

**DUALEX ENERGY INTERNATIONAL INC.**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JUNE 25, 2009**

**NOTICE OF MEETING  
AND MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF DUALEX ENERGY INTERNATIONAL INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF DUALEX ENERGY INTERNATIONAL INC. TO BE HELD ON JUNE 25, 2009.*

**TO BE HELD AT:  
The Metropolitan Conference Centre  
333 - 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta**

**At 10:00 a.m.**

Dated: May 20, 2009

# DUALEX ENERGY INTERNATIONAL INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING TO BE HELD ON JUNE 25, 2009

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of DualEx Energy International Inc. (the “**Corporation**”) will be held at the Metropolitan Conference Centre, 333 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Thursday, June 25, 2009 for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2008 and the report of the auditors thereon;
2. to set the number of directors to be elected at the Meeting at five;
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to approve, with or without modification, the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting, relating to the approval of an amended stock option plan of the Corporation; and
6. to transact such other business that may properly come before the Meeting or adjournments thereof.

The board of directors has fixed the close of business on May 21, 2009 as the record date for determining holders of Common Shares who are entitled to vote at the Meeting.

Holders of Common Shares who are unable to be present at the Meeting are requested to date, execute and return the accompanying form of proxy to the Corporation’s registrar and transfer agent, Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, or by fax at (403) 265-1455 prior to 10:00 a.m., Calgary time, on June 23, 2009, being at least forty-eight (48) hours, excluding Saturdays, Sundays and statutory holidays, before the time of the Meeting or adjournments thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Your participation as a shareholder is very important to the Corporation. Please ensure your shares are represented at the Meeting.

**DATED** at Calgary, Alberta, this 20th day of May, 2009.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Garry T. Hides*” \_\_\_\_\_

**Garry T. Hides**

President, Chief Executive Officer and a Director

**DUALEX ENERGY INTERNATIONAL INC.  
MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF DUALEX ENERGY INTERNATIONAL INC. (THE “CORPORATION”)** of proxies from the holders of common shares of the Corporation (“**Common Shares**”) for the annual general and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on June 25, 2009 at 10:00 a.m. at the Metropolitan Conference Centre, 333 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (the “**Notice of Meeting**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares (as defined below) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named (the “Management Designees”) in the enclosed instrument of proxy (“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. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation’s transfer agent, Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6, or by fax at (403) 265-1455 prior to 10:00 a.m., Calgary time, on June 23, 2009, being at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

## ADVICE TO BENEFICIAL SHAREHOLDERS

**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 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 Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge 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 a Broadridge voting instruction form cannot use that form to vote shares of the Corporation directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of shares of the Corporation must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have shares of the Corporation voted. If you have any questions respecting the voting of 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 reference 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.

## VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (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. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

### **QUORUM**

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two persons holding or representing by proxy not less than five percent of the outstanding shares entitled to vote at the meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is May 20, 2009, the Corporation has 65,779,425 Common Shares without nominal or par value outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on May 21, 2009 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### ***Compensation principles and objectives***

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation’s compensation program is expected to encourage high quality behaviour and performance among its key employees, including its executive officers.

The objective of our executive compensation program is to attract and retain a high quality management and employee team and to motivate performance by aligning a significant portion of the compensation to enhancement in share value. Compensation is structured so as to provide each executive officer and key employee with a competitive income, relative to our peer companies, to create meaningful incentives for this group of employees to remain at the Corporation and not be unreasonably susceptible to recruiting efforts by competitors.

#### ***Compensation decision-making process***

The purpose of the Compensation and Corporate Governance Committee is to assist our board of directors in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives by assessing and making recommendations regarding compensation, benefits, short and long-term incentive programs and

employee retention. This committee is currently composed of two non-management directors, Roy Hudson (Chair) and David Rain, and one management director, Garry Hides.

