

PETRO-REEF RESOURCES LTD.

INFORMATION CIRCULAR

**Accompanying Notice Of
Annual Meeting Of Shareholders
To Be Held On
Thursday June 15, 2006**

FORM 51-102F5

TABLE OF CONTENTS

SOLICITATION OF PROXIES BY MANAGEMENT.....	2
Annual and Special Meeting.....	2
Appointment Of Proxies.....	2
Revocation Of Proxies.....	2
Voting Of Proxies.....	3
Voting Of Common Shares.....	3
Beneficial Holders Of Common Shares.....	3
Persons Making The Solicitation.....	4
Quorum.....	4
COMMON SHARES AND PRINCIPAL HOLDERS THEREOF.....	5
MATTERS TO BE ACTED UPON.....	5
Annual Financial Report.....	5
Number of Directors.....	5
Election of Directors.....	5
Corporate Cease Trade Orders or Bankruptcies.....	7
Penalties or Sanctions.....	8
Appointment of Auditor.....	8
Approval of Stock Option Plan.....	8
INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS.....	9
OTHER MATTERS TO BE ACTED UPON.....	9
EXECUTIVE COMPENSATION.....	10
Summary Compensation.....	10
Options.....	11
Long-Term Incentive Plans and LTIP Awards.....	12
Stock Appreciation Rights and Restricted Shares.....	12
Stock Option and SAR Repricing.....	12
Defined Benefit or Actuarial Plans.....	12
Employment Contracts.....	12
Composition Of The Compensation Committee.....	12
Report Of The Compensation Committee.....	12
Directors' And Officers' Liability Insurance.....	13
Compensation Of Directors.....	14
Performance Graph.....	14
Compensation of Directors.....	15
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	16
INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS.....	16
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTION.....	16
STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES.....	17
Board of Directors.....	17
Board Mandate.....	18
Board Committees.....	18
Position Descriptions for the Board, Chairperson, Committee Chairpersons and the CEO.....	19
Director Orientation and Continuing Education.....	19
Exercise of Independent Judgment.....	20
Conflicts of Interest.....	20
Director Nomination.....	20
Compensation.....	20
Director Assessment.....	21
ADDITIONAL INFORMATION.....	21

SOLICITATION OF PROXIES BY MANAGEMENT

ANNUAL AND SPECIAL MEETING

This Information Circular is furnished in connection with the solicitation of proxies by the management of Petro-Reef Resources Ltd. (the "Corporation") for use at the Annual and Special Meeting (the "Meeting") of the holders of the Common Shares of the Corporation (the "Common Shares") to be held in the Great Room Number 3 at the Sandman Hotel Downtown Calgary, 888 - 7th Avenue S.W., Calgary, Alberta, on Thursday, June 15, 2006, at 2.30 p.m. (Calgary time), or at any adjournment thereof, for the purposes set forth in the Notice of Meeting.

Unless otherwise specified, the information contained herein is given as of April 13, 2006. There is enclosed herewith a form of proxy for use at the Meeting. Each holder of Common Shares of the Corporation who is entitled to attend and vote at the Meeting is urged to participate in the Meeting and to vote on matters to be considered in person or by proxy.

APPOINTMENT OF PROXIES

Those shareholders desiring to be represented by proxy at the respective meetings must deposit their forms of proxy at its head office at Suite 2020, 800 - 5th Avenue S.W., Calgary, Alberta T2P 3T6, or with CIBC Mellon Trust Corporation at its offices at P.O. Box 2517, Calgary, Alberta T2P 4P4 no later than 4:00 p.m. (Calgary time) on the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of such Meeting on the day of the Meeting or any adjournment thereof, prior to the use thereof at the meeting or adjourned meetings. A proxy must be executed by the holder of Common Shares or his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting. The persons named in the enclosed instrument of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them.

Each shareholder submitting a proxy has the right to appoint a person or corporation, other than the persons designated in the form of proxy furnished by the Corporation to represent him, her or it at the Meeting. The shareholder may exercise this right by striking out the names of the persons so designated and inserting the name of the desired representative in the blank space provided, or by completing another proper form of proxy and in either case depositing the proxy at the place and within the time specified above for the deposit of proxies.

REVOCAION OF PROXIES

An instrument of proxy may be revoked by the person giving it, any time prior to the exercise thereof. **If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, 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 instrument in writing executed by the shareholder or his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney authorized in writing, and deposited either at the place for the delivery of proxies, at any time up to and including 4:00 p.m. on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such Meeting on the day of the Meeting, or adjournment thereof, and upon the occurrence of either of such events the proxy is revoked.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder. The persons appointed under the enclosed form of proxy are conferred with discretionary authority to act in accordance with their best judgment with respect to amendments or variations of those matters specified in the 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, the management of the Corporation know of no such amendment, variation, or other matter.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of each of the resolutions set forth in the Notice of Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.

VOTING OF COMMON SHARES

Each holder of record of Common Shares of the Corporation entitled to vote at the Meeting of that Corporation as at the close of business on May 5, 2006 in respect of the Corporation Shareholders' Meeting will be entitled to notice of and to attend and vote at the Meeting, provided that to the extent that the Shareholder transfers the ownership of any of its shares subsequent to the applicable Record Date and the transferee of those shares establishes that it owns such shares and demands, not later than ten (10) days before the Meeting, that his name be included in the list of shareholders entitled to vote at the Meeting, then such transferee will be entitled to vote those Common Shares at that Meeting.

BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this management information circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP") in Canada. ADP typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADP, or otherwise communicate voting instructions to ADP (by way of the Internet or telephone, for example). ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives an ADP voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to ADP (or instructions respecting the voting of Common Shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

All references to shareholders in this management information circular and the accompanying instrument of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of both the proxy and this Information Circular will be borne by the Corporation. In addition to the use of the mails, proxies may be solicited by personal interviews, telephone or telegraph by directors, officers and employees of the Corporation who will not be directly compensated therefore.

QUORUM

A minimum of 2 shareholders personally present or represented by proxies, holding not less than at least 15% of the issued and outstanding Common Shares must be present at the meeting to constitute a quorum at the Meeting.

COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

As at the close of business on May 5, 2006, the record date for determining those holders of the Corporation's Common Shares entitled to vote at the Meeting, the Corporation had outstanding 21,438,924 Common Shares without nominal or par value. Each Common Share confers upon the holder thereof on a poll the right to one vote. The record date is the date for the determination of holders of Common Shares who are entitled to notice of and to attend and vote at the Meeting. Any transferee or person acquiring Common Shares after such date may, on proof of ownership of Common Shares, demand not later than 10 days before the Meeting that his name be included in the list of persons entitled to attend and vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at April 30, 2006, no person beneficially owned, directly or indirectly, or exercised control or direction over Common Shares of the Corporation carrying more than 10 percent of the voting rights attached to all of the Common Shares of the Corporation, other than:

	Number of Common Shares	Percentage
Theodore M. Donhuysen	3,104,536	14.48
Joseph Werner	3,317,193	15.47

MATTERS TO BE ACTED UPON

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

ANNUAL FINANCIAL REPORT

The Annual Financial Report, which includes the audited financial statements of the Corporation for the year, ended December 31, 2005, the auditors' report thereon and management's discussion and analysis, a copy of which is enclosed with this management information circular, will be tabled at the Meeting.

NUMBER OF DIRECTORS

The Articles of Incorporation provide that the Board of Directors shall consist of a minimum of one (1) and a maximum of ten (10) directors. There are currently 8 directors and it is proposed that 10 Directors be elected at this Meeting. This is necessary to permit the election of all proposed nominees to the board. The number of directors may be fixed by an ordinary resolution of the shareholders. This resolution requires that a simple majority of the shareholders voting at the meeting vote in favour of the resolution.

ELECTION OF DIRECTORS

At the Meeting, it is proposed that ten (10) directors be elected until the next annual meeting or until their successors are elected or appointed. There are currently eight (8) directors of the Corporation. Pursuant to the *Business Corporations Act (Alberta)*, the current directors will cease to hold office at the close of the Meeting, if the proposed directors are elected.

Unless otherwise specified, proxies in the accompanying form will be voted in favour of the ten (10) people named below (the "Nominees") to be elected as directors by the holders of the Common Shares. However, if a vacancy occurs among such Nominees because of death or for any other reason, prior to the Meeting, proxies shall not be voted to fill such vacancy.

It is the intention of the management designees, if named as proxy, to vote for the election of the following persons to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favor of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by him, his province or state and country of residence, principal occupation, business or employment, the period during which he has served as a director, and the number of voting Common Shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised, as of the March 31, 2006:

Name and Place of Residence	Office or Position Held & First Date of Appointment	Principal Occupation	Number of Common Shares Owned Directly or Indirectly
Gary W. Coleman Alberta, Canada	Assistant Secretary 1992	Owner and President of Coleman & Associates Psychotherapy Ltd., founded in April 1984.	867,575
Jack P. Donhuysen Alberta, Canada ^{(2) (5)}	Director 2004	Founder and President of Status Engineering Associates Ltd., founded in June 1986.	34,000
Theodore M. Donhuysen Alberta, Canada ^{(3) (4) (5)}	Vice-President, Exploration and Production, Chief Operating Officer & Director 1992	Vice-President, Exploration and Production, Chief Operating Officer and Director of the Corporation since July 9, 2003; prior thereto President, Chief Executive Officer and Director of the Corporation since December 1992; prior thereto President of Hi-Lite Creations Ltd. a private Alberta Corporation, since January 1992; prior thereto Chief Executive Officer of Devnic Energy Ltd. a public Alberta Corporation, since August 1987; prior thereto President of Devnic Resources Ltd. a private Alberta Corporation, since December 1982; prior thereto Geological Consultant.	3,104,536 ⁽⁶⁾
Alan P. Hallman Alberta, Canada ⁽³⁾	Director 2001	President of Hallman and Associates Inc., since December 1997; prior thereto Executive Director, Alberta Growth Summit, office of the Premier, Calgary, Alberta, since October 1996; prior thereto Director of Research, Office of the Government Leader, Whitehorse, Yukon Territory, since May 1995; prior thereto Director of Community Relations, Office of the Premier, Calgary Alberta, since January 1993.	15,000
Robert N. Maertens-Poole Alberta, Canada ⁽⁴⁾	Chief Financial Officer 1994	Owner & President of Robert N. Maertens-Poole Professional Corporation, Chartered Accountants, founded in 1975.	333,000
Huba A. Sebo Alberta, Canada ^{(1) (2) (5)}	Director 2004	Mortgage Broker for Jencor Mortgage Corporation, founded in 1996.	98,500

