

BONTERRA ENERGY CORP.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On May 19, 2011

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

March 24, 2011

BONTERRA ENERGY CORP.

901, 1015 Fourth Street S.W.
Calgary, Alberta
T2R 1J4

NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF BONTERRA ENERGY CORP.

TAKE NOTICE that the Annual and Special Meeting (the “Meeting”) of the Shareholders of **BONTERRA ENERGY CORP.** (hereinafter called the “Corporation”) will be held at The Fairmont Palliser Hotel (Turner Valley Room) 133 Ninth Avenue S.W., Calgary, Alberta, on Thursday, May 19, 2011, at the hour of 11:00 a.m. (Calgary time) for the purposes of:

1. Receiving and considering the audited financial statements of the Corporation for the fiscal year ended December 31, 2010 and the Report of the Auditor thereon;
2. Electing the Board of Directors for the ensuing year;
3. Appointing Auditors for the ensuing year and to authorize the Board of Directors to fix their remuneration;
4. Considering a resolution to approve the unallocated options under the Stock Option Plan of the Corporation; and
5. Transacting such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular dated March 24, 2011 accompanying this Notice and forming part hereof.

Only Shareholders of record at the close of business on April 13, 2011 are entitled to notice of and to attend and vote at the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed proxy and return it, in the envelope provided, to Olympia Trust Company, Suite 2300, 125 - 9 Avenue SE, Calgary, Alberta T2G 0P6. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.

DATED at Calgary, Alberta, this 24th day of March, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*George F. Fink*”
George F. Fink
Chairman, Chief Executive Officer and Director

BONTERRA ENERGY CORP.

INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS MAY 19, 2011

SOLICITATION OF PROXIES BY MANAGEMENT

This Information Circular is furnished in connection with the solicitation of proxies by the management of Bonterra Energy Corp. (the "Corporation") for use at the annual and special meeting of the holders of common shares ("Common Shares") of the Corporation to be held on Thursday, May 19, 2011, at 11:00 a.m., Calgary time (the "Meeting") or at any adjournment thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular.

There is enclosed herewith a form of proxy for use at the Meeting. A copy of the Annual Report, which includes the audited financial statements of the Corporation for the fiscal year ended December 31, 2010, has previously been disseminated to the shareholders. The holders of Common Shares of the Corporation ("Shareholders") are entitled to vote and are encouraged to participate in the Meeting.

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Notice of Meeting, form of proxy and this Information Circular will be borne by the Corporation. Management does not contemplate a solicitation of proxies other than by mail.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, 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 held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

APPOINTMENT AND REVOCATION OF PROXIES

A Shareholder has the right to appoint a nominee, other than the persons designated in the enclosed form of proxy (who need not be a Shareholder), to represent him at the Meeting, by inserting the name of his chosen nominee in the space provided for that purpose on the form of proxy or by completing another proper form of proxy. Such a Shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and instruct him on how the Shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or his attorney authorized in writing.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and received by Olympia Trust Company, Suite 2300, 125 - 9 Avenue SE, Calgary, Alberta T2G 0P6, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited at the registered office of the Corporation at 901, 1015 Fourth Street S.W., Calgary, Alberta T2R 1J4, Attention: Corporate Secretary, at any time up

to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such meeting on the date of the Meeting or any adjournment thereof.

NOTICE TO BENEFICIAL HOLDERS OF SHARES

Only registered Shareholders or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “Non-Registered Shareholder”) are registered either (i) in the name of an intermediary (an “Intermediary”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, this Information Circular, and the enclosed form of proxy (collectively, the “meeting materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholder 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 Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Non-Registered 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 Non-Registered Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered 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 Common Shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Non-Registered 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 or voting instruction form provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct his proxy how to vote his shares by completing the blanks on the form of proxy.

Common Shares represented by properly executed proxy forms in favour of the persons designated on the enclosed proxy form will be voted for or withheld from voting in accordance with the instructions made on the proxy forms, on any ballot that may be called for and, if Shareholders specify a choice as to any matters to be acted upon, such Shareholders' shares shall be voted accordingly. In the absence of such instructions or choices, such shares will be voted in favour of all matters identified in the Notice of Meeting accompanying this Information Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting such shares. At the time of printing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Class A Redeemable Preferred Shares and an unlimited number of Class B Preference Shares, issuable in series, all without par value. As of March 24, 2011, 19,311,841 Common Shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

The Board of Directors has fixed April 13, 2011, as the record date (the "Record Date") for determining which Shareholders are entitled to receive notice of the Meeting. A shareholder of record at the close of business on April 13, 2011, shall be entitled to vote the Common Share registered in such shareholder's name on that date, except to the extent that (a) such person transfers his Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his ownership to the Common Shares, and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his name be included on the Shareholders' list.

