



**Notice of Meeting
and
Management Information Circular**

with respect to the

**Annual General Meeting
of Shareholders of
BNK Petroleum Inc.**

To be held on Tuesday, May 25, 2010



Dear Shareholder:

You are invited to attend the Annual General Meeting of Shareholders of BNK Petroleum Inc. to be held in the Tweedsmuir Room at The Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, on Tuesday, May 25, 2010 at the hour of 11:00 A.M. (local time in the city of Vancouver, British Columbia).

The business of the meeting is described in the accompanying Notice of Meeting and Management Information Circular.

Your participation in the meeting is important regardless of the number of shares you hold. If you cannot attend the meeting, please vote by completing the form of proxy and returning it by 11:00 A.M. (local time in the city of Vancouver, British Columbia) on Friday, May 21, 2010 in the manner described in the Management Information Circular for information about how to vote your shares.

We look forward to seeing you at the meeting.

"Ford Nicholson"

FORD NICHOLSON
Chairman of the Board

"Wolf Regener"

WOLF REGENER
President & Chief Executive Officer

BNK PETROLEUM INC.
760 Paseo Camarillo, Suite 350
Camarillo, CA 93010

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the shareholders of **BNK Petroleum Inc.** (the "**Company**") will be held in the Tweedsmuir Room at The Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia on Tuesday, May 25, 2010 at the hour of 11:00 A.M. (local time in the City of Vancouver, British Columbia), for the following purposes:

1. to receive and consider the report of the directors and the consolidated financial statements of the Company together with the auditor's report thereon for the financial year ended December 31, 2009;
2. to fix the number of directors at six (6);
3. to elect directors for the ensuing year;
4. to appoint the auditor for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditor; and
5. to transact such further or other business as may properly come before the meeting and any adjournments thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this notice.

If you are unable to attend the meeting in person, please complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.

DATED this 20th day of April, 2010.

**By Order of the Board of Directors of
BNK Petroleum Inc.**

"Wolf Regener"

WOLF REGENER

President and Chief Executive Officer

**BNK Petroleum Inc.
760 Paseo Camarillo, Suite 350
Camarillo, CA 93010**

MANAGEMENT INFORMATION CIRCULAR

Dated April 20, 2010

The Company is providing this information circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the Company to be held on Tuesday, May 25, 2010 and at any adjournments. Unless the context otherwise requires, when we refer in this information circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

Unless otherwise indicated, dollar figures in this information circular are in U.S. currency. Canadian dollars are referred to as "C\$" herein.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Common shares of the Company ("**Shares**") represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., #600, 530 – 8th Avenue SW, Calgary, Alberta, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Shares they own are not registered in their names but instead are registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your Shares through a broker, you are likely to be an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Shares without par value, of which 101,559,712 Shares are issued and outstanding as at April 20, 2010. Persons who are registered shareholders at the close of business on April 20, 2010 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company no person beneficially owns, controls or directs directly or indirectly shares carrying 10% or more of the voting rights attached to all shares of the Company.

BUSINESS OF THE ANNUAL GENERAL MEETING

Receipt of the Financial Statements and Auditor's Report

The consolidated financial statements of the Company for the year ended December 31, 2009 and the auditors' report thereon will be placed before the shareholders at the meeting.

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, a person or corporation who in the future wishes to receive interim and/or annual financial statements from the Company must deliver a written request for such material to the Company, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Company. If you wish to receive interim and/or annual financial statements you are encouraged to send the enclosed return card, together with the completed form of proxy to Computershare Investor Services Inc. at 600, 530 - 8th Avenue SW, Calgary, Alberta.

Election of Directors

The directors of the Company are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. **In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.**

Shareholder approval will be sought to fix the number of directors of the Company at six (6).

The Company has a Compensation Committee, a Corporate Governance Committee and an Audit Committee. Members of these committees are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual is as follows:

Name, Jurisdiction of Residence and Position	Principal Occupation, Business or Employment	Previous Service as a Director	Number of Shares beneficially owned, or controlled or directed, directly or indirectly ⁽⁴⁾
Ford Nicholson ^{(2),(3)} British Columbia, Canada Chairman and Director	The Chairman of BNK Petroleum Inc.; President of Kepis & Pobe Investments Inc., a private investment company, since July, 2001.	Since June 27, 2008	7,351,697
Robert Cross ^{(1),(2),(3)} British Columbia, Canada Director	Serves as independent director and, in some cases, non-executive Chairman of public companies principally in the resource sector.	Since June 27, 2008	4,734,016
Victor Redekop ^{(1),(3)} Alberta, Canada Director	President, Simmons Energy Services, a private drilling services company.	Since June 27, 2008	1,344,437
Eric Brown ^{(1),(2)} British Columbia, Canada Director	Private consultant.	Since June 27, 2008	34,050
General Wesley Clark (retired) Arkansas, USA Director	Chief Executive Officer of Wesley K. Clark and Associates since 2003. General in the United States Army prior to 2004.	Since July 21, 2009	411,000
Wolf Regener California, USA Nominee	President and Chief Executive Officer of BNK Petroleum Inc. since July 2008. Executive Vice-President to Bankers Petroleum Ltd. and President of BNK Petroleum (US) Inc. from January 2005 to July 2008. Consultant to Bankers Petroleum Ltd. from December 2004 to January 2005.	N/A	1,330,927

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 20, 2010, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such Shares are held directly.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

Except as disclosed below, to the knowledge of the Company no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
 - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the 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
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Ford Nicholson was a director of Sepik Gold Corporation ("Sepik") from May 1996 to December 2001. Sepik did not have adequate funds to complete its 2000 year-end audit and the shares of Sepik were cease traded in December 2001, at which time Mr. Nicholson resigned from the board of Sepik.

Certain directors of the Company are presently directors of other reporting issuers (see "Participation of Directors in Other Reporting Issuers").

Appointment of Auditors

The shareholders will be asked to vote for the appointment of KPMG LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Company until the close of the next annual meeting, at such remuneration as may be approved by the board of directors of the Company. KPMG were first appointed auditors of the Company in May 2008.