Dennis K. Ulrich Alberta, Canada	Director 2002	President and co-owner of Pakowki Ranching Co. Ltd., since 1979; President and co-owner of D & K Mobile Welding Ltd., since 1985.	568,643
Joseph Werner Alberta, Canada ⁽⁴⁾	President, Chief Executive Officer & Director 1992	President, Chief Executive Officer and Director of the Corporation, since July 9, 2003; prior thereto Chairman of the Board, Chief Financial Officer and Director of the Corporation since December 1992; prior thereto Financial Officer of Hi-Lite Creations Ltd., a private Alberta Corporation, since January 1992; prior thereto President & Chief Financial Officer of Devnic Energy Ltd. a public Alberta Corporation, since August 1987; prior thereto Geophysical Consultant for 12 years.	3,317,193 ⁽⁷⁾
Richard W. DeVries Freeport, The Bahamas ^{(1) (2)}	Director 2005	Member of The Law Society of Alberta since 1977. Vice-President – Finance for International Benefits Management Corporation; Chairman and Director of the Board of Call Genie Inc.; Director of Pacific Lottery Corporation; Director of CPI Crown Properties International Corporation; Director of Tallagium Corporation; Director of Migenix Inc.; Chairmen of the Board, President and Director of Capital Holdings Ltd.	1,111,111
N. Gary Van Nest Alberta, Canada ^{(1) (3)}	Director 2005	President of Sinalta Investments Ltd.; Chairman of Bioversion Industries Inc.; Chairman of Capital Mandates Inc.; Director of Aquarius Coatings Inc.; Director of Landmark Global Financial Corporation; Director of Med X Health Corporation; and Director of Davis-Rea Ltd.	20,000

As at December 31, 2005, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 8,434,872 Common Shares or approximately 47.55% of the issued and outstanding Common Shares.

The term of office of each director expires at the next annual meeting of shareholders of the Corporation.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Management Committee.
- (5) Member of the Reserves Committee.
- (6) Theodore M. Donhuysen owns or controls, directly or indirectly, greater than 10% of the issued Common Shares. Northfork Energy Inc. of which Mr. Donhuysen and his wife are 50% of the shareholders holds Common Shares of 397,412.
- (7) Joseph Werner owns or controls, directly or indirectly, greater than 10% of the issued Common Shares. Orphan Holdings Inc. of which Mr. Werner and his wife are all the shareholders holds 1,317,412 Common Shares.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Richard W. DeVries

Mr. DeVries was corporate secretary of FSPI Technologies Corp. ("FSPI"). In September, 1999, the Alberta Securities Commission (the "ASC") issued a cease trade order suspending trading of the securities of FSPI as a result of deficiencies in its audited annual financial statements which were irreconcilable. FSPI was delisted from the Alberta Venture Exchange on May 31, 2000.

On July 6, 2001, the BCSC issued an interim cease trade order against Advanced Vision Systems Corp. for failure to file required financial information, as did the British Columbia Securities Commission (the "BCSC") shortly thereafter (the "Financial Statement Orders"). The Alberta Venture Exchange also issued a bulletin on July 6, 2001, suspending the trading of shares of Advanced Vision Systems Corp. (the "Trading Suspension"). The Financial Statement Orders were subsequently revoked by the ASC and the BCSC, as the required filings had been made. This revocation of the Financial Statement Orders was confirmed on March 5, 2002 by the Alberta Venture Exchange, at which time the Alberta Venture Exchange also advised that the Trading Suspension would not be revoked by the Alberta Venture Exchange until Advanced Vision Systems Corp. met the Alberta Venture Exchange's requirements for securities trading on the Alberta Venture Exchange. On March 10, 2004, Advanced Vision Systems Corp. was transferred to the NEX board of the TSX-Venture Exchange (the successor of the Alberta Venture Exchange). Mr. DeVries resigned as a director of Advanced Vision Systems Corp. in November, 2002.

PENALTIES OR SANCTIONS

Richard W. DeVries

In 1999, Mr. DeVries was subject to an administrative action of the ASC wherein the ASC found that Mr. DeVries had failed to act in the best interests of an issuer and further acknowledged that by acting as a director of an issuer, he was not in a position to provide independent legal advice to the issuer. On October 21, 1998, CPI Crown Properties International Corporation ("Crown Properties") caused a loan (the "Loan") to be made to Syndico Capital Inc. ("Syndico") contrary to Section 6.1 of Rule 46-501 (for the purposes of this paragraph, the "Rule") of the ASC Rules. The Loan was made by Crown Properties relying upon the advice of Mr. DeVries, who incorrectly advised Crown Properties that the Loan would not contravene the Rules. Upon Crown Properties being notified that it had breached the Rule, it caused Syndico to immediately repay the Loan, which was done on March 3, 1999. Mr. DeVries acknowledged to the ASC that in providing his advice, he failed to act in the best interests of Crown Properties and further acknowledged that by acting as a director of Crown Properties, he was not in a position to provide independent legal advice to Crown Properties. Mr. DeVries paid an administrative penalty to the ASC as well as all costs of the investigation. Crown Properties paid no costs nor was it subject to any penalty. Mr. DeVries was also required to complete the success workshop operated by the Exchange, which he successfully completed.