The Chief Executive Officer is responsible for making recommendations to the Compensation and Corporate Governance Committee relating to the compensation of the executive officers, other than the Chief Executive Officer. In making such recommendations, the Chief Executive Officer is responsible for reviewing the compensation data compiled by management for, amongst other things, corporate performance and individual executive officer performance. In assessing corporate performance, the Corporation does not set specific objectives and targets. Rather, the Compensation and Corporate Governance Committee uses its experience and judgment in light of the Corporation's overall success in implementing its business plan. In assessing individual executive officer performance, consideration is given to factors such as level of responsibility, experience and expertise, as well as more subjective factors such as leadership and performance in such executive officer's specific role with the Corporation.

Upon the receipt of the recommendations from the Chief Executive Officer, the Compensation and Corporate Governance Committee is responsible for reviewing the evaluation and determining whether to accept the recommendation or make any changes.

### ***Elements of the executive compensation program***

The executive compensation program for our executive officers is comprised of base salary, incentive bonuses and long-term incentive compensation comprised of options to acquire Common Shares.

#### ***Base salaries***

The base salary component is intended to provide a fixed level of pay that reflects each executive officer's primary duties and responsibilities. The Compensation and Corporate Governance Committee recognizes that the Corporation's size and stage of development prohibits base salary compensation for executive officers from matching those of larger companies in the oil and gas industry and, accordingly, base salary increases will be performance driven.

#### ***Incentive Bonuses***

The incentive bonus is intended to provide executive officers the opportunity to realize additional gains when performance expectations are exceeded. By placing emphasis on variable compensation, the Corporation aims to tie a portion of the total executive compensation package to increases in the Corporation's performance and, when considered appropriate, the value of the Common Shares.

#### ***Long term incentive compensation - stock options***

Options to acquire Common Shares are granted under the Corporation's option plan to directors, executive officers, employees and other service providers of the Corporation and are intended to align such individual's and shareholder interests by attempting to create a direct link between compensation and shareholder return. Participation in the option plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the option plan enables executives to increase and maintain a significant ownership positions in the Corporation. Individual stock options are granted by our board of directors on the recommendation of the Compensation and Corporate Governance Committee and our Chief Executive Officer.

Options are normally awarded by the board of directors upon the commencement of an individual's employment or membership with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation and to ensure that one of the primary purposes of the options, namely retention of the executives, is being maintained. In considering additional grants, the Corporation evaluates the number of options an individual has been granted, the exercise price and value of the options and the term remaining on those options.

### ***Summary***

Our board of directors believes that long-term shareholder value is enhanced by executive compensation based upon corporate performance. Through the compensation program described above, a significant portion of the compensation for our executive officers is based on corporate performance, as well as industry-competitive compensation practices.

### **Option Based Awards**

The board of directors granted 350,000 stock options to directors and officers during the financial year ended December 31, 2008. The Corporation took into account the options granted in 2007 in determining to grant additional options in 2008.

The allocation of the number of options granted among the directors and officers was determined by the Compensation and Corporate Governance Committee. See “*Compensation Decision Making Process*” above and “*Incentive Plan Awards*” for both Named Executive Officers (as defined below) and directors below.

### **Summary Compensation Table**

The following table sets forth all annual and long term compensation for services in all capacities to the Corporation and any subsidiaries for the fiscal year ended December 31, 2008, in respect of individual(s) who were, during the fiscal year ended December 31, 2008, acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and whose compensation was more than \$150,000 (the “**Named Executive Officers**”).

Name and Position	Year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3) (4)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	Other Annual Compensation (\$)	Total Compensation (\$) <sup>(5)</sup>
					Annual incentive plans	Long-term incentive plans			
<b>Garry T. Hides</b> President and Chief Executive Officer	2008	146,667	Nil	20,916	Nil	Nil	Nil	Nil	167,583
<b>Kenneth M. Tompson</b> Chief Executive Officer	2008	146,667	Nil	20,916	Nil	Nil	Nil	Nil	167,583
<b>Lorne A. Morozoff</b> Vice President Finance and Chief Financial Officer	2008	126,000	Nil	15,687	Nil	Nil	Nil	Nil	141,687