To the best of the knowledge of the directors and officers of the Corporation, as at March 24, 2011, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights of the Corporation except as set out in the table below:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Percent</u>
George F. Fink Calgary, Alberta	2,942,851	15.2%

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 25% of the outstanding Common Shares. If a quorum is not present at a meeting within a reasonable time after the time fixed for the holding of the

meeting, the Shareholders present or represented at the meeting may adjourn the meeting to a fixed time and place but may not transact any other business.

MATTERS TO BE ACTED UPON AT THE MEETING

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

1. Election of Directors

At the Meeting, it is proposed that four persons be elected as directors of the Corporation, to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed. There are currently four directors. Pursuant to the *Canada Business Corporations Act*, the current directors of the Corporation cease to hold office at the close of the Meeting.

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

The names and municipalities of residence of the four persons nominated for election as directors of the Corporation by Shareholders, the number of Common Shares of the Corporation beneficially owned or controlled or directed, directly or indirectly, the offices held by each in the Corporation, the period served as director of the Corporation and the present principal occupation of each are as follows:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares Beneficially Owned or Controlled ⁽¹⁾</u>	<u>Time as Director ⁽⁴⁾</u>	<u>Principal Occupation</u>
GARY J. DRUMMOND ⁽²⁾ Nassau, Bahamas	176,930	Director since 1999.	Mr. Drummond is a private investor and a director of several entities including Geomark Exploration Ltd., Pine Cliff Energy Ltd., and Universal Energy Group Ltd. (resource companies). Mr. Drummond is also a Trustee of Heating Oil Partners Income Fund.
GEORGE F. FINK Calgary, Alberta Canada	2,942,851	Director since 1998.	Chartered Accountant; Bachelor of Commerce Degree. Chief Executive Officer, Director and Chairman of the Board of the Corporation and Geomark Exploration Ltd. and President, Chief Executive Officer and Director of Pine Cliff Energy Ltd. (resource companies). Mr. Fink is also a Trustee of First National AlarmCap Income Fund. Mr. Fink is also a Director of Wild Stream Exploration Inc.

CARL R. JONSSON ⁽²⁾ Vancouver, B.C. Canada	135,439	Director since 1998.	Principal of the Vancouver law firm of Tupper, Jonsson & Yeadon. Mr. Jonsson is also a director of Geomark Exploration Ltd. and Pine Cliff Energy Ltd., Caledonia Mining Corp., Comet Industries Ltd., Astorius Resources Ltd., Acrex Ventures Ltd., Dolly Varden Resources Inc., and Alita Resources Ltd.
F. WILLIAM WOODWARD ⁽²⁾ Calgary, Alberta Canada	1,171,136	Director since 1998.	Mr. Woodward is a private investor and a director of Geomark Exploration Ltd. and Pine Cliff Energy Ltd.

Notes:

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors, not being within the knowledge of the Corporation, has been furnished to the Corporation by the individual nominees.
- (2) Member of the Audit Committee.
- (3) All of the directors are members of the Compensation Committee, the Disclosure Committee, the Reserves Committee and the Policy, Governance and Nominating Committee
- (4) Period includes service as a director of Bonterra Energy Corp., the administrator of Bonterra Energy Income Trust, the predecessor of the Corporation.

Corporate Cease Trade Order or Bankruptcies

Other than as set forth below, none of those persons who are proposed directors of the Corporation is, or has been within the past ten years:

- (a) a director or chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the proposed director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) a director or executive officer of any company, including the Corporation, that while acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Jonsson was previously a director and officer of three companies which were subject to cease trade orders by certain provincial securities regulators for failure to file financial statements. Specifically, a cease trade order was issued in respect of TelcoPlus Enterprises Inc. on July 18, 2003 and was revoked on January 26, 2005. A cease trade order was issued with respect to Global Net Entertainment Corp. on October 23, 2003 which was subsequently revoked. Cease trade orders were issued in respect of Global CT & T Telecommunications Inc. in 2000 which remain outstanding.

Mr. Drummond is a trustee of Heating Oil Partners Income Fund a Canadian income fund that distributes heating oil in the United States of America. On September 26, 2005, the Fund's operating subsidiary Heating Oil Partners, L.P. filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code and filed for recognition of the Chapter 11 proceedings under the *Companies' Creditors Arrangement Act* (Canada). As a consequence of these filings, the Fund's trust units were

suspended from listing on the TSX effective at the close of business on October 6, 2005 and were subsequently delisted on November 7, 2005.

2. Appointment of Auditors

At the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in favour of a resolution to appoint the firm of Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of shareholders and to authorize the Board of Directors to fix the remuneration of the auditors.