The persons named as proxyholder in the enclosed form of proxy intend to cast the votes represented by proxy in favour of the foregoing resolutions unless the registered holder who has given such proxy has directed that the shares be otherwise voted.

EXECUTIVE COMPENSATION AND REMUNERATION OF DIRECTORS

Summary Compensation Table

As at the end of fiscal 2009, the Company had three executive officers. The following table discloses, for the periods indicated, total compensation provided directly or indirectly by the Company (including its subsidiaries) to the President and Chief Executive Officer, the Chief Financial Officer

and, the Vice President, New Ventures (collectively, the "**Named Executive Officers**") for services provided to the Company and its subsidiaries.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Non-Equity Incentive Plan			Pension Value (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
				Option-Based Awards ⁽¹⁾⁽⁴⁾⁽⁵⁾ (\$)	Annual Incentive Plans ⁽²⁾ (\$)	Long-Term Incentive Plans (\$)			
Wolf Regener, President and Chief Executive Officer	2009	200,988	Nil	836,190	88,000	Nil	Nil	Nil	1,125,178
	2008	202,342	Nil	1,118,700	Nil	Nil	Nil	Nil	1,321,042
Cuneyt Tirmandi, ^(6,7,8) Chief Financial Officer	2009	C\$240,000	Nil	C\$92,910	Nil	Nil	Nil	Nil	C\$332,910
	2008	C\$120,000	Nil	C\$167,800	Nil	Nil	Nil	Nil	C\$287,800
James Hill, Vice President, New Ventures	2009	176,435	Nil	154,850	21,000	Nil	Nil	Nil	352,285
	2008	163,457	Nil	167,800	Nil	Nil	Nil	Nil	331,257

- (1) Represents options to purchase Shares of the Company, with each option upon exercise entitling the holder to acquire one Common Share. The grant date fair value has been calculated in accordance with Section 3870 of the CICA Handbook. See "Compensation Discussion and Analysis" for further details.
- (2) Annual Incentive Plan amounts represent discretionary bonuses earned in the year noted but paid in the following year. See 'Compensation Discussion and Analysis'.
- (3) Nil indicates perquisites and other personal benefits did not exceed \$50,000 or 10 percent of the total of the annual salary of the Named Executive Officer during the reporting period. All Other Compensation includes perquisites and other benefits including vehicle allowance, parking, life insurance premiums, club membership fees and matching contributions made by the Company in respect of a registered retirement savings plan for the Named Executive Officer. This retirement benefit is available to all employees.
- (4) The actual value of the options granted to the Named Executive Officers will be determined based on the market price of the Common Shares at the time of exercise of such options, which may be greater or less than grant date fair value reflected in the table above. As at December 31, 2009, the value of stock options granted during 2009 would have been \$1,015,500. See "Outstanding Share-Based and Option-Based Awards - Named Executive Officers".
- (5) Effective February 6, 2009, the board of directors of the Company (the "**Board**") approved a voluntary option surrender program with respect to the outstanding options issued to employees, officers and consultants. Of the 4,905,000 options issued and outstanding as of December 31, 2008, holders of 4,900,000 options surrendered their options. During 2009, the Company granted 6,975,000 stock options at prices ranging from C\$0.63 to C\$1.28 per share.
- (6) Mr. Tirmandi was paid a consulting fee of C\$20,000 per month from July 1, 2008 to December 31, 2009 through CST Financial Services Inc., a consulting company controlled by Mr. Tirmandi.
- (7) The 2009 salary and value of option-based awards to Mr. Tirmandi is calculated based on the 12 month average Bank of Canada noon rate of \$1.00:C\$1.0544. The corresponding US dollar values are \$227,618, (salary) and \$88,116 (option-based award value).
- (8) The 2008 salary and value of option-based awards to Mr. Tirmandi is calculated based on the 6 month average Bank of Canada noon rate of \$1.00:C\$1.12715. The corresponding US dollar values are \$106,463 (salary) and \$148,871 (option-based award value).

Outstanding Option-Based Awards - Named Executive Officers

The Company adopted a stock option plan in 2008 (the "**Option Plan**") pursuant to which the Company may grant incentive stock options to officers, employees and consultants of the Company or any subsidiary thereof. For a description of the Option Plan, see "Equity Compensation Plans".

The following table sets forth information with respect to the outstanding stock options granted under the Option Plan to the Named Executive Officers as at December 31, 2009.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (C\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares that have Not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Wolf Regener	1,350,000	0.63	July 27, 2014	Nil	900,000	Nil
Cuneyt Tirmandi	150,000	0.63	July 27, 2014	Nil	100,000	Nil
James Hill	250,000	0.63	July 27, 2014	Nil	166,667	Nil

The following table sets forth information in respect of the value of awards granted pursuant to the Option Plan to the Named Executive Officers of the Company that vested during the period ending December 31, 2009 and bonuses awarded to Named Executive Officers subsequent to year-end, for the financial year ending December 31, 2009.

Name	Option-Based Awards - Value Vested During Year ⁽¹⁾⁽²⁾ (C\$)	Share-Based Awards - Value Vested During Year (C\$)	Non-Equity Incentive Plan Compensation- Value Earned During Year (\$)
Wolf Regener	247,500	Nil	88,000
Cuneyt Tirmandi	27,500	Nil	Nil
James Hill	45,833	Nil	21,000

(1) Calculated based on the difference between the market value of the Shares on the applicable date of vesting and the applicable exercise price of the options which vested.

(2) The actual value of the options granted to the Named Executive Officer will be determined based on the market price of the Shares at the time of exercise of such options, which may be greater or less than the value at the date of vesting reflected in the table above.

Pension Plans

The Company has not established a pension plan for the benefit of its executive officers.

Deferred Compensation Plans

The Company does not have any deferred compensation plans relating to a Named Executive Officer.