**Notes:**

- (1) On September 1, 2008, Garry T. Hides and Kenneth M. Tompson received a salary increase to \$160,000 from \$140,000 and Lorne A. Morozoff received a salary increase to \$138,000 from \$120,000.
- (2) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (3) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (4) Value of stock options granted on September 11, 2008, were calculated using the Black-Scholes option pricing model based on the following assumptions: exercise price - \$0.30, risk free rate - 3%, volatility – 100%, expected life – 5 years, expected dividend – 0%.
- (5) Named Executive Officers who also serve as directors did not receive any additional compensation for serving as a director.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)(2)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
<b>Garry T. Hides</b> President and Chief Executive Officer	250,000	0.40	June 9, 2011	Nil	Nil	N/A
	100,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	100,000	0.30	Sept 11, 2013	Nil	Nil	N/A
<b>Kenneth M. Tompson</b> Chief Executive Officer	250,000	0.40	June 9, 2011	Nil	Nil	N/A
	100,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	100,000	0.30	Sept 11, 2013	Nil	Nil	N/A
<b>Lorne A. Morozoff</b> Vice President Finance and Chief Financial Officer	100,000	0.40	Sept 1, 2011	Nil	Nil	N/A
	75,000	0.68	Jan 1, 2012	Nil	Nil	N/A
	100,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	75,000	0.30	Sept 11, 2013	Nil	Nil	N/A

#### Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2008 (the last day the Common Shares traded in the most recently completed financial year), being \$0.195 per Common Share, and the exercise price of the options.

None of the awards disclosed in the table above have been transferred at other than fair market value.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name	Option-base awards – Value vested during the year <sup>(1)</sup> (\$)	Share-base awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Garry T. Hides</b>	1,667	N/A	Nil
<b>Kenneth M. Tompson</b>	1,667	N/A	Nil

<b>Lorne A. Morozoff</b>	1,667	N/A	Nil
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**Note:**

- (1) Total dollar value of the Common Shares that would have been realized if the options had been exercised on the vesting date and calculated on the difference between the market price of the Common Shares on the vesting date and the exercise price of the options.

***Narrative Discussion***

The Corporation has a stock option plan (the “**Plan**”) previously approved by the shareholders of the Corporation on May 21, 2008. As discussed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2009 Amended Stock Option Plan*”, the Board of Directors of the Corporation approved the adoption of an amended stock option plan (the “**Amended Plan**”) in substantially the form attached hereto as Exhibit 1. The Corporation is seeking shareholder approval of the Amended Plan. The significant terms of the Amended Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2009 Amended Stock Option Plan*”. The significant terms of the Plan are disclosed in Exhibit H to the Management Information Circular of the Corporation dated April 20, 2006 and filed on www.sedar.com.

**Pension and Retirement Plans and Payments Made Upon Termination of Employment**

The Corporation does not have any pension or retirement plan in place. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. The Corporation is not party to any compensation plan or arrangement with Named Executive Officers resulting from the resignation, retirement or the termination of employment of such person.

**Termination and Change of Control Benefits**

Other than as set forth below, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer’s responsibilities.

**Director Compensation**

At December 31, 2008, the Corporation had five directors, two of whom were also Named Executive Officers. For a description of the compensation paid to the Named Executive Officers of the Corporation who also act as directors of the Corporation, see the “*Summary Compensation Table*” above.

**Director Compensation Table**

The following table sets forth all compensation provided to directors who are not also Named Executive Officers (“**Outside Directors**”) of the Corporation for the financial year ended December 31, 2008.

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards (\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>David J. Rain</b>	Nil	Nil	5,229	Nil	Nil	Nil	Nil
<b>Roy H. Hudson</b>	Nil	Nil	5,229	Nil	Nil	Nil	Nil

<b>John R. Nelson</b>	Nil	Nil	5,229	Nil	Nil	Nil	Nil
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**Note:**

- (1) Value of stock options granted on September 11, 2008, were calculated using the Black-Scholes option pricing model based on the following assumptions: exercise price - \$0.30, risk free rate – 3%, volatility – 100%, expected life – 5 years, expected dividend – 0%.