3. Approval of Unallocated Options

Pursuant to the policies of the TSX, unallocated options, rights or other entitlements under security based compensation arrangements that do not have a fixed maximum number of securities issuable, must be approved by the issuer's securityholders every three years. The Option Plan of the Corporation, which was approved by the shareholders of the Corporation on October 16, 2008, requires the foregoing approvals as the number of authorized but unissued Common Shares that may be subject to the Option Plan is ten (10%) percent of the aggregate number of issued and outstanding Common Shares. Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution approving the unallocated options under the Option Plan.

As at March 24, 2011, the Corporation had options to purchase 780,700 Common Shares outstanding under the Option Plan (representing approximately 4.0% of the issued and outstanding Common Shares), leaving unallocated options to purchase an aggregate of 1,150,484 Common Shares available for future grants (representing approximately 6.0% of the outstanding Common Shares) based on the number of outstanding Common Shares as at that date. A total of 784,800 Common Shares (representing approximately 4.1% of the outstanding Common Shares) have been issued upon exercise of options granted pursuant to the Option Plan.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Option Plan until 2014. If approval is not obtained at the Meeting, options which have not been allocated as of May 19, 2011 and options which are outstanding as of May 19, 2011 and which are subsequently cancelled or terminated will not be available for a new grant of options under the Option Plan. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

Further information relating to the Option Plan is provided in this Management Information Circular under the heading "Statement of Executive Compensation – Incentive Stock Option Plan".

The complete text of the ordinary resolution which the Corporation intends to place before the Meeting, for consideration and approval by Shareholders is as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Shareholders that:

1. All unallocated options, rights and other entitlements under the stock option plan of the Corporation be and are hereby approved;
2. The Corporation be and is hereby authorized to continue granting options under the stock option plan of the Corporation until May 19, 2014; and
3. Any one or more of the directors or officers of the Corporation is hereby authorized to sign all such documents and to do all such acts and things as such director or

officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution.

Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for the approval of the foregoing resolution approving unallocated options pursuant to the Option Plan.

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

The Corporation is not aware of any material interest of any director, executive officer, nominee for election as a director of the Corporation or of any associate or affiliate of any of the foregoing in respect of any matter to be acted on at the Meeting, except as specifically provided herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any “informed person” (as defined in NI 51-102) of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any such person or proposed nominee in any transaction since the beginning of the most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or senior officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted to the Corporation or any of their respective subsidiaries at any time since the beginning of the most recently completed financial year.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee is responsible for setting the overall compensation strategy of the Corporation and administering the Corporation’s executive compensation program. As part of its mandate, the Compensation Committee approves the appointment and remuneration of the Corporation’s executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The Compensation Committee is also responsible for reviewing the Corporation’s compensation policies and guidelines generally.

The objective of the executive compensation program is to attract, motivate, reward and retain management talent that is needed to achieve the Corporation’s business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. In evaluating performance, the Compensation Committee gives consideration to the Corporation’s long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual’s performance and achievements. In addition, the Compensation

Committee will receive and review recommendations of the Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers.

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. Each component of the executive compensation program is described below.

Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The base salaries for the executive officers are reviewed annually by the Compensation Committee and are determined by considering the contributions made by the officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and commercially available salary survey data. Salaries of the executive officers are not determined based on benchmarks or a specific formula. The Compensation Committee submits its recommendation to the full board of directors to determine the salary of the Chief Executive Officer. The Compensation Committee considers, and if thought appropriate, approves salaries recommended by the Chief Executive Officer for the other executive officers of the Corporation.

Bonus Plan

The Board, upon the recommendation of the Compensation Committee, approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. The bonus pool is made up of 3 percent pre-income tax profit and 100 percent of this bonus money is paid out on a discretionary basis. Bonuses were awarded for 2010 in recognition of performance on a discretionary basis. Discretionary bonuses represented between 51% and 53% of the total compensation paid to individual Named Executive Officers in 2010. The Corporation does not have any specific goals to determine individual bonus payments. Past performance by Named Executive Officers has typically warranted the payment of discretionary bonuses. Management determines the amount to be paid to each employee and it is then presented to the Compensation Committee for approval.

Stock Option Plan

The Corporation has adopted an incentive stock option plan (the "Option Plan") pursuant to which options to purchase Common Shares may be granted to directors, officers, employees and consultants of the Corporation. The Option Plan is designed, through the grant of options, to reward key individuals in relation to the share price of the Corporation. The Option Plan is an integral component of the Corporation's total compensation program in terms of attracting and retaining key employees and enhances shareholder value by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Option Plan complements and balances the short-term elements of the compensation program of the Corporation.




