

BENGAL ENERGY LTD.

Notice of Annual and Special Meeting of the Shareholders

TO: THE SHAREHOLDERS OF BENGAL ENERGY LTD.

TAKE NOTICE that the Annual and Special Meeting (the "**Meeting**") of the shareholders of Bengal Energy Ltd. ("**Bengal**" or the "**Corporation**") will be held in the Strand Tivoli Room at the Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta on the 15th day of October, 2010 at 10:00 a.m. (Calgary time) for the following purposes:

1. To receive and consider the financial statements of the Corporation for the year ended March 31, 2010, the auditors' report thereon and the report of the Board of Directors;
2. To fix the number of directors to be elected at the Meeting at seven (7);
3. To elect the directors of the Corporation for the ensuing year;
4. To appoint auditors and to authorize the directors to fix their remuneration as such;
5. To consider, and if thought advisable, to pass with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying information circular – proxy statement dated September 13, 2010 (the "**Information Circular**"), to approve all unallocated options issuable under the Corporation's option plan for a three-year period, all as more particularly described in the Information Circular; and
6. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular which accompanies and forms part of this Notice.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with Valiant Trust Company, Stock Transfer Department, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1 (Fax: (403) 233-2857). In order to be valid and acted upon at the Meeting, forms of proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.

Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on September 13, 2010 (the "**Record Date**"). Only shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares before the meeting, demands, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta, this 13th day of September, 2010.

BY ORDER OF THE BOARD OF
DIRECTORS

(signed) "Bradley Johnson"
Bradley Johnson
Chairman and Chief Executive Officer

BENGAL ENERGY LTD.

Information Circular - Proxy Statement
dated September 13, 2010

for the Annual and Special Meeting
to be held on October 15, 2010

SOLICITATION OF PROXIES

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of Bengal Energy Ltd. (the "Corporation") for use at the annual and special meeting of the shareholders of the Corporation (the "Meeting") to be held on the 15th day of October, 2010 at 10:00 a.m. (Calgary time) in the Strand Tivoli Room at the Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta, and at any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting. Instruments of Proxy must be received by Valiant Trust Company, Stock Transfer Department, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1 (Fax: (403) 233-2857), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The board of directors of the Corporation (the "Board") has fixed the record date for the Meeting at the close of business on September 13, 2010 (the "Record Date"). Only shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Unless otherwise stated, the information contained in this Information Circular – Proxy Statement is given as at September 13, 2010.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than the persons designated, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of common shares of the Corporation ("**Common Shares**") who do not hold their Common Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Beneficial 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 CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder.

Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or website address where shares can be voted. 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 receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

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 or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote 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 (or agent), well in advance of the Meeting.

REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing deposited either at the registered office of the Corporation 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 the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Meeting and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Annual and Special Meeting. At the time of printing this Information Circular - Proxy Statement, management of the Corporation knows of no such amendment, variation or other matter.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited financial statements of the Corporation for the year ended March 31, 2010, the auditor's report thereon and management's discussion and analysis will be tabled at the Meeting. A copy of the audited financial statements, the auditor's report thereon and management's discussion and analysis for the year ended March 31, 2010 have been mailed to the registered shareholders.

Election of Directors

At the Meeting, shareholders will be asked to fix the number of directors to be elected at the Meeting at seven members and to elect seven directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently seven directors of the Corporation, each of whom retires from office at the Meeting.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at seven members and in favour of the election as directors of the seven nominees hereinafter set forth:

Bradley G. Johnson	James B. Howe
Chayan Chakrabarty	Ian J. Towers
Richard Edgar	Robert Steele
Richard A.N. Bonnycastle	

The names and residence of the persons nominated for election as directors, the number of voting securities 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 and the principal occupation and background of each are set forth below. The information as to shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the nominees.