APPOINTMENT OF AUDITOR

It is proposed that PricewaterhouseCoopers, Chartered Accountants, be appointed as the Auditors of the Corporation to hold office until the next annual meeting of Shareholders of the Corporation. If appointed, the Directors will be authorized to fix the remuneration of the Auditors. In order to be effective, an ordinary resolution requires approval by not less than a majority of the votes cast by shareholders in person or by proxy who vote in respect of this resolution.

APPROVAL OF STOCK OPTION PLAN

The Shareholders passed a resolution at the Corporation's June 18, 2003 annual general meeting adopting a stock option plan (the "Stock Option Plan") for the Corporation. The policies of the TSX Venture Exchange require the Shareholders to readopt the Stock Option Plan at each of the Corporation's Annual General Meetings. Therefore, the Shareholders will be asked to pass an ordinary resolution reaffirming the adoption of a stock option plan (the "Stock Option Plan").

The purpose of the Stock Option Plan is to allow the Corporation to grant options to directors, officers, consultants, employees and service providers, as additional compensation, and as an opportunity to participate in the profitability of the Corporation. The granting of such options is intended to align the interests of such persons with that of the Corporation. Options will be exercisable over periods of up to five years as determined by the board of directors of the Corporation and are required to have an exercise price determined in accordance with the policies of the TSX Venture Exchange. Pursuant to the Stock Option Plan, the board of directors may from time to time authorize the issue of options to directors, officers and employees of and consultants to the Corporation and its subsidiaries or employees of companies providing management services to the Corporation or its subsidiaries. The Stock Option Plan is a “rolling” plan reserving a maximum of 10% of the issued shares of the Corporation at the time of a stock option grant. The Stock Option Plan will not contain any vesting provisions. In addition, no more than 5% of the issued shares of the Corporation may be granted to any one individual in any 12-month period. The Stock Option Plan must be approved by a majority of the votes cast by shareholders at the Meeting. The policies of the TSX Venture Exchange require the Corporation to obtain Shareholder approval of the Stock Option Plan annually at the Annual General Meeting of the Corporation.

The full text of the Stock Option Plan is attached as Schedule “A” to the Corporation’s Information Circular dated April 30, 2003 a copy of which can be obtained at www.sedar.com.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the Stock Option Plan. Shareholders will be asked to pass the following ordinary resolutions:

RESOLVED THAT:

1. The Stock Option Plan is approved;
2. The president or one director of the Corporation be and is hereby authorized on behalf of the Corporation to submit the Stock Option Plan to the TSX Venture Exchange and to make any changes to the Stock Option Plan required by the TSX Venture Exchange; and
3. The president or any one director of the Corporation be and is hereby authorized on behalf of the Corporation to execute and implement the Stock Option Plan and issue stock options pursuant to the Stock Option Plan.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors of the Corporation, no Director or senior officer of the Corporation, or their respective associates or affiliates, has any material interest in any matter to be acted upon at the meeting, other than the election of directors.

OTHER MATTERS TO BE ACTED UPON

Other than the foregoing, the Board of Directors of the Corporation know of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

All matters to be brought before the meeting require, for the passing of same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. If a majority of the Common Shares represented at the meeting should be voted against the appointment of PricewaterhouseCoopers, Chartered Accountants, as auditors of the Corporation, the Board of Directors will appoint another firm of chartered accountants based on the recommendation of the audit committee, which appointment for any period subsequent to the Meeting shall be subject to approval by the shareholders at the Meeting.

EXECUTIVE COMPENSATION

FORM 51-102F6

SUMMARY COMPENSATION

The following table sets forth a summary of the annual and long term compensation for services paid during the Corporation’s fiscal year ended December 31, 2005 to the President and Chief Executive Officer (“CEO”), the Vice-President, Finance and Chief Financial Officer (“CFO”) and the Vice President, Operations of the Corporation (the “NEOs”).

SUMMARY COMPENSATION TABLE

NEO Name and Principal Position ^(a)	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) ⁽¹⁾	Awards		Payouts	
					Under Options/SARs Granted (#) ⁽²⁾	Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Joseph Werner President and CEO	2005	65,250	23,872	-	-	-	-	-
	2004	62,750	-	-	250,000	-	-	-
	2003	60,000	-	-	-	-	-	-
Theodore M. Donhuysen VP and COO	2005	61,500	23,872	-	-	-	-	-
	2004	62,750	-	-	250,000	-	-	-
	2003	60,000	-	-	-	-	-	-
Robert N. Maertens-Poole ⁽²⁾ CFO	2005	16,851	1,469	-	-	-	-	-
	2004	10,747	-	-	50,000	-	-	-
	2003	-	-	-	-	-	-	-

Notes:

- (1) “Other Annual” means perquisites and other personal benefits that exceed the lesser of \$50,000 and 10% of the total annual salary and bonus for any of the named executive officers.
- (2) “Securities Under Options/SARs Granted” are grants made under the Amended and Restated Incentive Stock Option Plan.

There were no other executive officers at the end of the most recently completed financial year whose salaries and bonuses exceeded \$150,000 per year.

OPTIONS

The following table and the notes thereto set forth information in respect of each grant of options to NEOs during the Corporation's fiscal year ended December 31, 2005.