Employment Agreements and Termination and Change of Control Benefits

Wolf Regener is employed by the Company as President and Chief Executive Officer. His current salary is \$300,000 per annum. His employment contract provides for a severance payment upon termination of his employment without cause; upon transfer of his place of employment to a location more than 50 miles from the Company's current place of business in Camarillo; upon demotion to a lesser seniority or authority; upon reduction of his base salary to an annual amount at least 25% less than his base salary; and upon a Change of Control of the Company. Upon occurrence of any of these events, the Company will pay him a severance in the amount of twenty-four (24) months' pay calculated on the basis of his base salary at the time of his termination, payable in accordance with the Company's standard payroll schedule. The Company will also reimburse his health care premiums for twenty-four (24) months of medical benefits. In the event of the termination of his employment for any of the above causes, all stock options then held by him will immediately vest and will remain exercisable until the earlier of the expiry date of the said options and the date which is twenty-four (24) months immediately following the date upon which such notice of termination is delivered by the Company. Assuming a triggering event took place on December 31, 2009, the incremental payments, payables and benefits that Mr. Regener would be entitled to are \$600,000, \$21,072 benefits (amount of premiums) and \$495,000 (representing the 'in-the-

money' value of unvested stock options that would accelerate and become exercisable upon a triggering event, based on the closing market price of the Company's shares on the last trading day before year end). Mr. Regener would also be entitled to the amount of any bonus awarded but not then paid.

James Hill is employed by the Company as Vice-President of Exploration – New Ventures at a salary of \$215,000 per annum. His employment contract provides for a severance payment upon termination of his employment without cause; upon transfer of his place of employment to a location more than 50 miles from the Company's current place of business in Camarillo; upon demotion to a lesser seniority or authority; upon reduction of his base salary to an annual amount at least 25% less than his base salary; and upon a Change of Control of the Company. Upon occurrence of any of these events, the Company will pay him a severance in the amount of twelve (12) months' pay calculated on the basis of his base salary at the time of his termination, payable in accordance with the Company's standard payroll schedule. The Company will also reimburse his health care premiums for twelve (12) months of medical benefits. In the event of the termination of his employment for any of the above causes, all stock options then held by him will immediately vest and will remain exercisable until the earlier of the expiry date of the said options and the date which is twenty-four (24) months immediately following the date upon which such notice of termination is delivered by the Company. Assuming a triggering event took place on December 31, 2009, the incremental payments, payables and benefits that Mr. Hill would be entitled to as at such date are \$215,000, \$14,712 benefits (amount of premiums) and \$91,667 (representing the in the money value of unvested stock options that would accelerate and become exercisable upon a triggering event, based on the closing market price of the Company's shares on the last trading day before year end). Mr. Hill would also be entitled to the amount of any bonus awarded but not then paid.

Subsequent to its most recent financial year end the Company employed Warren Nelson as Chief Financial Officer. Mr. Nelson's current salary is \$250,000. His employment contract provides for a severance payment upon termination of his employment without cause; upon transfer of his place of employment to a location more than 50 miles from the Company's current place of business in Camarillo; upon demotion to a lesser seniority or authority; upon reduction of his base salary to an annual amount at least 25% less than his base salary; and upon a Change of Control of the Company. Upon occurrence of any of these events, the Company will pay him a severance in the amount of eighteen (18) months' pay calculated on the basis of his base salary at the time of his termination, payable in accordance with the Company's standard payroll schedule. The Company will also reimburse his health care premiums for eighteen (18) months of medical benefits. In the event of the termination of his employment for any of the above causes, all stock options then held by him will immediately vest and will remain exercisable until the earlier of the expiry date of the said options and the date which is twenty-four (24) months immediately following the date upon which such notice of termination is delivered by the Company. Assuming a triggering event took place on December 31, 2009, the incremental payments, payables and benefits that Mr. Nelson would be entitled to as at such date are \$375,000 and \$22,068 benefits (amount of premiums). Mr. Nelson would also be entitled to a bonus of \$100,000.

For the purposes of the agreements, a Change of Control includes transactions which result in new persons possessing more than 50% of the voting power of the Company or any successor company.

The Company's stock option agreements, including those agreements with the Named Executive Officers, contain a provision that if a change of control occurs, all option shares will become vested, whereupon such options may be exercised in whole or in part subject to the approval of the TSX, if necessary.

Compensation of Directors

In 2009, the directors of the Company received no cash or share-based compensation for their services in their capacities as directors or members of the Board committees. Directors are eligible to receive grants of

stock options under the Company's stock option plan. The Company does not presently have share-based awards or non-equity incentive plans for its non-executive directors.

The following table sets forth all amounts of compensation provided to the directors, who are not also a Named Executive Officer, for the Company's most recently completed financial year:

Director Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (C\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (C\$)
Ford Nicholson	Nil	Nil	898,130	Nil	Nil	Nil	898,130
Robert Cross	Nil	Nil	898,130	Nil	Nil	Nil	898,130
Victor Redekop	Nil	Nil	247,760	Nil	Nil	Nil	247,760
Eric Brown	Nil	Nil	247,760	Nil	Nil	Nil	247,760
Wesley Clark	Nil	Nil	247,760	Nil	Nil	Nil	247,760

- (1) Represents options to purchase Shares of the Company, each such option upon exercise entitling the holder to acquire one Common Share. The grant date fair value has been calculated in accordance with Section 3870 of the CICA Handbook. The actual value of the options granted to the directors will be determined based on the market price of the Shares at the time of exercise of such options, which may be greater or less than grant date fair value reflected in the table above

Outstanding Option-Based Awards – Directors

The following table sets forth information with respect to the outstanding option-based awards to directors under the Option Plan as at December 31, 2009, which remain unexercised or unvested, respectively.

Option-Based Awards					
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (C\$)	Option Expiration Date	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (C\$)	Value of Unexercised In-the-Money Options ⁽²⁾ (C\$)
Ford Nicholson	1,450,000	0.63	July 27, 2014	265,833	797,500
Robert Cross	1,450,000	0.63	July 27, 2014	265,833	797,500
Victor Redekop	400,000	0.63	July 27, 2014	73,333	220,000
Eric Brown	400,000	0.63	July 27, 2014	73,333	220,000
Wesley Clark	400,000	0.63	July 27, 2014	73,333	220,000

- (1) Calculated by determining the difference between the market price of the Shares on the applicable date of vesting and the applicable exercise price of the stock options.
(2) Calculated based on the difference between the market value of the Shares at December 31, 2009 which was C\$1.18 and the exercise price of the option.