***Narrative Discussion***

The Compensation and Corporate Governance Committee determined that it was not necessary to pay any compensation to the Outside Directors for the financial year ended December 31, 2008 other than the options granted. The Named 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 Named Executive Officers in their capacity as executive officers. See “EXECUTIVE COMPENSATION – Summary Compensation Table”.

## Director Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)(2)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
David J. Rain	150,000	0.40	June 9, 2011	Nil	Nil	N/A
	50,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	25,000	0.30	Sept 11, 2013	Nil	Nil	N/A
Roy H. Hudson	150,000	0.40	June 9, 2011	Nil	Nil	N/A
	50,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	25,000	0.30	Sept 11, 2013	Nil	Nil	N/A
John R. Nelson	200,000	0.24	Sept 4, 2012	Nil	Nil	N/A
	25,000	0.30	Sept 11, 2013	Nil	Nil	N/A

#### Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2008 (the last day the Common Shares traded in the most recently completed financial year), being \$0.195 per Common Share, and the exercise price of the options.

None of the awards disclosed in the table above have been transferred at other than fair market value.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Outside Director.

Name	Option-base awards – Value vested during the year <sup>(1)</sup> (\$)	Share-base awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year (\$)
David J. Rain	833	N/A	Nil
Roy H. Hudson	833	N/A	Nil
John R. Nelson	3,333	N/A	Nil

#### Note:

- (1) Total dollar value of the Common Shares that would have been realized if the options had been exercised on the vesting date and calculated on the difference between the market price of the Common Shares on the vesting date and the exercise price of the options.

## ***Narrative Discussion***

The Corporation has a stock option plan (the “Plan”) previously approved by the shareholders of the Corporation on May 21, 2008. As discussed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2009 Amended Stock Option Plan*”, the Board of Directors of the Corporation approved the adoption of an amended stock option plan (the “Amended Plan”) in substantially the form attached hereto as Exhibit 1. The Corporation is seeking shareholder approval of the Amended Plan. The significant terms of the Amended Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Approval of 2009 Amended Stock Option Plan*”. The significant terms of the Plan are disclosed in Exhibit H to the Management Information Circular of the Corporation dated April 20 ,2006 and filed on www.sedar.com.

## **Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the last completed financial year other than benefits and perquisites which equalled less than \$50,000 and 10% of the total of the annual salary and bonus for each individual.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation’s most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)</b>
Equity compensation plans approved by securityholders	2,140,000	\$0.34	4,437,943 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>TOTAL</b>	<b>2,140,000</b>	<b>\$0.34</b>	<b>4,437,943</b>

### **Note:**

(1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation. At the Effective Date, the Corporation had 65,779,425 Common Shares issued and outstanding.

## **MANAGEMENT CONTRACTS**

No management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No director, executive officer, former director, or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

The Corporation is not aware of any material interests, direct or indirect, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common

Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

The Corporation paid \$33,000 in legal fees to Davis LLP, a law firm of which Roy H. Hudson, a director of the Corporation, is a partner, for legal services rendered in 2008 in respect of general corporate matters. The legal fees charged were based on commercially acceptable hourly rates and time charges based on the work performed. At December 31, 2008 there was a net payable of \$2,200.

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

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

### **AUDIT COMMITTEE**

#### **Audit Committee Terms of Reference**

##### **I. Mandate**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

##### **II. Composition**

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be independent directors, pursuant to the policies of the TSX Venture Exchange ("TSX-V").

At least one member of the Audit Committee shall have accounting or related financial management expertise. It is the goal of the Corporation that all members of the Audit Committee are financially literate. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee Terms of Reference, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

### **III. Meetings**

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to the Audit Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in the capacity and the external auditor.

### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

#### *Documents/Reports Review*

- 1) Review and update the Audit Committee Terms of Reference annually.
- 2) Review the Corporation's financial statements, Management Discussion and Analysis and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### *External Auditors*

- 1) Require the external auditors to report directly to the Audit Committee.
- 2) Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Corporation.
- 3) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation.
- 4) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- 5) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- 6) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
- 7) Review with management and the external auditors the terms of the external auditors' engagement letter.
- 8) At each meeting, may consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- 9) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- 10) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

- 11) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (c) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

#### *Financial Reporting Processes*

- 1) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- 2) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- 3) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- 4) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- 5) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 6) Any significant disagreement among management and the external auditors regarding financial reporting.
- 7) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 8) Review certification process.
- 9) Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

- 1) Review disclosure of any related-party transactions.