OPTION GRANTS DURING THE FISCAL YEAR ENDED DECEMBER 31, 2005

NEO Name	Securities Under Options Granted (#)	Percent of Total Options Granted to Employees in Financial Year	Exercise Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant ⁽¹⁾ (\$/Security)	Expiration Date
Joseph Werner	40,000	1.89%	\$0.50	\$20,000	2010-09-27
Theodore M. Donhuysen	40,000	1.89%	\$0.50	\$20,000	2010-09-27
Robert N. Maertens-Poole	100,000	4.72%	\$0.50	\$50,000	2010-05-24
	40,000	1.89%	\$0.50	\$20,000	2010-09-27

Note:

- (1) Based on the closing price of the Common Shares on the last day the Common Shares traded on the TSX Venture Exchange prior to the date of grant.

The following table and the notes thereto set forth information in respect of each exercise of options by the NEOs during the Corporation's fiscal year ended December 31, 2005 and the financial year-end value of unexercised options.

AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES

NEO Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ⁽¹⁾ (\$)	Unexercised Options at December 31, 2005 (#) Exercisable/Unexercisable	Value of Unexercised "in-the-Money" Options at December 31, 2005 ⁽²⁾ (\$) Exercisable/Unexercisable
Joseph Werner	-	-	250,000 / 40,000	\$267,500 / \$39,600
Theodore M. Donhuysen	-	-	250,000 / 40,000	\$267,500 / \$39,600
Robert N. Maertens-Poole	100,000	\$20,000	50,000 / 140,000	\$39,000 / \$148,500

Notes:

- (1) Aggregate value realized is equal to the number of securities acquired on exercise multiplied by the difference between the market value of the securities at the date of exercise and the exercise price.
- (2) Unexercised "in-the-money" options refer to those options in respect of which the market value of the underlying security as at the financial year-end exceeds the exercise price of the option, being the aggregate of the difference between the market value of the securities as at December 31, 2005 and the exercise price.

LONG-TERM INCENTIVE PLANS AND LTIP AWARDS

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Corporation's incentive stock option plan.

STOCK APPRECIATION RIGHTS AND RESTRICTED SHARES

No stock appreciation rights or restricted shares were granted by the Corporation to the NEOs of the Corporation during the last fiscal year ended December 31, 2005. Furthermore, no stock appreciation rights were exercised.

STOCK OPTION AND SAR REPRICING

No repricing took place during the last fiscal year ended December 31, 2005 with respect to stock option and stock appreciation rights.

DEFINED BENEFIT OR ACTUARIAL PLANS

The Corporation currently has no defined benefit or actuarial plans.

EMPLOYMENT CONTRACTS

The Corporation has not entered into any employment contracts with its named executive officers.

COMPOSITION OF THE COMPENSATION COMMITTEE

The members of the Compensation Committee of the Board of Directors of the Corporation during the fiscal year ended December 31, 2005 were Messrs Huba A. Sebo, Jack P. Donhuysen and Richard W. DeVries (Chairman). The Management Committee of the Corporation provides information to the Compensation Committee and makes recommendations on compensation issues in respect of the executive officers of the Corporation, other than in respect of his compensation. Jack P. Donhuysen has a business relationship with the Corporation, as he is a principal shareholder, officer and director of Status Engineering Ltd., which is an engineering firm that provides services to the Corporation. During 2005, the Corporation paid approximately \$197,782.35 in fees to Status Engineering Ltd.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee administers the Corporation's executive compensation program and makes recommendations to the Board of Directors. The Compensation Committee is responsible for reviewing the structure and competitiveness of the Corporation's executive compensation program and approves compensation recommendations in respect of the Corporation's named executive officers and other officers of the Corporation to the Board of Directors.

COMPONENTS OF COMPENSATION

The annual compensation of each executive officer is determined having regard to such executive officer's current responsibilities, individual performance during the year, corporate performance during the year, and the assessment by the Compensation Committee of such other matters as may be presented by management. The Corporation's compensation policy currently has two basic components:

- (i) base salary and benefits and
- (ii) stock options.

The Corporation's executive officers are eligible to participate in the Corporation's various compensation programs on the same basis as all employees. The components of the Corporation's compensation policy are intended to align the interests of executive officers with those of the Corporation's shareholders. The Corporation has in place an Amended and Restated Incentive Stock Option Plan. Under the plan, awards have been made to executive officers in amounts relative to position, performance and what is considered competitive in the industry.

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

Both Mr. Donhuysen and Mr. Werner have provided services to the Corporation since 1992. Mr. Donhuysen served in the capacity of Chief Executive Officer since that date until July 29, 2003 and Mr. Werner since that date. Both retain an important equity interest in the Corporation, as well as directing its activities during their respective periods as Chief Executive Officer. This interest provides a strong incentive to maintain corporate performance.

The compensation of the Chief Executive Officer is considered by the Compensation Committee to be at a level lower than comparative positions within the industry. The Compensation Committee bases this view on its experience with other junior oil companies and an informal review with other industry participants. As the Corporation grows, the Compensation Committee will review with each senior employee, including the Chief Executive Officer, their remuneration. The Chief Executive Officer and executive employees may also be granted additional options from time to time in the discretion of the Compensation Committee.