Pursuant to the Option Plan, the Board may, on the recommendation of the Compensation Committee, grant from time to time to directors, officers, employees and consultants of the Corporation options to purchase Common Shares. In determining the number of options to be granted to the executive officers, the Compensation Committee considers the amount, terms and vesting levels of existing options held by the officers and also the number of options remaining available for grant by the Corporation in the future to attract and retain qualified technical and administrative staff. Generally, the number of options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution

that has been made by the optionee to the business and affairs of the Corporation, the number of options that have already been granted to the optionee and such other factors as the Compensation Committee may consider relevant.

Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the Common Shares of the Corporation or the trust units of its predecessor, Bonterra Energy Income Trust (assuming a \$100 investment was made on December 31, 2005 and reinvestment of distributions) and the cumulative total return of the S&P/TSX Composite Index and the TSX Energy Index.



		Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10
BONTERRA ENERGY CORP.		\$100	\$120	\$125	\$107	\$225	\$351
TSX COMPOSITE INDEX		\$100	\$114	\$122	\$80	\$104	\$119
TSX ENERGY INDEX		\$100	\$101	\$109	\$68	\$93	\$101

Total Shareholder Return (TSR) and Its Relationship with Executive Compensation

Executive compensation is defined as the aggregate of base salary, annual bonuses (if any), stock options, and any other miscellaneous types of benefits that may periodically be granted to an executive. There was a decline in total compensation of executive officers for the two year period disclosed in the Summary Compensation Table, below. When the Compensation Committee of the Board of Directors and the Board of Directors determines overall compensation, it considers a number of factors and performance elements. Although TSR is one performance measure that is reviewed, it is not the only consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

Option-Based Rewards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Compensation Committee. Option grants can be made at any time and there are no specific periods for the issuance of options. Option awards are determined based on the factors described above under the heading “Stock Option Plan”.

Summary Compensation Table

The following table sets forth a summary of all compensation for services paid during the three most recently completed financial years for George F. Fink, Chief Executive Officer, Randy M. Jarock, President and Chief Operating Officer and Garth E. Schultz, Vice-President, Finance, Chief Financial Officer and Secretary (the “Named Executive Officers”). No other executive officer received total compensation of more than \$150,000 during the most recently completed financial year.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
George F. Fink, Chief Executive Officer	2010	199,600	nil	nil	233,000	nil	nil	nil	422,600
	2009	195,000	nil	nil	130,500	nil	nil	nil	325,500
	2008	194,250	nil	133,200	196,000	nil	nil	nil	523,450
Randy M. Jarock, President and Chief Operating Officer	2010	199,250	nil	nil	223,000	nil	nil	nil	422,250
	2009	190,333	nil	nil	138,000	nil	nil	nil	328,333
	2008	181,917	nil	133,200	196,000	nil	nil	nil	511,117
Garth E. Schultz, Vice-President, Finance, Chief Financial Officer and Secretary	2010	194,350	nil	nil	222,000	nil	nil	nil	416,350
	2009	186,850	nil	nil	135,000	nil	nil	nil	321,850
	2008	181,917	nil	133,200	196,000	nil	nil	nil	511,117

Notes:

- (1) No Option-based awards granted in 2009 or 2010. The value of the 2008 option-based awards represents the compensation value of options granted on November 24, 2008. The November 24, 2008 option grant value is based on a share price of \$20.50 and a Black-Scholes volatility factor of 31%. The option grant compensation value reflects a 3.5 year life of the options as well as assumptions for risk-free interest rate and dividend yield.
- (2) The value of perquisites and benefits for each Named Executive Officer is less than 10% of each Named Executive Officer’s total salary for the financial year.
- (3) For 2008, the table includes compensation paid by Bonterra Energy Income Trust, the predecessor of the Corporation, prior to the Plan of Arrangement among the Corporation, the Trust and the subsidiaries of the Trust which closed on November 12, 2008 (the “Arrangement”) and compensation paid by the Corporation following the Arrangement.

Incentive Stock Option Plan

The Corporation has an Option Plan which was approved by shareholders on October 16, 2008. The Option Plan is administered by the Board of Directors and reserves for the grant of options 10% of the Common Shares outstanding (on a non-diluted basis). Employees, consultants and insiders of the Corporation and its subsidiaries are entitled to participate in the Option Plan. The exercise price of an option is determined at the time of grant and is to be not less than the closing price of the Common Shares on the TSX on the last day preceding the grant on which a trade of Common Shares occurred on the TSX. The term of an option shall not be less than one year and not more than five years from the date of grant. Unless otherwise specified, options vest as to one-third of the entitlement each year following the date of grant. Options are exercisable only during the term of employment or service of an employee, consultant or officer or during the period of service as a director, subject to limited exceptions in the event of death or termination without cause.