## V. **Authority**

The Audit Committee may:

- a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- b) set and pay the compensation for any advisors employed by the Audit Committee; and
- c) communicate directly with the internal and external auditors.

The Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

## **Audit Committee Composition**

The following are the members of the Audit Committee as of the Effective Date.

<b><u>Name and Place of Residence</u></b>	<b><u>Independent <sup>(1)</sup></u></b>	<b><u>Financially Literate <sup>(1)</sup></u></b>	<b><u>Relevant Education and Experience</u></b>
<b>David J. Rain Calgary, Alberta</b>	Yes	Yes	Mr. Rain is a Chartered Accountant and has served in the following capacities: Vice President and Director of Caribou Capital Corp., (a private investment management company) since June 1999; Vice President, Chief Financial Officer of Harvest Energy Trust. from July 2004 to February 2006 and Corporate Secretary since July 2002 and prior thereto Vice President, Finance and Chief Financial Officer of Petrobank from October 2001 to March 2004.
<b>Roy H. Hudson Calgary, Alberta</b>	No	Yes	Mr. Hudson holds both commerce and law degrees and has obtained significant financial experience and exposure to accounting and financial issues as a partner with Davis LLP practicing securities and corporate law and as a director and audit committee member of a number of public companies.
<b>John R. Nelson Calgary, Alberta</b>	Yes	Yes	Mr Nelson holds a minor in Business Administration from Utah State University and has over 26 years of experience in the oil and gas business. Mr. Nelson was previously President and acting CFO for Winslow Resources Inc.

### **Notes:**

(1) As defined by National Instrument 52-110 ("NI 52-110").

## **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted by a securities regulatory authority under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "Audit Committee - External Auditors".

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

<b><u>Financial Year</u></b> <b><u>Ending</u></b>	<b><u>Audit Fees</u></b>	<b><u>Audit Related Fees</u></b>	<b><u>Tax Fees</u></b>	<b><u>All Other Fees</u></b>
2008	\$55,385	\$4,815	Nil	Nil
2007	\$53,212	\$33,479	Nil	Nil

### **Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 the exemption for Venture issuers in relation to the requirement that every audit committee member be independent.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Corporation. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has implemented an Audit Committee Terms of Reference, a Corporate Governance and Compensation Committee Terms of Reference, a Whistle Blower Policy, an Insider Trading and Reporting Policy, a Code of Business Conduct and a Disclosure and Confidentiality Policy.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") the Corporation is required to disclose its corporate governance practices, as summarized below.

### **1. Board of Directors**

The Board of Directors of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

The Board of Directors is currently composed of five directors and there are five directors proposed to be elected at the Meeting. All the proposed nominees are current directors of the Corporation.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the Corporation or the significant shareholder. Of the proposed nominees of the Corporation, David J. Rain and John R. Nelson are considered by

the Board of Directors to be “independent” within the meaning of NI 58-101, while Garry T. Hides and Kenneth M. Tompson are management directors and Roy H. Hudson, as a partner at Davis LLP, is counsel to the Corporation and, accordingly, are not considered to be “independent”.

## 2. Directorships

The following directors of the Corporation are directors of other reporting issuers as follows:

<u>Director</u>	<u>Other Reporting Issuers</u>
<b>Roy H. Hudson</b>	New Millennium Capital Corp.  Eaglewood Energy Inc.
<b>David J. Rain</b>	BlackWatch Energy Services Trust  EnerVest Management Ltd.
<b>Kenneth M. Tompson</b>	Honey Badger Exploration Inc.
<b>John R. Nelson</b>	Resource Hunter Capital Corp.

## 3. Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Corporation’s business, its corporate strategy, and current issues with the Corporation. New directors are also required to meet with management of the Corporation to discuss and better understand the Corporation’s business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation.