Submitted by the Compensation Committee

(Signed) Richard W. DeVries

(Signed) Huba A. Sebo

(Signed) Jack P. Donhuysen

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

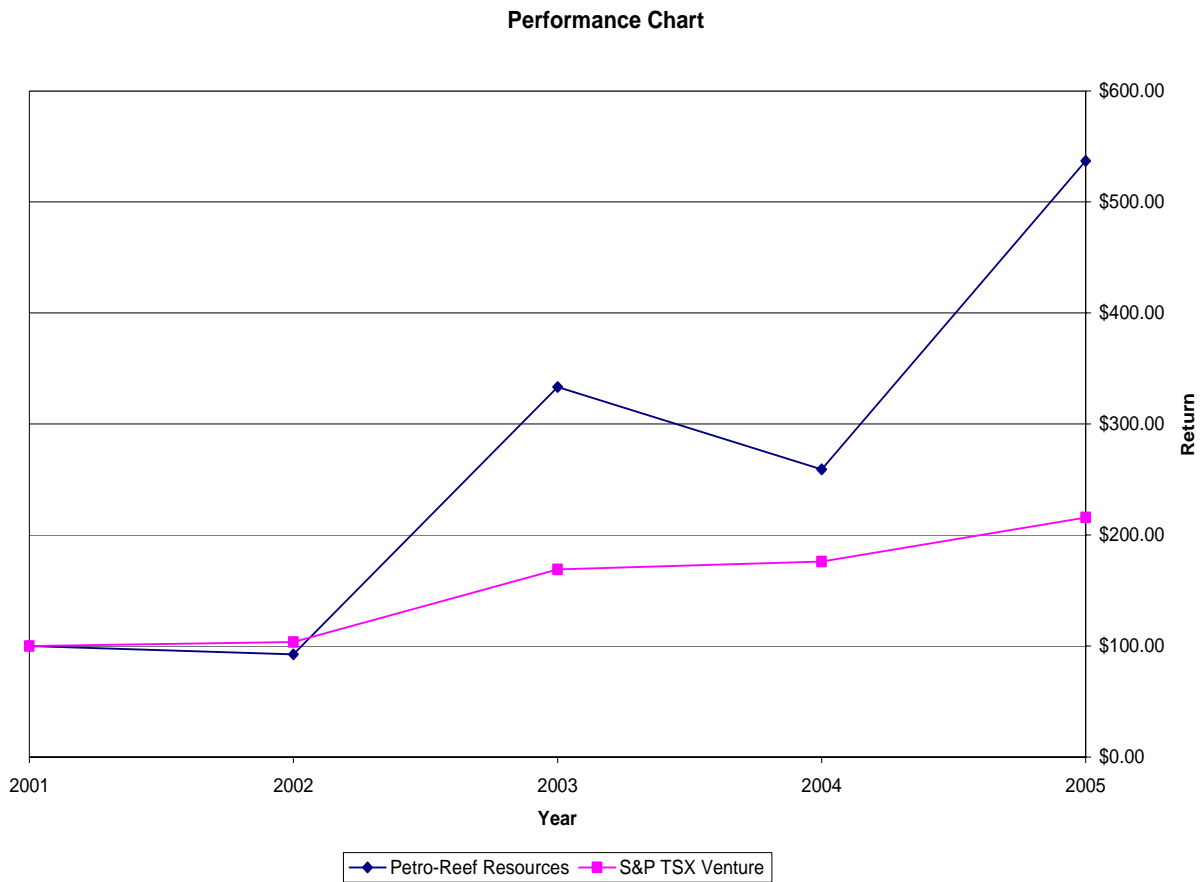
The Corporation has acquired directors' and officers' liability insurance. The Corporation has entered into indemnity agreements with its directors and officers.

COMPENSATION OF DIRECTORS

None of the directors of the Corporation receives any cash compensation for acting in that capacity. The directors have been granted stock options for acting in that capacity.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the common shares of the Corporation (assuming a \$100 investment was made on December 31, 2000) with the cumulative total return of the S&P/TSX Composite Index, assuming reinvestment of dividends.



COMPENSATION OF DIRECTORS

During the fiscal year ended December 31, 2005, the Corporation paid no cash compensation to the directors for services rendered in their capacity as directors. Executive officers of the Corporation who also act as directors of the Corporation, do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. See “Compensation of Executive Officers”.

The following table and the notes thereto set forth information in respect of each grant of options to directors of the Corporation who are not also NEOs during the Corporation’s fiscal year ended December 31, 2005.

OPTION GRANTS DURING THE FISCAL YEAR ENDED DECEMBER 31, 2005

Director Name	Securities Under Options Granted (#)	Exercise Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant ⁽¹⁾ (\$/Security)	Expiration Date
Dennis K. Ulrich	100,000	\$0.50	\$0.50	2010-05-02
Dennis K. Ulrich	40,000	\$0.50	\$0.48	2010-09-27
Alan P. Hallman	40,000	\$0.50	\$0.48	2010-09-27
Jack P. Donhuysen	40,000	\$0.50	\$0.48	2010-09-27
Huba A. Sebo	40,000	\$0.50	\$0.48	2010-09-27
N. Gary Van Nest	140,000	\$0.50	\$0.48	2010-09-27
Richard W. DeVries	140,000	\$0.50	\$0.48	2010-09-27

Note:

- (1) Based on the closing price of the Common Shares on the last day the Common Shares traded on the TSX Venture Exchange prior to the date of grant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect to equity compensation plans of the Corporation as at December 31, 2005 plus the impact of equity compensation plans, proposed for approval by the shareholders in this information circular and not yet approved.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities, remaining available for future issuance under equity compensation plans (excluding securities reflected in second column)
Equity compensation plans approved by securityholders (1)	2,120,000	\$05.50	23,992
Equity compensation plans not approved by security holders (2)	Nil	N/A	Nil
Total	2,120,000	\$05.50	23,992

Notes:

- (1) The most recent stock option plan, approved on June 18, 2003, is a “rolling” plan reserving a maximum of 10% of the issued shares of the Corporation at the time of a stock option grant. Thus the number securities remaining available for future issuance must take into account outstanding options and also options that were issued under the plan and already exercised.
- (2) At December 31, 2005, there were no equity compensation plans not approved by security holders.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director, executive officer or senior officer of the Corporation, or proposed nominee for election as a director of the Corporation, or their respective associates, was as at April 30, 2006, or was during the fiscal year ended December 31, 2005, indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTION

Other than as set forth herein, the Corporation is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, any proposed director of the Corporation or any associate or affiliate of any of the foregoing in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI58-101”) and National Policy 58-201 Corporate Governance Guidelines (“NP 58-201”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. Set forth below is a description of the Corporation’s current corporate governance practices.

BOARD OF DIRECTORS

The Corporation’s Board, which is responsible for supervising the management of the business and affairs of the Corporation, is comprised of eight directors, of which five are independent.

Director	Name of other Reporting Issuers of which he is a Director	Independent?
Gary W. Coleman	None	Yes
Jack P. Donhuysen	None	Yes
Theodore M. Donhuysen	None	No
Alan P. Hallman	None	Yes
Robert N. Maertens-Poole	None	No
Huba A. Sebo	None	Yes
Dennis K. Ulrich	None	Yes
Joseph Werner	None	No
Richard W. DeVries	Finance for International Benefits Management Corporation; Call Genie Inc.; Pacific Lottery Corporation; CPI Crown Properties International Corporation; Tallagium Corporation; Migenix Inc.; Capital Holdings Ltd.	Yes
N. Gary Van Nest	Sinalta Investments Ltd.; Bioversion Industries Inc.; Capital Mandates Inc.; Aquarius Coatings Inc.; Landmark Global Financial Corporation; Med X Health Corporation; Davis-Rea Ltd.	Yes

The Corporation shall have not fewer than 3 directors, at least 2 of whom are not officers or employees or Control Persons of the Corporation or its Affiliates. The Board shall be composed of such number of resident Canadians as are required by Applicable Corporate Laws. At least one director must have expertise in the area of the Corporation’s actual or proposed business. Each director must otherwise be acceptable to the Stock Exchange and each Securities Commission having jurisdiction over the Corporation both before and after his or her appointment or election as a director of the Corporation.

The Independent Board members are to meet at least quarterly without Management. Such meeting shall be chaired by the Board Chairman, if one has been appointed, who shall be an Independent director, or if no Chairman has been appointed, by a member so appointed by that meeting.

BOARD MANDATE

The Board has approved for ratification a formal written mandate in its Corporate Governance Manual. The Corporate Governance Manual is expected to be approved in the near future. The Board has clearly delineated its role and the role of Management. The role of the Board is to establish policy, define the business plan, and supervise the management of the Corporation's business and affairs, with the objective of increasing shareholder value. Management's role is to conduct the day-to-day operations in a way that will meet this objective. The Board approves all matters expressly required therein, under the *Business Corporations Act* (Alberta) and all Applicable Laws, (including all Applicable Securities Laws and Stock Exchange Rules), and the Corporation's Articles of Incorporation and By-Laws. The Board may delegate to one or more Board committees any matters which the Board is responsible for in accordance with its Corporate Governance Manual. Except as prohibited or restricted by Applicable Laws or hereby, the Board may delegate the approval of certain matters to Management pursuant to one or more resolutions, as passed and/or amended from time to time. As part of its stewardship responsibility, the Board advises Management on significant business issues.

BOARD COMMITTEES

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

Committee	Members
Audit	Huba A. Sebo (Chairman) Richard W. DeVries N. Gary Van Nest
Compensation	Richard W. DeVries (Chairman) Jack P. Donhuysen Theodore M. Donhuysen
Corporate Governance	N. Gary Van Nest (Chairman) Theodore M. Donhuysen Alan P. Hallman
Internal Management	Theodore M. Donhuysen (Chairman) Joseph Werner Robert N. Maertens-Poole
Reserves	Jack P. Donhuysen (Chairman) Theodore M. Donhuysen Huba A. Sebo

The Corporation's Audit Committee's charter was approved and attached to the Corporation's 2005 Information Circular and is filed on the Corporation's website. The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as work with the external auditors to ensure required financial public disclosures are not materially incorrect and/or misleading. The Audit Committee charter provides that all non-audit services to be provided by the external auditors are reviewed in advance and pre-approved.