Name, Province/Country of Residence and Present Office Held	Principal Occupation for Past Five Years	Director Since	Number of Shares Beneficially Held⁽⁴⁾
Bradley G. Johnson Calgary, Alberta, Canada Chairman and Chief Executive Officer	Chief Executive Officer of Bengal since February 13, 2008. President and Chief Executive Officer of Sequoia Oil & Gas Ltd. from April 2005 to October 2006. Director of Dolomite Energy Inc. since August 2005. From December 2003 to April 2005, Chief Executive Officer of Argo Energy Ltd. From October 2001 to April 2005, President of Advantage Energy Services Ltd. (a private oil and gas consulting corporation).	February 13, 2008	1,323,117

Name, Province/Country of Residence and Present Office Held	Principal Occupation for Past Five Years	Director Since	Number of Shares Beneficially Held⁽⁴⁾
Chayan Chakrabarty Calgary, Alberta, Canada Director and President	President of Bengal since February 13, 2008. Vice President, International with Daylight Resources Trust previously Sequoia Oil & Gas Ltd. from February 2006 to November 2007. Prior thereto, Senior Executive of Verenex Energy Inc. from August 2004 to February 2006.	February 13, 2008	624,636
Richard Edgar ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada Director	President of Poplar Creek Resources since July 2009. Director of Shelton Petroleum since December 2009. Chairman of Shelton Canada Corp. from June 1998 to Dec. 2009. Executive Chairman of Arrow Energy Ltd. from April 2008 to April 2009. Prior thereto, President of Avery Resources Inc. from November 2005 to February 2008. Prior thereto President and Director of Energy North Inc., a TSX listed resource company until July 2004.	November 14, 2002	137,800
Ian J. Towers ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada Director	President and Chief Executive Officer of Dolomite Energy Inc., a private oil and gas company, since February 2005. Prior thereto, President and Chief Executive Officer of Rio Alto Resources International Inc. from 2002 through 2004, a TSX listed resource company. Prior thereto, Mr. Towers occupied roles in senior management with Rio Alto Exploration Ltd. as well as successive roles with Shell Canada Limited.	November 14, 2005	102,100
James B. Howe ⁽¹⁾ Calgary, Alberta, Canada Director	From January 1982 to present, President of Bragg Creek Financial Consultants Ltd. (a private financial consulting corporation). Mr. Howe is a Director of various public companies including Pason Systems Ltd., Ensign Energy Services Ltd., Wrangler West Energy Inc., Excelsior Energy Ltd., Seaview Energy Inc. and Holloway Lodging Real Estate Investment Trust.	November 14, 2005	111,400
Richard A.N. Bonnycastle Empress, Alberta, Canada Director	For the past five years Mr. Bonnycastle has acted as the Chairman and President of Cavendish Investing Ltd., a private investment company with numerous investments in both public and private companies, including investments in several oil and gas companies. Among others, Mr. Bonnycastle has previously been a director of Bowood Energy Inc., Twoco Petroleums Ltd., Find Energy Ltd., Recap Energy Inc. and Profound Energy Inc. Mr. Bonnycastle is currently a director of Pacific Iron Ore Corporation and Century Energy Ltd., both listed on the TSX Venture Exchange.	August 27, 2010	Nil

Name, Province/Country of Residence and Present Office Held	Principal Occupation for Past Five Years	Director Since	Number of Shares Beneficially Held ⁽⁴⁾
Robert Steele Calgary, Alberta, Canada Director	Mr. Steele is a professional engineer and is currently an independent businessman with over 35 years of experience in the oil and gas industry. Mr. Steele has previously held management roles with Imperial Oil Limited, Canadian Hunter Exploration Limited, Stellarton Energy Corporation (which included an oil and gas production division and a service company division, Secure Oil Tools) and most recently Berens Energy Ltd. Mr. Steele is currently a director of two TSX listed companies, Technicoil Corp. and Skywest Energy Ltd.	August 27, 2010	Nil

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.
- (4) The Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date hereof, is based upon information furnished to the Corporation by the above individuals. The information above does not include options convertible into Common Shares.

As at September 13, 2010, the directors and officers of the Corporation own, control or direct, directly or indirectly, 2,716,147 Common Shares representing 14.9% of the issued and outstanding Common Shares.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form in favour of the ordinary resolution fixing the number of directors at seven and the election of the nominees set forth above, as a group, as directors for the ensuing year. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the shareholder specified that their Common Shares are to be withheld from voting on the election of directors.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge, other than as disclosed below, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that, (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "order"), 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; (ii) is, or has been in the last 10 years, a director or executive officer of an issuer (including the Corporation) that while that person was acting in such 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; (iii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; or (iv) 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 security holder in deciding whether to vote for a proposed director.

