cash dividend (if applicable) is paid to shareholders of Petrobank by an amount equal to the product of the number of the vested Incentives held by the Participant 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 the common shares on the TSX for the ten (10) trading days preceding the record date for such dividend.

No common shares may be issued to a Participant under the Incentive Share Compensation Plan if such issuance could result, at any time, in (i) the number of common shares reserved for issuance pursuant to issuances under the Incentive Share Compensation Plan and all other established or proposed share compensation arrangements in respect of common shares granted to *insiders* exceeding 10% of the aggregate issued and outstanding common shares, (ii) the issuance to *insiders* of the Corporation pursuant to the Incentive Share Compensation Plan and all other established or proposed share compensation arrangements, within a one (1) year period, of a number of common shares exceeding 10% of the aggregate issued and outstanding common shares, or (iii) the issuance pursuant to the Incentive Share Compensation Plan and all other established or proposed share compensation arrangements to any one *insider* of the Corporation, or such *insider's* associates, within a one (1) year period, of a number of common shares exceeding 5% of the aggregate issued and outstanding common shares. Grants of Incentives and stock options to non-employee directors pursuant to the Plan and pursuant to the stock option plan of the Corporation shall not exceed an annual value in excess of \$100,000 annually, based on

the market price at the time of grant of such share based compensation. For clarity, this limit shall not include deferred common shares of the Corporation granted pursuant to the Non-Employee Directors DCS Plan of the Corporation, as deferred common shares issued to non-management directors pursuant to the Non-Employee Directors DCS Plan of the Corporation are issued in lieu of cash compensation such director would otherwise receive from the Corporation.

Incentives granted to Participants under the Incentive Share Compensation Plan are non-assignable unless the prior written consent of the Corporation has been obtained. A Participant may offer to dispose of his or her vested Incentives to Petrobank for cash in an amount not to exceed the fair market value and Petrobank has the right, but not the obligation, to accept the Participant's offer. Fair market value is to be determined by the Board in such case, but cannot exceed the five day weighted average trading price of the common shares of the Corporation on the TSX.

In the event of the resignation, retirement or death of a Participant, or the termination of the employment of a Participant, whether with or without cause or reasonable notice, prior to the vesting of an Incentive, such Incentive shall immediately cease and terminate and thereafter shall be of no further force or effect whatsoever.

In the event a change of control of the Corporation is contemplated or has occurred, all Incentives which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board, notwithstanding the other terms of the Incentives. Further, the Board may, in its sole discretion at any time, accelerate or provide for the acceleration of, the vesting of Incentives previously granted. Examples of when the Board may, in its sole discretion at any time, accelerate or provide for the acceleration of, the vesting of Incentives previously granted include, but are not limited to, in contemplation of a change or control of the Corporation, upon death of a Participant or in the case of a Participant becoming permanently disabled.

The Board reserves the right, without shareholder approval, to amend, modify or terminate the Incentive Share Compensation Plan and to amend or modify any Incentive Agreement at any time if and when it is advisable in the absolute discretion of the Board, except that: (i) the consent of the applicable Participants must be obtained for any amendment that would adversely affect such Participant's outstanding Incentives, and (ii) the approval of the shareholders of Petrobank must be obtained for any amendment that would have the effect of: (a) increasing the number of Incentives that may be granted under the Plan; (b) increasing the number of common shares that may be reserved for issuance under the Plan; (c) amending article 14 of the Plan to permit the transferability of Incentives, except pursuant to normal estate settlement purposes; (d) reducing the payment required to be made by a Participant to the Corporation in the amount of \$0.05 for each common share issued pursuant to Incentive held; (e) extending the term of Incentives granted beyond their original expiry date; (f) changing the limits to the grant of Incentives already established pursuant to the Incentive Share Compensation Plan with respect to non-employee director participation and Insiders; and (g) amending the amendment provision contained in article 16 of the Plan.

The Incentive Share Compensation Plan provides that appropriate adjustments in the number of common shares issuable on the vesting of an Incentive shall be made by the Board to give effect to relevant changes to the issued or authorized capital of the Corporation.

The total number of common shares issuable pursuant to the Incentive Share Compensation Plan shall not exceed 500,000 common shares. As of the date of this information circular, nil Incentives are outstanding. The Corporation may grant 500,000 Incentives, representing 0.47% of the issued and outstanding common shares of the Corporation.