The introduction and education process will be reviewed on an annual basis and will be revised accordingly. There is a technical presentation at Board meetings, focusing on either a particular property or a summary of various properties. The question and answer portions of these presentations are a valuable learning resource for the non-technical directors.

## 4. Ethical Business Conduct

The Board of Directors has adopted a written Code of Business Conduct which applies to all directors, officers, employees and consultants of the Corporation. The Code of Business Conduct addresses such matters as conflicts of interest and the protection and proper use of the Corporation’s assets.

The Board of Directors has also established a Whistle Blower Policy, which details the complaint procedure for concern’s about any aspect of the Corporation’s activities and operations. The Corporation has also adopted an Insider Trading and Reporting Policy which establishes procedures for when insiders may trade securities of the Corporation and a Disclosure and Confidentiality Policy which establishes procedures for ensuring adequate disclosure and compliance with disclosure requirements as well as procedures for maintaining confidentiality.

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, the Board of Directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

## **5. Nomination of Directors**

The Board of Directors determines new nominees to the Board of Directors, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and officers.

## **6. Compensation**

The Corporate Governance and Compensation Committee of the Board, and the Board upon recommendation from the Corporate Governance and Compensation Committee, is responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board of Directors the compensation of executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

## **7. Other Board Committees**

In addition to the Audit Committee, the Corporation has a Corporate Governance and Compensation Committee and a Reserves Committee.

### *Corporate Governance and Compensation Committee*

The responsibilities of the Corporate Governance and Compensation Committee in respect of compensation matters include reviewing and recommending to the Board of Directors the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; non-CEO officer and director compensation; the review of executive compensation disclosure; succession plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits. The responsibilities of the Corporate Governance and Compensation Committee in respect of corporate governance matters include addressing all governance issues identified by securities regulators and any additional issues as they arise by virtue of the operations and growth of the Corporation as being emerging progressive issues of corporate governance.

### *Reserves Committee*

The reserves committee is responsible for reviewing the procedures relating to the disclosure of information with respect to oil and gas activities, reviewing the appointment of the independent evaluator under National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), reviewing the Corporation's procedures for providing information to the independent evaluator, meeting with management and the independent evaluator before approving the filing of the Reserves Data, reviewing the annual filings required by NI 51-101 and recommending approval to the Board of Directors and reviewing all disclosure made by or on behalf of the Corporation that is or will become available to the public.

## **8. Assessments**

The Board of Directors has not implemented a process for assessing its effectiveness. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board of Directors monitors but does not formally assess the performance of individual Board members or committee members of their contribution.

## **PARTICULARS OF 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.

### **1. Report and Financial Statements**

The Board of Directors of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended December 31, 2008 and the report of the auditor thereon.

### **2. Fix Number of Directors to be Elected at the Meeting**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five.