The Board has a strong commitment to effective corporate governance. The Corporate Governance Committee's mandate is to enhance the Corporation's governance through a continuing assessment of the Corporation's approach to corporate governance. The Charter of the Corporate Governance Committee will be reviewed periodically by the Board in light of proposed governance reforms and established best practices to ensure that the governance guidelines followed by the Board are appropriate and effective in enabling the Board to fulfill their responsibilities independently of Management and with a view to the best interests of the Corporation and its shareholders. The Corporate Governance Committee shall: (a) set the criteria for selecting new directors; (b) recommend to the Board the size of the Board, its appropriate composition and eligible individuals for election to the Board, a majority of whom shall be unrelated directors; (c) recommend to the Board the appropriate committee structure, committee mandates, composition and membership; (d) on an ongoing basis, review and evaluate or oversee the evaluation of the performance and effectiveness of the Board as a whole and of Board committees and individual directors; (e) review and make recommendations to the Board on the remuneration of the Board Chairman, the committee chairs and non-executive directors; (f) review and recommend to the Board a set of corporate governance policies, practices and principles aimed at fostering a healthy governance culture at the Corporation; (g) if a code of business conduct and ethics has then been adopted by the Board, monitor compliance with such code; (h) oversee the orientation and continuing education program for directors; (i) ensure the Corporation communicates effectively with its shareholders, other interested parties and the public through a responsive communication policy; (j) assist the Board in its oversight role with respect to: (i) conflicts of interest, (ii) confidential information, (iii) complaints of shareholders, and (iv) transactions involving related parties to the Corporation; and (k) report to the Board on all matters under its Mandate. Nothing contained in the above mandate is intended to transfer to the Corporate Governance Committee the Board responsibility to ensure the Corporation's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Corporate Governance Committee.

POSITION DESCRIPTIONS FOR THE BOARD, CHAIRPERSON, COMMITTEE CHAIRPERSONS AND THE CEO

The Board has not developed written position descriptions for the Chairperson of each Board Committee and the CEO of the Corporation. The responsibilities of a directorship are communicated verbally and in a Governance Commitment Policy that outlines the role of the Chairperson and director's conduct. Each director provides feedback by completing a standard Board effectiveness survey. Each director, who serves on a Board committee, is responsible for carrying out the mandate as outlined in each committee charter.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

Responsibility for Board orientation and continuing education is delegated to the Corporate Governance Committee and is specifically outlined in its charter. New directors are provided with a Corporate Governance Manual that outlines policies of the Corporation. These include a Timely Disclosure Confidentiality and Insider Trading Policy, and charters for the Audit Committee, Corporate Governance Committee and the Compensation Committee, Internal Management Committee and Reserves Committee. The manual is updated as the Corporation's business, governance documents and policies change. Directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

EXERCISE OF INDEPENDENT JUDGMENT

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Corporate Governance Manual and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Corporation has a specific policy to outline the expectations of directors in the Corporate Governance Manual.

The Corporate Governance Committee is responsible for reviewing departures from the Code by executive officers, management, employees and consultants, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. The Board, as a whole, is responsible for responding to conflict of interest situations involving directors, particularly with respect to existing or proposed transactions and agreements in respect of which directors advise they have a material interest.

CONFLICTS OF INTEREST

Directors and officers are required to disclose any material interest in any transaction or agreement with the Corporation to the Corporate Governance Committee. The Corporation's directors and officers abide by the disclosure of conflict of interest provisions contained in the *Business Corporations Act* (Alberta).

DIRECTOR NOMINATION

Responsibility for identifying new candidates to join the Board is delegated to the Corporate Governance Committee and is specifically outlined in their charter. The Corporate Governance Committee is responsible for identifying qualified candidates, recommending nominees for election as directors, and appointing directors to Committees. The Corporate Governance Committee is comprised of a majority of independent directors to encourage an objective nomination process.

COMPENSATION

The Compensation Committee's mandate is to enhance the Corporation's governance through a continuing assessment of the Corporation's approach to corporate governance. This Charter of the Compensation Committee will be reviewed periodically by the Board in light of proposed governance reforms and established best practices to ensure that the governance guidelines followed by the Board are appropriate and effective in enabling the Board to fulfill their responsibilities independently of Management and with a view to the best interests of the Corporation and its shareholders. The Compensation Committee shall review and make recommendations to the Board on the remuneration of the Chief Executive Officer, Chief Financial Officer and all other Executive Officers of the Corporation, and such other officers and employees and the Board may direct. The Compensation Committee shall take into account any review by the Governance Committee, review and approve at least annually the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, Chief Financial Officer and all other Executive Officers, evaluate the performance of the Chief Executive Officer, Chief Financial Officer and all other Executive Officers in light of those goals and objectives, report the results of such evaluation to the Board and set the compensation level of the Chief Executive Officer, Chief Financial Officer and all other Executive Officers based on this evaluation.

DIRECTOR ASSESSMENT

The Corporate Governance Committee is responsible for the evaluation and assessment of the performance, contribution and effectiveness of individual directors, each Committee and the Board as a whole. The evaluation includes a questionnaire, which asks directors to identify their own skills, their contributions to the Board and committees, and rate their effectiveness and the effectiveness of the Board and each committee. The annual review also asks directors to provide feedback on areas where they believe improvements in Board effectiveness can be made.

ADDITIONAL INFORMATION

Information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis.

Dated May 5, 2006

Signed (Joseph Werner)

Joseph Werner

President and Chief Executive Officer

Signed (Robert N. Maertens-Poole)

Robert N. Maertens-Poole

Chief Financial Officer