Payments to Related Parties

Mr. Neville Jugnauth, who was the Corporate Secretary until January 27, 2010, is a partner of Macleod Dixon LLP, formerly legal counsel to the Company. During the year ended December 31, 2009 C\$252,194 (2008 - C\$112,000) was paid to Macleod Dixon LLP in relation to legal fees for services rendered to the Company.

Composition of the Compensation Committee

The Compensation Committee is comprised solely of independent directors. During the fiscal year ended December 31, 2009, the Compensation Committee of the Board was comprised of Messrs. Ford Nicholson, Robert Cross and Eric Brown. None of Messrs. Nicholson, Cross or Brown is or was an

officer, employee or former officer or employee of the Company or any of its affiliates or was indebted to the Company during the fiscal year ended December 31, 2009. Each of the members of the Compensation Committee is independent, as defined by applicable securities legislation and experienced in dealing with compensation matters. Each of the members of the Compensation Committee has held senior executive positions requiring such individuals to be directly involved in the establishment of compensation philosophy and policies and the determination of total compensation.

Compensation Discussion and Analysis

The Company's executive compensation program is administered by the Compensation Committee (the "**Committee**"). As part of its mandate, the Committee reviews and recommends to the Board the remuneration of the Company's executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The Committee is also responsible for reviewing the Company's compensation policies and guidelines generally. The Committee held three (3) formal meetings during 2009.

The following Compensation Discussion and Analysis is intended to provide information about the Company's philosophy, objectives and processes regarding compensation for the executive officers of the Company. It explains how decisions regarding executive compensation are made and the reasoning behind these decisions.

Compensation Philosophy and Objectives of Compensation Programs

The Committee seeks to encourage growth in reserves, production, netbacks and cash flow while focusing on achieving attractive returns on capital in order to enhance shareholder value. To achieve these objectives, the Company believes it is critical to create and maintain compensation programs that attract and retain committed, highly qualified personnel by providing appropriate rewards and incentives.

The Company's compensation program is designed to reward the performance that contributes to the achievement of the Company's business strategy on both a short-term and long-term basis. In addition, the Company strives to reward qualities that it believes help achieve its strategy such as teamwork; individual performance in light of general economic and industry specific conditions; integrity and resourcefulness; the ability to manage the Company's existing assets; the ability to identify and pursue new business opportunities; responsibility and accountability; and tenure with the Company.

During the year ended December 31, 2009, the executive management team achieved significant milestones which were contemplated in the business plan and budgets of the Company and considered by the Committee in the establishment of overall 2009 compensation. Significant developments that were reflected in the compensation determination for 2009 and in cash bonuses awarded in 2010 in respect of 2009 compensation, included:

- completion of the drilling program in the Tishomingo field in Oklahoma which resulted in the Company's retaining all of its leased acreage;
- successful completion of 35 wells in the Tishomingo field which are currently on production;
- 74% increase in proved plus probable reserves over 2008;
- growth in operating and financial results, including production and revenue despite the worst recession in decades and a precipitous drop in commodity prices;
- arranging debt and equity capital at a time when there was no market liquidity; and
- expansion into eastern Europe to leverage the Company's shale gas experience.

Compensation Mix

The Company compensates its executive officers through base salary, bonuses and the award of stock options under the Option Plan at levels which the Committee believes are reasonable in light of the performance of the Company under the leadership of the executive officers. The objective of the compensation program is to provide a combination of short, medium and long term incentives that reward performance and also encourage retention.

The following table provides a broad overview of the elements of the Company's compensation program. These elements of compensation apply universally to all full-time employees of the Company.

Compensation Element	Award Type	Objective	Key Features
Base Salary	Salary	Provides a fixed level of regularly paid cash compensation for performing day-to-day executive level responsibilities.	Recognizes each officer's unique value and historical contribution to the success of the Company in light of salary norms in the industry and the general marketplace.
Annual Cash Bonuses	Annual non-equity incentive plan	Motivates executive officers to achieve key corporate objectives by rewarding the achievement of these objectives.	Discretionary cash payments recommended to the Board by the Committee based upon the achievement of corporate objectives and individual performance.
Option Plan	Option-based award	Long-term equity-based incentive compensation that rewards long-term performance by allowing executive officers to participate in the long-term appreciation of the Company's Shares. The Committee believes that the granting of stock options is required in order for the Company to be competitive with its peers from a total remuneration standpoint and to encourage executive officer retention.	Annual and special awards, as determined appropriate by the Committee, granted at market price, vesting ratably over two years and having a term of five years.

The Named Executive Officers are eligible to participate in the same benefits as offered to all full-time employees. The Company does not view these benefits as a significant element of its compensation structure but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Base salary levels for 2009 were established in December 2008. The Company granted stock options to its Named Executive Officers as well as all other employees during 2009 as part of its compensation policy.

Assessment of Compensation

Compensation of all executive officers is compared against compensation paid to similarly sized oil and gas companies. The Committee utilizes compensation information that is available from independent compensation consultants, compensation surveys, publicly available information contained within the annual proxy circulars and recommendations made by the Chief Executive Officer in respect of the Named Executive Officers (other than himself). In reviewing comparative data, the Committee does not engage in benchmarking for the purposes of establishing compensation levels relative to any predetermined point. In the Committee's view, external and third-party survey data provides an

insight into external competitiveness, but is not an appropriate single basis for establishing compensation levels. This is primarily due to the differences in the size and scope of operations of comparable corporations and the lack of sufficient appropriate matches to provide statistical relevance. The Committee can and does exercise both positive and negative discretion in relation to the compensation awards and its allocation between cash and non-cash awards.

Salary: Base salary is intended to compensate core competences in the executive role relative to skills, experience and contribution to the Company. Base salary provides fixed compensation determined by reference to competitive market information. The Committee believes that salaries should be competitive and, as such, should provide the executive officers with an appropriate compensation that reflects their level of responsibility, industry experience, individual performance and contribution to the growth of the Company. The 2009 base salaries of the Named Executive Officers of the Company included in the "Summary Compensation Table" were established primarily on this basis.