### **3. Election of Directors**

The Corporation currently has five directors and all five of these directors are being nominated for re-election. 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 such nominee, the nominee's municipality of residence, principal occupation at present and during the preceding five years (where required), the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table 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 held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common 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 or the provisions of the *Business Corporations Act* (Alberta) to which the Corporation is subject.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Effective Date <sup>(1)(2)</sup>
<p><b>Garry T. Hides</b><sup>(4)</sup>            Chestermere, Alberta            Chief Executive Officer, President and Director since March 20, 2006</p>	<p>President and CEO of the Corporation. Prior thereto, Vice-President of Land and Business Development for Dual Exploration Inc. since July 2005. Prior thereto, Vice-President of Land and Business Development for Devlan Exploration Inc. as of June 2004. Prior thereto, Vice-President, Land with Petrobank Energy and Resources for seven years and held various positions of increasing responsibility with Chevron Canada Resources for 13 years prior to that. Mr. Hides is a professional landman with over 25 years of diversified land, negotiations and business development experience, both domestically and internationally. He is a member of both the <i>Canadian Association of Petroleum Landmen</i> and the <i>Association of International Petroleum Negotiators</i>.</p>	<p>518,107            (less than 1%)</p>
<p><b>Kenneth M. Tompson</b><sup>(5)</sup>            Calgary, Alberta            Executive Vice President, Chief Operating Officer and Director since March 20, 2006</p>	<p>Executive VP and COO of the Corporation. Prior thereto, Mr. Tompson was the Vice-President of Exploration for Dual Exploration Inc. since July 2005. Prior thereto, Vice-President of Exploration for Devlan Exploration Inc., as of February 2003. Prior to establishing an exploration consulting practice in February 2000, he was the Vice-President, Exploration of Petrobank Energy and Resources Ltd. Mr. Tompson has in excess of 30 years of experience in oil and gas exploration. He is a member of the <i>Canadian Society of Petroleum Geologists</i> and the <i>Association of Professional Engineers, Geologists and Geophysicists of Alberta</i>.</p>	<p>2,350,714            (3.6%)</p>
<p><b>David J. Rain</b><sup>(3) (4)</sup>            Calgary, Alberta            Director since May 30, 2006</p>	<p>Director and CFO of Caribou Capital Corp., a private investment company, since June 1999; Corporate Secretary of Harvest Energy Trust since July 2002. Prior thereto, Vice-President and CFO of Harvest from July 2004 to February 2006. V.P. Finance and CFO of Petrobank Energy and Resources Ltd. from October 2001 to March 2004 and Director, Corporate Finance of Petrobank from April 2000 to September 2001. Mr. Rain is a Chartered Accountant with 21 years experience in the oil and gas industry, both in Canada and internationally.</p>	<p>187,500            (less than 1%)</p>
<p><b>Roy H. Hudson</b><sup>(3) (4) (5)</sup>            Calgary, Alberta            Director since May 30, 2006</p>	<p>Partner of Davis LLP since September 2004. Partner of Borden Ladner Gervais LLP from July 2002 to September 2004. Prior thereto partner of Armstrong Perkins Hudson LLP since January 1999. Mr. Hudson is a director of two other publicly held corporations and has practiced securities and corporate law since 1984.</p>	<p>20,000            (less than 1%)</p>

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Effective Date <sup>(1)(2)</sup>
<b>John R. Nelson</b> <sup>(3) (5)</sup> Calgary, Alberta Director since August 30, 2007	Mr. Nelson is an independent businessman and was President of Winslow Resources Inc. from 2004 and prior thereto was Manager of New Exploration Ventures with Winslow Resources Inc. from 2001. Mr. Nelson has over 26 years of experience in international and domestic Oil and Gas exploration. He is a member of the <i>American Association of Petroleum Geologists</i> , the <i>Canadian Society of Petroleum Geologists</i> , and the <i>Association of Professional Engineers, Geologist and Geophysicists of Alberta</i> .	109,920 (less than 1%)

**Notes:**

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, are based upon the information furnished to the Corporation by the above individuals.
- (2) Assumes a total of 65,779,425 Common Shares issued and outstanding as at the Effective Date.
- (3) Directors who are currently members of the Corporation's Audit Committee .
- (4) Directors who are currently members of the Corporation's Corporate Governance and Compensation Committee.
- (5) Directors who are currently members of the Reserves Committee.

*Cease Trade Orders*

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 (collectively, an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

*Bankruptcies*

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

*Personal Bankruptcies*

No proposed director has, within 10 years before the date of this Management 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 such proposed director.

*Penalties and Sanctions*

No proposed director has been subject to:

(a) 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

(b) any other 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.

#### **4. Appointment of Auditor**

Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Deloitte & Touche LLP of Calgary, Alberta, as auditor of the Corporation for the next ensuing year, to hold office until the close of the next annual meeting of shareholders or until the firm of Deloitte & Touche LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the board of directors to fix the compensation of the auditor. Deloitte & Touche LLP has been the Corporation's auditor since incorporation.

#### **5. Approval of 2009 Amended Stock Option Plan**

The Corporation is proposing to replace the Plan with the Amended Plan in substantially the form attached hereto as Exhibit I. The Amended Plan is substantially the same as the Plan, however, the Amended Plan allows for option termination dates on ceasing to act for an issuer to be extended at the discretion of the Board of Directors, allows for options to be granted for up to 10 years and includes a black out provision, which was not included in the Plan.