Mr. Howe was an outside director of Quadra Properties Ltd. ("**Quadra**") which was listed on the CDNX Venture Exchange, formerly the Alberta Stock Exchange. Quadra was suspended from trading for failure to complete its major transaction within the required 18 month period. Quadra completed its major transaction in November 2000 and commenced trading again the same month under its new name, Digital Artisans Guild Inc.

Mr. Edgar was a director of Shelton Canada Corp. ("**Shelton**") which was listed on the TSX Venture Exchange. Shelton was suspended from trading for failure to file its 2008 annual financial statements within the prescribed time. Shelton later filed its annual financial statements and in June 2009 recommenced trading. Subsequently Shelton was delisted on January 4, 2010.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to re-appoint the firm of KPMG LLP, Chartered Accountants, to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP has been the Corporation's auditors since 1997.

Approval of Unallocated Options

The policies of the Toronto Stock Exchange (the "**TSX**" or "**Exchange**") require that shareholders must approve all unallocated options under the Corporation's stock option plan (the "**Option Plan**") every three years. The Corporation's previous approval of unallocated options expires on November 1, 2010. Therefore, at the Meeting, shareholders will be asked to approve an ordinary resolution approving the unallocated options under the Option Plan.

When options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under an outstanding option are referred to as "allocated options". The Corporation has additional Common Shares that may be issued under the Option Plan, but as they are not subject to current option grants, they are referred to as "unallocated options". As of the date hereof, the Corporation has options to purchase 1,689,000 Common Shares (equal to approximately 9.26% of the Corporation's issued and outstanding Common Shares as of the date hereof) outstanding under the Option Plan, leaving unallocated options to purchase an aggregate of 134,778 Common Shares (equal to approximately 0.74% of the Corporation's issued and outstanding Common Shares) available for future grants based on the number of outstanding Common Shares as at that date.

At the Meeting shareholders will be asked to approve an ordinary resolution in the following form approving all unallocated options issuable under the Option Plan:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF BENGAL ENERGY LTD. (THE "**CORPORATION**"), that all unallocated options issuable under the Corporation's stock option plan be approved until the third anniversary of the date that this resolution is passed, being October 15, 2013."

Pursuant to the requirements of the TSX, the foregoing resolution must be approved by a simple majority of the votes cast at the meeting by the shareholders voting in person or by proxy at the Meeting.

Currently outstanding options will be unaffected if this resolution is not approved, but currently outstanding options which have been exercised or that have expired or been cancelled will not be available for re-grant and the Board will not be able to grant new options if the unallocated options are not approved.

Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution approving all unallocated options under the Option Plan.

INFORMATION CONCERNING THE CORPORATION

Voting Shares and Principal Holders Thereof

The Common Shares are the only securities entitled to be voted at the Meeting and each Common Share is entitled to one vote per Common Share. As at September 13, 2010, there were 18,237,783 Common Shares of the Corporation issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if there are not less than two persons present at the Meeting, in person or by proxy, representing not less than 5% of the Common Shares entitled to be voted at the Meeting. The Board has fixed the record date for the Meeting at the close of business on September 13, 2010.

The Corporation is authorized to issue an unlimited number of Common Shares. The Corporation is also authorized to issue an unlimited number of preferred shares, none of which are issued. In addition, there are 1,689,000 Common Shares issuable upon exercise of previously granted stock options under the Option Plan and there are 940,000 Common Shares issuable upon the exercise of previously issued share purchase warrants.