At the Meeting, shareholders will be asked to approve the Incentive Share Compensation Plan. See “*Approval of the Corporation’s Incentive Share Compensation Plan*”.

DCS Plan

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. Typically, DCS issued to non-management directors have been issued in lieu of cash compensation such director would otherwise receive from the Corporation.

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, if applicable, 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.

As of the date of this information circular, 48,500 DCS have been exercised since inception of the DCS Plan (representing 0.05% of the issued and outstanding common shares of the Corporation), there are 226,129 DCS outstanding (representing 0.21% of the issued and outstanding common shares) and the Corporation may grant 225,371 additional DCS (representing 0.21% of the issued and outstanding common shares).

At the Meeting, shareholders will be asked to approve certain amendments to the DCS Plan. See “*Approval of Amendments to the Corporation’s DCS Plan*”.

Non-Employee Directors DCS Plan

The Non-Employee Directors DCS Plan for non-employee directors of is intended provide a share based compensation plan to grant deferred common shares to non-employee directors in lieu of cash compensation such director would otherwise receive from the Corporation.

The Corporation believes that the Non-Employee Directors DCS Plan provides effective incentives for non-employee directors of the Corporation to promote the success and business of the Corporation and to reward such directors in relation to the long-term performance and growth of the Corporation by encouraging ownership of common shares of the Corporation. When compensating the Board, the Corporation endeavours to strike an appropriate and effective balance between cash compensation and equity compensation. The Board believes that directors can better represent shareholders if they are shareholders themselves.

Compensation is payable pursuant to the Non-Employee Director DCS Plan in the form of a deferred grant of common shares. A non-employee director 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. Upon a non-employee director ceasing to be a non-employee director of the Corporation, such non-employee director shall be required to elect whether he or she will be issued all or any portion of the common shares which have been granted to him or her (and to deliver payment for all of such common shares to be issued), such election, payment and delivery of such common shares to the non-employee director to occur the earlier of (i) three (3) years after the date of grant of such deferred common shares; six (6) months after the non-employee director ceases to be such; or (iii) the fiscal year end of the Corporation in the year in which the non-employee director ceases to be such.

Common shares which a non-employee director is entitled to receive pursuant to the Non-Employee Director DCS Plan will not be issued until the non-employee director has delivered to the Corporation an election in writing that the shares be issued together with payment to the Corporation in the amount of \$0.05 for each common share issued. A non-employee director 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 Non-Employee Director DCS Plan provides that the number of deferred common shares that are issuable to a non-employee director pursuant to the Non-Employee Director DCS Plan shall be increased on each date on which a cash dividend, if applicable, is paid to shareholders by an amount equal to the product of the number of the shares which remain issuable and the fraction which has as its numerator the cash dividend paid, expressed as an amount per share and which has as its denominator the weighted average trading price of shares of the Corporation on the TSX for the ten (10) trading days preceding the record date for such dividend.

Pursuant to the Non-Employee Director DCS Plan, the Board has the right, without shareholder approval, to amend, modify or terminate the Non-Employee Director DCS Plan and to amend or modify any agreement entered into between the Corporation and any non-employee director with respect to deferred common shares granted pursuant to the Non-Employee Director DCS Plan, at any time if and when it is advisable in the absolute discretion of the Board, except that: (i) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding deferred common shares; and (ii) the approval of the holders of the common shares of the Corporation must be obtained for any amendment that would have the effect of: (a) increasing the number of deferred common shares that may be granted under the Plan; (b) increasing the number of common shares that may be reserved for issuance under the Non-Employee Directors DCS Plan; (c) amending article 10 of the Non-Employee Directors DCS Plan to permit the transferability of deferred common shares, except pursuant to normal estate settlement purposes; (d) reducing the payment required to be made by a Participant to the

Corporation in the amount of \$0.05 for each common shares issued pursuant to deferred common shares held; (e) extending the term of deferred common shares granted beyond their original expiry date; (f) changing the limits to the grant of deferred common shares already established with respect to Insiders; (g) amending those who are considered to be eligible participants in the Non-Employee Directors DCS Plan; (h) amending the amendment provision contained in article 12 of the Non-Employee Directors DCS Plan.

All benefits, rights and deferred common shares issuable under the Non-Employee Director DCS Plan pursuant to deferred grants of common shares are not be transferable or assignable, unless specifically consented to in writing by the Corporation.