On December 15, 2008, the TSX Venture implemented changes to streamline its Policies, including Policy 4.4 relating to incentive stock options. The amended Policy 4.4 of the TSX Venture is less restrictive and now allows for option termination dates on ceasing to act for an issuer to be determined at the discretion of the board and for options to be granted for up to 10 years. Pursuant to the Amended Plan, the maximum length of any option shall be ten (10) years from the date the option is granted. Notwithstanding the above, a participant's options will expire ninety (90) days after a participant ceases to act for the Corporation, other than by reason of death, subject to extension at the discretion of the Board of Directors. Options of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Corporation, subject to extension at the discretion of the Board of Directors. Similar to the Plan, under the Amended Plan, in the event of the death of a participant, the participant's estate shall have twelve (12) months in which to exercise the outstanding options.

Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black out periods". A black out period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The Amended Plan includes a provision that should an option expiration date fall within a black out period or immediately following a black out period, the expiration date will automatically be extended for ten business days following the end of the black out period.

The Board of Directors of the Corporation approved the adoption of the Amended Plan by a directors' resolution dated effective May 20, 2009, subject to the approval of the TSX Venture and the shareholders of the Corporation. As a result, and assuming such approvals are obtained, the Plan will be of no further force and effect and all options and stock option agreements issued under the Plan will be deemed to be issued under the Amended Plan and henceforth governed under the Amended Plan.

The other terms of the Amended Plan are summarized as follows. The Amended Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors (the "**Committee**"). The aggregate number of Common Shares which may be reserved for issuance under the Amended Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. The number of Common Shares subject to an option granted to a participant shall be determined by the Committee, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Committee, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The Board of Directors have the absolute discretion to amend or terminate the Amended Plan.

The shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving and adopting the Amended Plan as the Corporation's stock option plan. In order for the resolution approving and adopting the Amended

Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In the absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which management intends to place before the Meeting for the approval and adoption of the Amended Plan is as follows:

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

- 1. the stock option plan of the Corporation in substantially the form attached as Exhibit I to the Management Information Circular (the “Amended Plan”) be and is hereby approved and adopted as the stock option plan of the Corporation;**
- 2. the form of the Amended Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;**
- 3. the termination of the current stock option plan (the “Plan”) of the Corporation is hereby approved;**
- 4. all issued and outstanding stock options previously granted under the Plan are hereby continued under and governed by the Amended Plan;**
- 5. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
- 6. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution approving the Amended Plan.** In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Corporation’s most recently completed financial year is provided in the Corporation’s financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at 200, 521 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, T2P 3T3, Attention: President and Chief Executive Officer, to obtain a copy of the Corporation’s most recent financial statements and management discussion and analysis.

#### **BOARD APPROVAL**

The contents and the sending of this Management Information Circular have been approved by the board of directors of the Corporation.

## Exhibit I

### 2009 AMENDED STOCK OPTION PLAN

#### 1. Purpose

The purpose of the Stock Option Plan (the “**Plan**”) of **DualEx Energy International Inc.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

#### 2. Administration

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

#### 3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

#### 4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

#### 5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **6. Eligibility and Participation**

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

## **7. Exercise Price**

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

## **8. Number of Optioned Shares**

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any one twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.

## **9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange Inc. (“TSX Venture”), the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

“Black Out Period” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

#### **10. Option Period, Consideration and Payment**

- (e) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (f) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (g) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (h) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (i) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

#### **11. Ceasing To Be a Director, Officer, Consultant or Employee**

Subject to Section 12, if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

#### **12. Death of Participant**

Notwithstanding Section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (j) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (k) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

### **13. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

### **14. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

### **15. Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

### **16. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

### **17. Amendment and Termination of Plan**

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

### **18. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

### **19. Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

**20. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

Made by the Board of Directors of the Corporation as evidenced by the signature of the following director duly authorized in that behalf effective May 20, 2009, and approved by the shareholders of the Corporation on June 25, 2009.

**DUALEX ENERGY INTERNATIONAL INC.**

Per: signed "Garry T. Hides"  
Garry T. Hides  
President, Chief Executive Officer and a Director