The number of Common Shares reserved for issuance to insiders of the Corporation pursuant to options and other security based compensation arrangements shall not exceed 10% of the total number of Common Shares outstanding. Furthermore, the issuance of Common Shares to insiders of the Corporation pursuant to options and other security based compensation arrangements shall not exceed or result in the issuance to insiders during a one year period of more than 10% of the total number of Common Shares outstanding, nor may the issuance to any one such insider and associates of such insider, within a one year period, exceed 5% of the total number of Common Shares outstanding. In addition, the number of Common Shares reserved for issuance to any one person pursuant to options shall not exceed 5% of the total number of Common Shares then outstanding. Options are not assignable or transferable.

The Board may amend the Option Plan and may amend the terms and conditions of options granted pursuant to the Option Plan, without shareholder approval, provided that the amendment does not change the number of options issuable under the Option Plan, add any form of financial assistance by the Corporation, result in a material or unreasonable dilution in the number of outstanding Common Shares, provide a material benefit to an optionholder, change the class of eligible participants to the Option Plan or extend the term of options held by insiders. Amendments are subject to any required approval of any regulatory authority or stock exchange.

At the date of this information circular 780,700 options to acquire Common Shares were outstanding representing 4.0% of the 19,311,841 Common Shares outstanding.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the financial year ended December 31, 2010 to the Named Executive Officers of the Corporation.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
George F. Fink	40,000	\$20.50	Nov. 30/12	1,246,000	nil	n/a
Randy M. Jarock	80,000	\$20.50	Nov. 30/12	2,492,000	nil	n/a
Garth E. Schultz	40,000	\$20.50	Nov. 30/12	1,246,000	nil	n/a

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the Toronto Stock Exchange on December 31, 2010 of \$51.65.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Corporation's financial year ended December 31, 2010 in respect of option-based awards, share-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
George F. Fink	880,000	nil	223,000
Randy M. Jarock	880,000	nil	223,000
Garth E. Schultz	880,000	nil	222,000

Notes:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the Toronto Stock Exchange on the vesting date (November 30, 2010) of \$42.50.

Termination and Change of Control Benefits

The Corporation has no written contract, agreement, plan or arrangement that provides for payments or benefits to Named Executive Officers in connection with any termination, resignation, retirement, change of control of the Corporation or change in the responsibilities of the executive officer, except for provisions of the Option Plan which provide for the exercise of unvested options in the event of a change of control of the Corporation. The value of unvested options held by Named Executive Officers at December 31, 2010 (based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2010) was \$1,246,000 for Mr. Fink, \$1,246,000 for Mr. Jarock and \$1,246,000 for Mr. Schultz.

Director Compensation for Directors who are Not Named Executive Officers of the Corporation

Director Compensation Table

The following table sets forth information in respect of all amounts of compensation provided to the directors during the Corporation's financial year ended December 31, 2010.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gary J. Drummond	7,800	nil	nil	nil	n/a	nil	7,800
Carl R. Jonsson	10,200	nil	nil	nil	n/a	nil	10,200
F. William Woodward	9,400	nil	nil	nil	n/a	nil	9,400

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the financial year ended December 31, 2010 to the directors of the Corporation.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Gary J. Drummond	25,000	\$20.50	Nov. 30/12	778,750	nil	n/a
Carl R. Jonsson	75,000	\$20.50	Nov. 30/12	2,336,250	nil	n/a
F. William Woodward	30,000	\$20.50	Nov. 30/12	934,500	nil	n/a

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the Toronto Stock Exchange on December 31, 2010 of \$51.65.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2010 of option-based awards, share-based awards and non-equity incentive plan compensation for directors of the Corporation.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gary J. Drummond	\$550,000	nil	nil
Carl R. Jonsson	\$550,000	nil	nil
F. William Woodward	\$660,000	nil	nil

Notes:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the Toronto Stock Exchange on the vesting date (November 30, 2010) of \$42.50.

EQUITY COMPENSATION PLAN INFORMATION

As of December 31, 2010, equity securities are authorized for issuance as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders - Stock Option Plan	747,000	\$20.56	1,174,954 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	747,000	\$20.56	1,174,954

Note:

- (1) The Stock Option Plan reserves for issuance a maximum of 10% of the 19,219,541 Common Shares outstanding at December 31, 2010.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Management Information Circular the disclosure required under Form 58-101F1 with respect to the matters set out under National Policy 58-201 *Corporate Governance Guidelines*.

Board of Directors

The Corporation's Board of Directors, which is responsible for supervising the management of the business and affairs of the Corporation, is comprised of four directors, of which three are independent. The independent directors are Gary J. Drummond, Carl R. Jonsson and F. William Woodward. The Chief Executive Officer of the Corporation, George F. Fink is not independent by virtue of being a member of the Corporation's management. All of the Corporation's directors serve as directors of other reporting issuers as indicated in the table below.