The total number of common shares of the Corporation issuable pursuant to the Non-Employee Director DCS Plan may not exceed 500,000 common shares. As of the date of this information circular there have been no grants of deferred common shares pursuant to the Non-Employee Director DCS Plan.

At the Meeting, shareholders will be asked to approve the Non-Employee Director DCS Plan. See *“Approval of the Corporation’s Non-Employee Director DCS Plan”*.

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 ninety six (96) 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, 2009, the Corporation’s share of the contribution is recorded as general and administrative expense and amounted to \$790,094, where \$79,302 of this total was contributed by the Corporation to match the contributions of the NEO’s. The Corporation’s Executives are eligible to participate in the ESOP on the same basis as all other employees of the Corporation.

MANAGEMENT SERVICES AGREEMENTS

PetroBakken Energy Ltd. (“PetroBakken”) and the Corporation entered into a management services agreement (the “PetroBakken Management Services Agreement”) effective October 1, 2009 which provides that the Corporation will provide PetroBakken with the services of certain officers and employees of the Corporation from time to time. The PetroBakken Management Services Agreement automatically renews annually unless one months’ notice is given by either party prior to the commencement of the next term. During the fourth quarter of 2009, PetroBakken paid \$0.8 million for the services provided by the Corporation under the PetroBakken Management Services Agreement. The monthly fee payable under the PetroBakken Management Services Agreement may be adjusted from time to time by the parties in accordance with the agreement. The PetroBakken Management Services Agreement may be terminated by either party upon 30 days’ notice and payment by PetroBakken of all fees and expenses owing under the Management Services Agreement.

The Corporation and Petrominerales Ltd. (“Petrominerales”) entered into a management services agreement (the “Petrominerales Management Services Agreement”) dated June 9, 2006, and effective May 1, 2006 which provides that the Corporation will provide Petrominerales with the services of John D. Wright and Corey C. Ruttan, as President and Chief Executive Officer and Vice President Finance and

Chief Financial Officer, respectively, and the services of other employees of the Corporation from time to time, and that the Corporation shall manage and administer the business of Petrominerales on an as needed basis from time to time. It is the intention of the parties that Messrs. Wright and Ruttan allocate their time between providing services in their respective roles with the Corporation, Petrominerales and PetroBakken (since October 2009). The Petrominerales Management Services Agreement automatically renews annually unless one month's notice is given by either party prior to the commencement of the next term. From the effective date, May 1, 2006, to March 31, 2009, Petrominerales paid a monthly fee of \$75,000 for the services provided under the Petrominerales Management Services Agreement. Effective April 1, 2009, the monthly fee was increased to \$130,000. The Petrominerales Management Services Agreement may be terminated by either party upon thirty days' notice and payment by the Corporation of all fees and expenses owing under the Petrominerales Management Services Agreement.

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 31, 2010, and such Appendix "E" 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 ten members, a majority (six) of whom are considered independent. Messrs. Oaks (Chairman of the Board), Brown, Frank, McCrank, McKinnon and Vredenburg are independent directors.

Messrs. Wright, Ruttan, Bloomer and Smith 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, Mr. Ruttan is the current Senior Vice President Finance and Chief Financial Officer, Mr. Bloomer is the Senior Vice President and Chief Operating Officer, Heavy Oil and Mr. Smith is the President and Chief Operating Officer of PetroBakken, a 58% owned subsidiary of the Corporation.

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 2009, the Board held a total of seven (7) 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 six (6) out of a total of seven (7) Board meetings. Mr. R. Gregg Smith was appointed as a director of the Corporation on November 11, 2009, and was present for one (1) of the two (2) meetings held subsequent to his appointment to the Board.

During 2009, 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 2009.

Members of the Board who are Directors of Other Reporting Issuers

The following Board members are directors of other reporting issuers: Mr. Bloomer for Canadian Energy Exploration Inc. (formerly TALON International Energy, Ltd.) and Roadrunner Oil and Gas Inc; Mr. Brown for PetroBakken Energy Ltd., Bonavista Energy Trust, Stem Cell Therapeutics Corp. Sembiosys Genetics Inc., and Consolidated Westview Resource Corp., Mr. McKinnon for PetroBakken Energy Ltd. and Petrominerales Ltd.; Mr. Oaks for Petrominerales Ltd; and Mr. Wright for Canadian Energy Exploration Inc. (formerly TALON International Energy, Ltd.), Hawk Exploration Ltd., PetroBakken 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 whistleblowing. 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.