Annual Cash Bonuses: Bonuses are paid at the discretion of the Board on recommendation of the Committee, based upon the achievement of certain individual and corporate performance goals. Bonuses awarded by the Committee are intended to be competitive with the market while rewarding executive officers for meeting qualitative goals, including delivering near-term financial and operating results, developing long-term growth prospects, improving the efficiency and effectiveness of business operations and building a culture of teamwork focused on creating long-term shareholder value. Consistent with the flexible nature of the annual bonus program, the Committee does not assign any specific weight to any particular performance goal nor is any specific weight assigned to the performance goals in the aggregate. The Committee considers not only the Company's performance during the year with respect to the qualitative goals, but also with respect to market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments and other extenuating circumstances. In sum, the Committee analyzes the total mix of available information on a qualitative, rather than quantitative, basis in making bonus determinations.

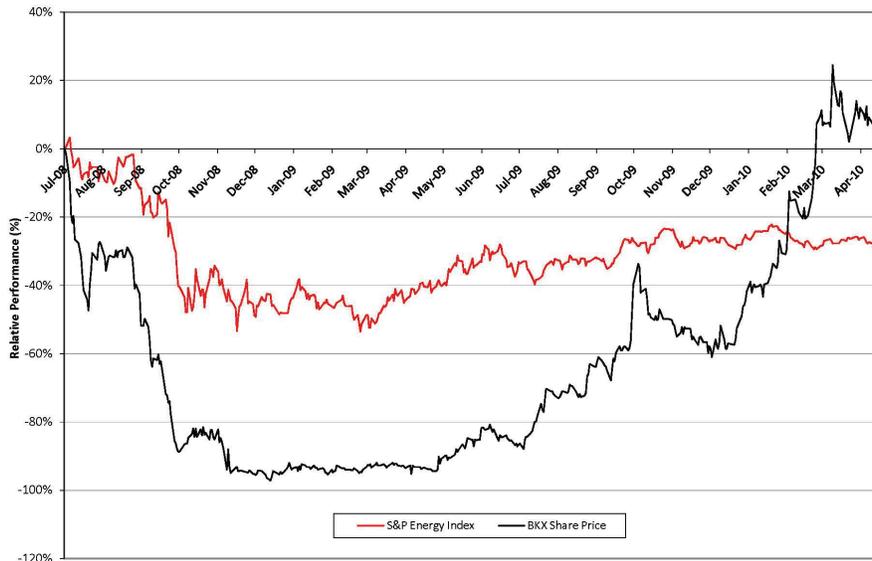
Long-Term Incentives: The allocation of stock options and the terms of those options are an integral component of the compensation package of the executive officers of the Company. The Company has a stock option plan in place for the purpose of providing stock options to its officers, employees and consultants. The Committee believes that the grant of options to the executive officers and share ownership by such officers serves to motivate achievement of the Company's long-term strategic objectives and the result will benefit all shareholders of the Company. Stock options are awarded to employees of the Company (including the Named Executive Officers) by the Board based in part upon the recommendation of the Committee, which bases its recommendations in part upon recommendations of the Chief Executive Officer relative to the level of responsibility and contribution of the individuals toward the Company's goals and objectives. The Committee exercises its discretion to adjust the number of stock options awarded based upon its assessment of individual and corporate performance and the anticipated future hiring requirements of the Company. Also, the Committee considers the overall number of stock options that are outstanding relative to the number of outstanding Common Shares of the Company and the overall number of stock options held by each individual optionee relative to the number of stock options that are available under the Option Plan in determining whether to make any new grants of stock options and the size of such grants. The granting of specific options is reviewed by the Committee for final recommendation to the Board for approval.

As a result of the global financial crisis, collapse in commodity prices and historic declines in the trading prices of all shares, including the Shares of the Company, the Committee reviewed the stock option holdings of all employees in December 2008. The Committee determined that the stock options granted during 2008 would not achieve the Committee's goal of retaining key personnel and motivating the achievement of long-term strategic goals, as all options were significantly out of the money. As a result, the Committee decided to offer a voluntary option cancellation program to all of its optionees whereby they would surrender their stock options as to 25%, 50%, 75% or 100%. The TSX regulates the repricing of options, which includes the cancellation of options and subsequent reissuance of options under different terms. A grant of new options following a cancellation of options must not occur until at least three months after the related cancellation otherwise shareholder approval is required. Under the voluntary option cancellation program, the optionees holding stock options to purchase 4,900,000 Shares of the Company surrendered their options during the period from February 6 to 23, 2009.

In July 27, 2009, the Committee completed a review of the Company's performance and assessed the Named Executive Officers' and other employees individual performances and granted 6,925,000 stock options exercisable at C\$0.63 per share. The Committee believes that these option grants will provide the necessary incentives for the Named Executive Officers and the employees and will align their interests with that of the Company.

Performance Analysis

The following graph compares the yearly change in the cumulative total shareholder return over 2008 and 2009 assuming an investment of C\$100 was made on July 10, 2008 in the Company's Shares with the cumulative total return of the S&P/TSX Composite Total Return Index assuming the reinvestment of dividends, where applicable, for the comparable period.



The trend shown in the above graph does not necessarily correspond to the Company's compensation to its Named Executive Officers for the period ended December 31, 2009. The Compensation Committee reviews and recommends to the Board the remuneration of the Company's executive officers, including the Named Executive Officers. The Compensation Committee considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals in the oil and gas industry, individual performance, the Company's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX) and other factors discussed under "Compensation Discussion and Analysis" above. The trading price of the Shares on the TSX is subject to fluctuation based on a number of factors, many of which are outside the control of the Company. These include, but are not limited to, fluctuations and volatility in commodity prices for crude oil, natural gas and natural gas liquids, fluctuations and volatility in foreign exchange rates, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading "Business Risks" in the Company's Management's Discussion and Analysis for the period ended December 31, 2009 and under the heading "Risk Factors" in the annual information form of the Company for the year ended December 31, 2009.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interest, direct or indirect, of any director or officer of the Company, any person beneficially owning, directly or indirectly, more than 10 percent of the Company's voting securities, or any associate or affiliate of such person in any transaction within the year ending December 31, 2009 or in any proposed transaction which in either case has materially affected or will materially affect the Company or its subsidiaries. During 2009, certain directors and an officer of the Company provided interim loans to the Company in the aggregate of \$1,087,000 on an unsecured, non-interest bearing basis, which loans were repaid in full during fiscal 2009.