Director	Directorships Held
Gary J. Drummond	Geomark Exploration Ltd. Pine Cliff Energy Ltd. Heating Oil Partners Income Fund ⁽¹⁾ Universal Energy Group Ltd.
George F. Fink	Geomark Exploration Ltd. Pine Cliff Energy Ltd. First National AlarmCap Income Fund ⁽¹⁾ Wild Stream Exploration Inc.

Director	Directorships Held
Carl R. Jonsson	Geomark Exploration Ltd. Pine Cliff Energy Ltd. Caledonia Mining Corp. Comet Industries Ltd. Astorius Resources Ltd. Acrex Ventures Ltd. Dolly Varden Resources Inc. Alita Resources Ltd.
F. William Woodward	Geomark Exploration Ltd. Pine Cliff Energy Ltd.

Note:

(1) Trustee of the issuer indicated.

The independent members of the Board of Directors do not hold regularly scheduled meetings at which the non-independent director and members of management are not in attendance given the size of the Corporation. However, at such times as fully independent meetings are required, the non-independent director and management would be excluded. During the most recently completed financial year, the independent directors of the Corporation held four meetings without the non-independent director and members of management present. Mr. Fink is the Chairman of the Board and is not independent. The Board has determined that it is appropriate to combine the offices of Chairman and Chief Executive Officer to maintain efficiencies in establishing corporate goals and objectives. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors. Except for Mr. Drummond not attending two scheduled meetings and the respective committee meeting and Mr. Woodward not attending one scheduled meeting and the respective committee meeting, all directors attended all four scheduled meetings and two telephone meetings of the Board of Directors, as well as their respective committee meetings.

Board Mandate

The Mandate of the Board of Directors is to plan the Corporation's long term objectives and goals on a continuous basis. The Board Mandate is attached hereto as Schedule "A".

Board Committees

The Board of Directors has established the following Board Committees comprised of the members set out in the following table:

Committee	Members	Independent
Audit Committee	Gary J. Drummond	Yes
	Carl R. Jonsson	Yes
	F. William Woodward – Chair	Yes
Compensation Committee	Gary J. Drummond	Yes
	George F. Fink	No ⁽¹⁾
	Carl R. Jonsson	Yes
	F. William Woodward – Chair	Yes
Policy, Governance and Nominating Committee	Gary J. Drummond - Chair	Yes
	George F. Fink	No ⁽¹⁾
	Carl R. Jonsson	Yes
	F. William Woodward	Yes
Disclosure Committee	Gary J. Drummond	Yes
	George F. Fink	No ⁽¹⁾
	Carl R. Jonsson – Chair	Yes
	Garth E. Schultz	No ⁽¹⁾
	F. William Woodward	Yes
Reserves Committee	Gary J. Drummond - Chair	Yes
	George F. Fink	No ⁽¹⁾
	Carl R. Jonsson	Yes
	F. William Woodward	Yes

Note: (1) This person is not considered to be independent as he is a member of management of the Corporation.

The function of the Policy, Governance and Nominating Committee is to recommend governance policies for adoption by the Corporation, and to amend, administer and monitor compliance with the Corporation's governance policies. The function of the Disclosure Committee is to ensure that written and oral communications regarding the Corporation are timely, factual and accurate, broadly disseminated and reviewed by the Disclosure Committee in compliance with the Disclosure Policy approved by the Committee, and to assist the CEO and CFO in the discharge of their duties regarding certification of interim and annual financial statements. The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Corporation's annual reserve report and consent forms of management and the reserves evaluator thereto.

Position Descriptions

The position descriptions are as follows:

Board of Directors and Committee Chairs

The Board of Directors is responsible for the overall direction of the Corporation. Its role is to guide the Corporation and set objectives that will best serve the interests of the Shareholders. The Board of Directors meets or has conference call meetings at least four times per year. Each Committee meets a minimum number of times per year as required to conduct its respective duties. Agendas are provided to all directors in advance of all meetings and are generally prepared by management and are discussed with Board members who are responsible for particular items with regard to the agenda. The Chairs of the Committees are responsible for setting the agenda for each of their respective Committee meetings. The Chair of each Committee reports to the Board of Directors following each Committee meeting. Minutes of each Board of Directors and Committee meeting are executed and copies are provided to the full Board of Directors. The Board of Directors and Committees continue to establish key goals to provide focus to the core responsibilities on an ongoing basis.

The Board of Directors and each Committee can meet independently of management at any time and are encouraged to do so whenever a member deems it is warranted. The Board of Directors and each Committee also have the authority to engage independent advisors, paid for by the Corporation, to provide it with expert advice.

Currently the Board of Directors consists of three independent directors and one director who is the CEO. The term for each director is for one year. The main responsibility of the Chairs of the respective Committees as outlined above is to assess the requirements of the specific Committee on an ongoing basis and to communicate these requirements to the full Board of Directors. The term of each Committee Chair is for one year.

Each Board member is evaluated informally each year by all of the other Board members and formally by all of the Shareholders in that they are required to be elected each year by the Shareholders.

CEO Position

The Chair of the Policy, Governance and Nominating Committee sets goals and objectives each year for the CEO by providing guidance through approval of formal documents and informal discussions with Board of Directors members and Committee members including the CEO. The three independent directors evaluate the CEO's performance at least annually. For a detailed analysis of the CEO's compensation for 2010, please see "*Statement of Executive Compensation*" above.

Orientation and Continuing Education

The Corporation has developed an orientation program, administered by the Policy, Governance and Nominating Committee, for new directors which provides each new director with all applicable information regarding the roles and responsibilities of the Board of Directors, each Committee, the Board Chair, Chair of each Committee and the CEO. It provides information regarding the nature and operation of the Corporation's business, its organizational structure, governance policies including the Board Mandate and each Committee Mandate, the Whistleblowing Policy and the Code of Business Conduct, which is available on SEDAR at www.sedar.com and the Corporation's Disclosure Policy. The information is updated as the Corporation's business, governance documents and policies change. The Corporation arranges for presentations to be made to the Board of Directors and each Committee of the Board of Directors to inform directors regarding corporate developments and changes in legal, regulatory

and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation. The Corporation encourages its Board of Directors and Committee members to continue to educate themselves through courses and discussions that will be paid for by the Corporation to ensure that its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.

Ethical Business Conduct

The Corporation has adopted a written Code of Business Conduct (the "Code"). The Policy, Governance and Nominating Committee takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of their employment and as and when directed by management, to sign a copy of the Code acknowledging that they have read, understood and will comply with the Code. The Code applies to the Corporation's directors, executive officers, management, employees and consultants, each of whom is expected to ensure that his or her behaviour accords with the letter and the spirit of the Code. The Code also encourages all parties who engage in business with the Corporation to contact the Chair of the Policy, Governance and Nominating Committee regarding any perceived and all actual breaches by the Corporation's directors, officers and employees of the Code. The Chair of the Committee is responsible for investigating complaints, presenting complaints to the Committee and any other applicable Committee of the Board of Directors or the Board of Directors as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the Chair of the Committee will advise the complainant of the corrective measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors, executive officers and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practicable. Complainants may also submit their concerns anonymously in writing. However, complaints that in the future are determined to be inaccurate or untruthful could result in suspension or dismissal.

In addition to the Code, the Corporation has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistleblowing Policy with respect to reporting accounting and auditing irregularities. Copies of these documents are available on the Corporation's website.

Since the beginning of the most recently completed financial year, no material change reports have been filed that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

Exercise of Independent Judgement

The Board of Directors encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Board of Directors is required by the Board Mandate to satisfy itself that the CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Corporation.

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

Conflicts of Interest

The Board Mandate requires: (1) that directors and officers disclose any material interest in any transaction or agreement with the Corporation; (2) that an individual director, if requested by the Board of Directors, excuse himself or herself from Board of Directors' deliberations; and (3) that directors do not vote in respect of transactions in which they have an interest. The Corporation's directors and officers abide by the disclosure of conflict of interest provisions contained in the *Business Corporations Act* (Alberta), which are incorporated in the Code by reference. By taking these steps, the Board of Directors strives to ensure that directors at Board of Directors meetings exercise independent judgement, unclouded by the relationships of the directors and officers to each other and the Corporation, in considering transactions and agreements in respect of which directors and executive officers have an interest.

Director Nomination

Responsibility for identifying new candidates to join the Board of Directors belongs to the Policy, Governance and Nominating Committee. The Committee is responsible for identifying qualified candidates, recommending nominees for election as directors, and appointing directors to Committees. The Committee is required to consider candidate's independence, financial acumen, skills and available time to devote to the duties of the Board of Directors in making their recommendations for nomination. The Committee reviews the composition and size of the Board of Directors and tenure of directors in advance of annual general meetings when directors are most commonly elected by the Corporation's Shareholders, as well as when individual directors indicate that their terms may end or that their status may change. The Policy, Governance and Nominating Committee is comprised of the entire Board.

Compensation

The Compensation Committee annually recommends the compensation to be received by the Corporation's directors and CEO, and evaluates the proposed compensation to be received by the executive officers and management. The Compensation Committee is comprised of the entire Board. The CEO, who is also a director, does not participate in any Board of Directors discussions with regard to compensation issues that pertain to him. Compensation is determined in the context of the Corporation's goals, shareholder returns and other achievements, and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each Committee, and the Chair of the Board of Directors and each Committee, considering the duties and responsibilities of each member, his or her past service and continuing duties in service to the Corporation. The compensation of directors, the CEO, executive officers and management of competitors are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

Director Assessment

In addition to determining compensation, the Compensation Committee is responsible for conducting an informal annual evaluation and assessment of the performance, contribution and effectiveness of individual directors, each Committee and the Board of Directors as a whole. The annual review also asks directors to provide feedback on the Corporation's Mandates, the Code and all of its policies. The Compensation Committee prepares a report on the information gathered pursuant to the annual assessment, the results of which are then presented to the Board of Directors in order to engage in a discussion regarding Board effectiveness and how it may be improved.