DIRECTORS' AND OFFICERS' INDEMNIFICATION INSURANCE

Pursuant to the terms of the Company's Articles and certain indemnification agreements, the Company may be required to indemnify its current and former directors and officers and, in certain instances, individuals who have acted at the Company's request as a director or officer of another corporation against all costs incurred by such persons in respect of any action to which such person is made a party by reason of being a current or former director or officer of the Company or such other corporation. Such persons are entitled to be indemnified by the Company only if they have acted honestly and in good faith with a view to the best interests of the Company, and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that his conduct was lawful.

The Company has directors' and officers' liability insurance for the benefit of its directors and officers. The policy limit is \$10,000,000 and the associated deductible for each securities claim and each corporate reimbursement claim is \$100,000 (no deductible for all other claims).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the year ended December 31, 2009 was there any indebtedness of any director or officer, or any associate of any such director or officer, to the Company or to any other entity which is, or at any time since the beginning of the year ended December 31, 2009 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has established an equity compensation plan pursuant to which 10 percent of its outstanding Shares from time to time may be issued. The equity compensation plan referred to herein as the Option Plan, has been established to provide incentives to employees, officers and certain consultants of the Company. The following table summarizes the stock options which were outstanding as at December 31, 2009:

Plan Category	Number of Shares to be issued upon exercise of outstanding stock options (a)	Weighted-average exercise price of outstanding stock options (b)	Number of Shares remaining available for future issuance under the Option Plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,930,000	C\$0.63	3,210,038 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	6,930,000	C\$0.63	3,210,038 ⁽¹⁾

⁽¹⁾ Based on 10% of issued and outstanding common shares as at December 31, 2009.

Stock Option Plan

The Company established the Option Plan which governs the issuance of stock options to directors, officers and employees of the Company and its subsidiaries and consultants retained by the Company and its subsidiaries, (the "**Eligible Participants**"). The principal purpose of the Option Plan is to provide the Eligible Participants with the opportunity to acquire an increased proprietary interest in the Company, align the interests of such Eligible Participants with the interests of the shareholders of the Company and to attract and retain qualified officers, employees and consultants to continue the Company's growth.

The maximum number of Shares reserved for issuance pursuant to the Option Plan, together with any Shares reserved for issuance pursuant to any other security based compensation arrangements (as defined by the rules of the TSX), is 10 percent of the Company's issued Shares from time to time. As at April 20, 2010, 10% of the issued and outstanding Shares is 10,155,971. As at the same date a total of 7,470,667 are reserved for issuance pursuant to outstanding options under the Option Plan and all other securities-based compensation arrangements, representing 7.36% of the Company's issued and outstanding Shares as at such date, and a further 2,685,304 Shares are available and unallocated.

In addition to the limitation on the number of Common Shares reserved for issuance, the Option Plan contains the following additional limitations:

- (a) the number of Shares issuable to insiders at any time under all security based compensation arrangements shall not exceed 10 percent of the total number of issued and outstanding shares on a non-diluted basis; and

- (b) the number of Shares issued to insiders as a group within a one year period under all security based compensation arrangements shall not exceed 10 percent of the total number of issued and outstanding Shares as at the end of such one year period.

The exercise price of each stock option is determined by the Board at the time of granting the stock option, provided that the exercise price of stock options granted pursuant to the Option Plan cannot be lower than the closing price of the Shares on the TSX on the last trading day preceding the date of grant. Subsequent to December 31, 2009, 500,000 stock options were granted on a stand-alone basis to an officer of the Company in connection with his employment as such. The exercise price of these options was fixed when the employment agreement was entered into based on the closing market price of the Company's shares at the applicable time. These stand-alone options otherwise have the same terms and conditions as stock options granted under the Option Plan.

Pursuant to the terms of the Option Plan, the Board has the discretion to determine the term and vesting provisions of the stock options at the time of granting the stock options. Options granted to date vest as to one-third on the date of grant and on each of the first and second anniversaries of the date of grant and generally have a five year term.

If any options issued under the Option Plan are not exercised within their term, the Shares reserved and authorized for issuance pursuant to such stock options will be available for issuance under the Option Plan.

Options are non-transferable and non-assignable, except in certain specified circumstances. All options held by an Eligible Participant whose office or employment is terminated for cause cease to be exercisable, whether vested or not. If an optionee ceases to be an Eligible Participant other than for cause or as a result of death or disability, options held by such optionee that have vested remain exercisable for a period of not more than 90 days after the optionee ceases to be an Eligible Participant and, in the event of the optionee's death or disability, for a period of 365 days subject, in each case, to the option expiry date, if earlier.

Amendments to the Option Plan and to outstanding stock options may be made by the Board without shareholder approval under certain circumstances. Under the terms of the Option Plan, the Board may not, without the approval of the shareholders of the Company, make amendments to the Option Plan to increase the maximum number of Shares that may be issued pursuant to options granted under the Plan, to reduce the exercise price of options, to extend the expiry date of options, to change the definition of Eligible Persons, to permit Options to be transferable or assignable other than for normal estate settlement purposes; and to amend the amendment provisions of the Option Plan.

CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – Disclosure of Corporate Governance Practices, establishes recommended corporate governance guidelines for all public companies. The following discloses the Company's corporate governance practices relative to the recommendations.

Independence of Members of Board

The Company's Board consists of five (5) directors all of whom are independent based upon the tests for independence set forth in National Instrument 52-110 – Audit Committees ("NI 52-110").