AUDIT COMMITTEE INFORMATION

Under National Instrument 52-110 *Audit Committees*, the Corporation is required to include in its Annual Information Form ("AIF") the disclosure required under Form 52-110F1 with respect to its Audit Committee, including the text of its Audit Committee charter, the composition of the Audit Committee and the fees paid to the external auditor. The Corporation's disclosure with respect to the foregoing is contained in the section of its AIF dated March 22, 2011 entitled "Audit Committee".

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis ("MD&A") for the year ended December 31, 2010. Copies of the Corporation's financial statements and MD&A are available on written request to the Corporation at Suite 901, 1015 Fourth Street S.W., Calgary, Alberta T2R 1J4, Attention: Chief Financial Officer. **Additional information relating to the Corporation is available on SEDAR at www.sedar.com.**

SCHEDULE "A"

MANDATE OF THE BOARD OF DIRECTORS OF BONTERRA ENERGY CORP. (THE "CORPORATION")

The primary responsibility of the Board of Directors is to supervise the management of the Corporation to ensure the long term success of the Corporation and to maximize shareholder value. Any responsibility which has not been delegated to management remains with the Board of Directors of the Corporation (the "Board").

COMPOSITION

The Board shall be composed of a minimum of three Directors and a maximum of fifteen Directors. Except as set out in the By-Laws of the Corporation, Board members will be elected at the annual meeting of the shareholders and will serve until their successors are duly appointed. A majority of the Directors will be independent. All members of the Board of Directors shall have the skills and abilities required to carry out their duties and responsibilities in the most effective manner. The Board of Directors shall endeavour to always have the right mix of experience and competencies to discharge its responsibilities.

MEETINGS

The Board of Directors shall meet at least four times yearly, and as deemed necessary in order to carry out its duties effectively. The Board of Directors shall also retain independent advice, if deemed necessary, which will be paid for by the Corporation.

DUTIES AND RESPONSIBILITIES

The Board of Directors is charged with the overall stewardship of the Corporation and manages or supervises the business of the Corporation and its management. The Board of Directors' responsibilities include:

1. Management Selection, Retention and Succession

- Select, appoint and if necessary terminate the CEO
- Approve the list of directors standing for election, as recommended by the Policy, Governance and Nominating Committee
- Review its charter annually and recommend changes to the Board of Directors when necessary
- Annually appoint directors to the following committees:
 - the Audit Committee
 - the Policy, Governance and Nominating Committee
 - the Compensation Committee

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- the Reserves Committee
- the Disclosure Committee

and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board of Directors

- At the Board's discretion, appoint any other Board committees that the Board decides are needed and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- Approve compensation and compensation programs for senior management, as recommended by the Compensation Committee
- Assess the CEO against corporate objectives approved by the Board
- Assess, annually, the effectiveness and the performance of the Board, committees and directors in fulfilling their responsibilities
- Approve director's compensation, as recommended by the Compensation Committee

2. Strategy

- Review and approve the corporate objectives developed by the CEO
- Review, adopt and monitor the Corporation's strategic planning process
- Monitor the Corporation's performance in light of the approved strategic planning process
- Adopt, annually, a strategic planning process to maximize shareholder value

3. Corporate Ethics and Integrity

- Review and monitor the Corporation's Code of Business Conduct and disclose any waivers of the code for officers and directors
- Review and respond to potential conflict of interest situations
- Ensure policies and processes are in place for the identification of principal business risks and review and approve risk management strategies
- Approve corporate policies and other corporate protocols and controls
- Approve the Corporation's policy on public disclosure
- Review, annually, its mandate and amend as deemed necessary

4. Financial Responsibilities

- Approve the annual financial statements of the Corporation as recommended by the Audit Committee

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- Approve the quarterly interim financial statements of the Corporation, as recommended by the Audit Committee
- Recommend to the shareholders the appointment of the Corporation's external auditors, as recommended by the Audit Committee
- Review and approve the Corporation's operating budget
- Review, as deemed necessary, approval authorities to the CEO and senior management
- Approve financial commitments in excess of delegated approval authorities
- Review and approve any material acquisitions, divestments, and corporate reorganizations
- Assess and approve any material securities offerings, financing or banking arrangements

TIMETABLE

The Board's work schedule will be conducted on an ongoing basis to serve the requirements of applicable regulations.