Management Supervision by Board

The President and the Chief Financial Officer report upon the operations of the Company, on a quarterly basis directly to the Board. While management attends board meetings to report to the Board and participate in discussions, they are not eligible to vote on matters requiring board approval. The directors meet at any time they consider necessary, and generally at least once each quarter, without any members of management, being present. The Company's auditors, legal counsel and employees may be invited to attend. The audit committee is composed entirely of independent directors who meet with the Company's auditors without management in attendance. The independent directors exercise their responsibilities for independent oversight of management through regular reports of management to the full Board. The directors have regular and full access to management.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table below.

Name of Director	Name of Reporting Entity
Ford Nicholson	None
Robert Cross	Petrodorado Energy Ltd. Bankers Petroleum Ltd. LNG Energy Ltd. B2Gold Corp. Avanti Mining Inc.
Victor Redekop	Wavefire.com Inc.
Eric Brown	Bankers Petroleum Ltd.
Wesley Clark	AMG – Advanced Metallurgical Group N.V. Prysmian Sri Rodman & Renshaw Capital Group Bankers Petroleum Ltd.
Wolf Regener	None

Participation of Directors in Board Meetings

The participation of the directors in board meetings during the year ended December 31, 2009, is described in the following table:

Director	Meetings of Board of Directors	Meetings of Audit Committee	Meetings of Compensation Committee	Meetings of Corporate Governance Committee
Ford Nicholson	5/5	N/A	3/3	1/1
Robert Cross	5/5	4/2 ⁽²⁾	3/3	1/1
Victor Redekop	5/5	4/4	N/A	1/1
Eric Brown	5/5	4/4	3/3	N/A
Wesley Clark ⁽¹⁾	4/3	N/A	N/A	N/A

⁽¹⁾ General Clark was appointed as a director on July 20, 2009.

⁽²⁾ The Audit Committee meetings that were not attended were in relation to the review of interim financial statements which were subsequently reviewed and approved by the entire Board of Directors, at meetings at which Mr. Cross was present.

Board Mandate

The Board has adopted a Board Mandate, the text of which is attached as Schedule "A" to this Information Circular.

Position Descriptions

The Board has adopted a position description for the Chair of the Board. Specific position descriptions have not been adopted for the chairs of each of its committees as the Board is of the view that the mandates of the committees are sufficiently specific that no separate description is necessary for the chairs of such committees. The Board has developed a position description for the Chief Executive Officer.

Orientation and Continuing Education

While the Company does not have a formal orientation and training program, new Board members are provided with:

1. access to recent, publicly filed documents of the Company;
2. access to management; and
3. access to legal counsel in the event of any questions relating to the Company's compliance and other obligations.

Board members are encouraged to communicate with management, legal counsel and, where applicable auditors and technical consultants of the Company; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders.

The Board adopted a Code of Conduct (the "**Code**") in 2009. The Code is available on SEDAR at www.sedar.com. The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Corporate Governance Committee. Compliance with the Code is monitored primarily through the reporting process within the Company's organizational structure, including through the confidential Whistle Blower policy implemented and overseen by the Audit Committee.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director executive officers of the Company and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Corporate Governance Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer, or the Corporate Governance Committee.

Nomination of Directors

The independent Corporate Governance Committee has responsibility for identifying potential Board candidates. The Corporate Governance Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Corporate Governance Committee, which include considering what competencies and skills the Board, as a whole, should possess, the appropriate size of the Board in order to facilitate effective decision-making and assessing the same on a periodic basis, making recommendations to the Board with respect to filling vacancies, evaluating the performance of individual directors and making recommendations as to their further nomination, review proposed shareholder nominees and making recommendations to the Board regarding resignations of directors. The Corporate Governance Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Company's expense. The Corporate Governance Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the committee.

Compensation of Directors and the President and Chief Executive Officer

The members of the Compensation Committee are independent and have the responsibility for determining compensation for the directors and senior management.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Compensation Committee, which include: reviewing the adequacy and form of any compensation program for executive officers, reviewing the adequacy and form of non-employee directors' compensation, reviewing and creating a position description for the President and CEO, evaluating the President and the CEO's performance in light of corporate goals and objectives, and making recommendations to the Board with respect to the President and the CEO's compensation. The Compensation Committee has the power to retain independent legal, accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities, at the expense of the Company. The Compensation Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the committee.

Other Board Committees

During 2008 and 2009, given stage of the Company's development, the relatively small management team and the size of the Board, additional committees were not considered necessary. However, the composition of the Board and committee structure is currently under review and it is anticipated that additional committees will be formed during 2010, including but not limited to an environmental, health and safety committee and a reserves committee.

Assessments

All of the current members of the Board have held such positions for less than twenty four months and a review of the performance and effectiveness of the Board, the directors and its committees has not yet been undertaken. It is anticipated that such a review, including determining whether changes in size, personnel or responsibilities are warranted, will be undertaken during fiscal 2010. As part of the assessments, the Board or the individual committees may review their respective mandate or charter and conduct reviews of applicable corporate policies.

Audit Committee Information

Disclosure with respect to the composition of the Company's Audit Committee, the Company's Audit Committee Charter and other disclosure required by NI 52-110 is contained in the Company's Annual Information Form for the year ended December 31, 2009 filed under the Company's profile at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Chief Financial Officer of the Company at 760 Paseo Camarillo, Suite 350, Camarillo, CA 93010, Telephone: (805) 484-3613 to request copies of the Company's financial statements and management discussion and analysis.

Financial information is provided in the Company's consolidated financial statements and the Management Discussion and Analysis related thereto for the year ended December 31, 2009 which are available on SEDAR at www.sedar.com.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 20th day of April, 2010.

**Approved by the Board of Directors of
BNK Petroleum Inc.**

"Wolf Regener"

WOLF REGENER
President and Chief Executive Officer

Schedule "A"
BOARD OF DIRECTORS TERMS OF REFERENCE

The Board of Directors (the "Board") of BNK Petroleum Inc. (the "Corporation") shall have the oversight responsibility, authority and specific duties as described below.

Composition

Directors and Chairman of the Board

The Board shall appoint a Chairman of the Board (the "Chairman") and, if the Chairman is not independent, an independent lead director (the "Lead Director") from amongst the directors which comprise the Board shall be appointed as soon as practicable.

To ensure efficient, independent functioning of the Board, the Chairman or, if a Lead Director has been appointed, the Lead Director shall be the effective leader of the Board. As such, the Chairman or the Lead Director, as applicable, is responsible for ensuring that the Board's agenda enables the Board to successfully carry out its duties. The Chairman shall act as chair of all meetings of the Board and shareholders of the Corporation.

Committees

In addition to any other committees (including special committees) which the Board may in its discretion constitute from time to time, the Board shall have the following standing committees:

- Audit Committee;
- Corporate Governance Committee; and
- Compensation Committee.

Certain of the responsibilities of the Board may be delegated to these or other committees of the Board. The composition and responsibilities of these standing committees and any other standing committees of the Board will be as set forth in their terms of reference, as amended from time to time, and approved by the Board. Until such time as a Nominating, Environment, Health and Safety / Reserves Committee and Disclosure Committee is established, the Board shall be responsible for all such matters as provided in each committee's terms of reference.

Committee members shall be appointed by the Board. The chair of each committee may be designated by the Board or, failing that, by the members of the particular committee. At each meeting of the Board, the chair of each committee (or such committee member as the chair may designate) shall report the results of meetings and any associated recommendations.

Communication

To ensure that the Corporation has in place policies and programs that enable the Corporation to communicate effectively and in a timely manner with its shareholders, other stakeholders, analysts and the public generally the Board has adopted a Corporate Disclosure Policy. The Board will review the Corporate Disclosure Policy annually to ensure its objectives are being achieved.

Meetings and Record Keeping

Meetings of the Board shall be conducted as follows:

1. the Board shall meet regularly and at least quarterly at such times and at such locations as the Chairman, in consultation with the Lead Director (if one), shall determine;
2. notice of meetings shall be given to each director not less than 48 hours before the time of the meeting (unless such notice period is waived). Meetings of the Board may be held without formal notice if all of the directors are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. The notice of the meeting may be delivered personally, given by mail, facsimile or other electronic means of communication;
3. each member of the Board is expected to attend Board meetings and meetings of committees on which he or she is a member and to be familiar with deliberations and decisions as soon as possible after any missed meetings. Members of the Board are expected to prepare for meetings by reviewing the meeting materials distributed to members of the Board, to the extent feasible, prior to such meetings;
4. the independent directors of the Board shall regularly hold in camera sessions of the Board, with only independent directors present and at such times as the independent directors, Chairman or Lead Director (if one) determine advisable;
5. a quorum for meetings shall be a majority of the members of the Board, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
6. if the Chairman is not present at any meeting of the Board, the Lead Director (if one) shall preside as chair of the meeting. If the Chairman and the Lead Director (if one) are both not present at any meeting, one of the other directors who is present at the meeting shall be chosen by the Board to preside at the meeting;
7. the Chairman shall, in consultation with the Lead Director (if one) and management, establish the agenda for the meetings and instruct management to circulate appropriate agenda materials to the Board with sufficient time for study prior to the meeting;
8. every question at a Board meeting shall be decided by a majority of the votes cast;
9. Management shall receive notice of meetings and may attend meetings of the Board at the invitation of the Chairman or Lead Director (if one);
10. the Corporate Secretary of the Corporation, or any other person selected by the Board, shall act as secretary for the purpose of recording the minutes of each meeting.

The minutes of the meeting of the Board shall be placed in the Corporation's minute book.

Responsibilities and Specific Duties

In accordance with applicable laws, the Board is required to always act honestly and in good faith with a view to the best interests of the Corporation.

The Board is responsible for the stewardship of the Corporation and overseeing the operation of the business of the Corporation. The primary responsibilities of the Board include:

1. to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation;
2. adopting a strategic planning process and approving, at least on an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business;
3. identifying the principal risks of the Corporation's business, and ensuring appropriate systems are implemented to manage these risks;
4. providing continuing education opportunities for all directors so they may maintain or enhance their skills and abilities as directors, as well as ensure their knowledge and understanding of the Corporation's business remains current;
5. adopting a succession plan which includes the appointing, training and monitoring of senior management;
6. adopting and reviewing on an annual basis the Corporation's Corporate Disclosure Policy to ensure that disclosure made by the Corporation is accurate, informative, timely and broadly disseminated all in accordance with applicable laws and stock exchange rules;
7. ensuring that the Corporation has appropriate processes in place to effectively communicate with its employees, government authorities, other stakeholders and the public;
8. ensuring the necessary internal controls and management systems are in place that effectively monitor the Corporation's operations and ensure compliance with applicable laws, regulations and policies, including reviewing on an annual basis the controls and procedures established for the certification of financial and other disclosure made by the Corporation;
9. developing clear position descriptions for the Chairman, the Lead Director (if one), the chairs of each committee and, in consultation with the CEO, the CEO;
10. developing or approving the corporate goals and objectives that the CEO is responsible for meeting;
11. monitoring compliance with the Code of Business Conduct;
12. the establishment of an appropriate system of corporate governance principles and guidelines applicable to the Corporation, including:
 - (a) reviewing periodically the size of the Board to ensure its continued effectiveness (including, without limitation, facilitating effective decision-making);
 - (b) regularly assessing the effectiveness and contribution of the Board, its committees and each member of the Board considering, among other things, the applicable terms of reference for the Board and each committee and in the case of each member of the Board, the competencies and skills each member is expected to bring to the Board; and

- (c) reviewing periodically the general responsibilities and function of the Board and its committees and the chair of each committee, and the roles of the Chairman, Lead Director (if one) and the CEO; and
13. reviewing the annual corporate governance disclosure of the Corporation in its information circular.

Stakeholder Communication

Any stakeholder may contact the Board. Matters relating to the Corporation's accounting, internal accounting control or audit matters will be referred to the Audit Committee. Other matters will be referred to the Chairman or the Lead Director (if one). Stakeholders may also directly contact the Chairman or the Lead Director (if one).

Review of Terms of Reference

The Board shall review and assess these Terms of Reference and any governance principles and guidelines established by the Board at least annually.