To the knowledge of the directors and senior officers of the Corporation, as of the date hereof, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation other than as set forth below:

Name and Municipality of Residence	Number of Voting Shares⁽¹⁾	Percentage of Class (%)
Daylight Energy Ltd. Calgary, Alberta	4,260,000	23.4%

Note:

- (1) Based on information provided by, or in public filings made by, the above entity and as of the date of the last public filings of or information provided by such entity.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives of the Compensation Program

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 or NEOs (as defined herein) 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 engage senior management by motivating and rewarding corporate, individual or shareholder success. It is designed to ensure that compensation is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

The Corporation believes that a competitive, goal-oriented compensation policy is critically important to the creation of value for shareholders. To that end, the Corporation has created an incentive compensation program intended to reward performance. The goals of the compensation program are to align compensation with the successful accomplishment of business objectives and performance to enable the Corporation to attract and retain high quality executive officers and other key employees, reward them for the Corporation's progress and motivate them to enhance long-term stockholder value. The compensation program is intended to implement the following principles:

- Compensation should be related to the value created for shareholders.
- The compensation program should be tied to short-term and long-term strategic goals and the Corporation's corporate objectives.
- The compensation program should reflect and promote the Corporation's values and reward individuals for contributions to the Corporation's success.
- The Corporation's compensation program should be designed to attract and retain well-qualified executives.

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 ("CEO") relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers. Although compensation opportunities are based in part upon individual contribution, the actual amounts earned by executives in cash bonuses and equity compensation awards are also based upon the overall performance of the Corporation.

Elements of Compensation

The executive compensation program is comprised of three principal components: (i) base salaries; (ii) a bonus plan; and (iii) equity-based compensation (including stock options and an employee share purchase 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

The base salary compensation of the Named Executive Officers was previously established at the time the Corporation entered into the employment contracts with such officers. The Compensation Committee reviews the base compensation of the Named Executive Officers on a regular basis.

The Named 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 by the Compensation Committee. The Corporation's approach to base salary compensation is to offer salaries which are targeted at the competitive median for similar Canadian internationally focused junior oil and gas companies to attract and retain high quality individuals. Salaries are also meant to reflect a particular executive's level of responsibility, experience and expertise. For the purpose of establishing these levels, the Compensation Committee reviews publicly available competitive market data, including salaries for comparable positions in other public Canadian junior oil and gas exploration companies and draws on each directors' experience with publicly listed companies. Salaries of the NEOs are not determined based on benchmarks or a specific formula. The Compensation Committee submits its recommendation to the full Board to determine the salary of the CEO. The Compensation Committee considers, the salaries recommended by the CEO for the other executive officers of the Corporation and then submits its recommendation to the full Board to determine the salary of the other executives.

Based upon its reviews of industry data, the Compensation Committee determined that the base salaries of the NEOs were appropriate and necessary to attract individuals of such high calibre within the oil and gas industry for the financial year ended March 31, 2010. The Compensation Committee reviews the salaries of the CEO and other executive officers annually. Salaries may be increased based upon the individual's performance and contribution or increases in median competitive pay levels.

Bonus Plan

In addition to base salaries, the Board may award discretionary cash bonuses to employees of the Corporation, including executive officers. The Corporation does not have a formal bonus plan and the amount of bonuses paid is not set in relation to any formula or specific criteria, but is a result of a subjective determination based on, in the case of non-executive employees, the employee's contribution to adding share value and reducing costs and the employee's contribution to overall corporate goals. In the case of executive officers, including the CEO, bonus awards are discretionary and, while there are no specific targets or criteria set out, matters such as changes in the share price, cash flow per share, income per share, net asset value per share, reserve replacement costs and production levels are considered.

The Board, upon recommendation of the Compensation Committee, will approve bonus payments to NEOs. The bonus pool will be determined by the Compensation Committee and following that, management will determine the amount to be paid to each employee and then such allocation of the bonus pool will be presented to the Compensation Committee for approval, who then submits its recommendation to the full Board for approval. The Corporation maintains a bonus pool for Named Executive Officers separate to that bonus pool for other employees of the Corporation. No bonuses were awarded for the financial year ended March 31, 2010 to any Named Executive Officers.

Equity Based Compensation

The Corporation has adopted the Option Plan pursuant to which options to purchase Common Shares ("**Options**") 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 long-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. 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. Please refer to "*Incentive Plan Award – Stock Option Plan*" for further details regarding the Option Plan.

The executive officers participate with all employees in the benefit plans provided by the Corporation. There are no special supplemental pension or benefit plans in place for any of the executive officers. The Corporation has an employee stock purchase plan in place for all employees, including the executive officers, where the Corporation will match purchases of the Common Shares to a maximum of 10% of such employee's base salary. The purpose of this plan is to assist all employees in the accumulation of value for retirement savings or other purposes.

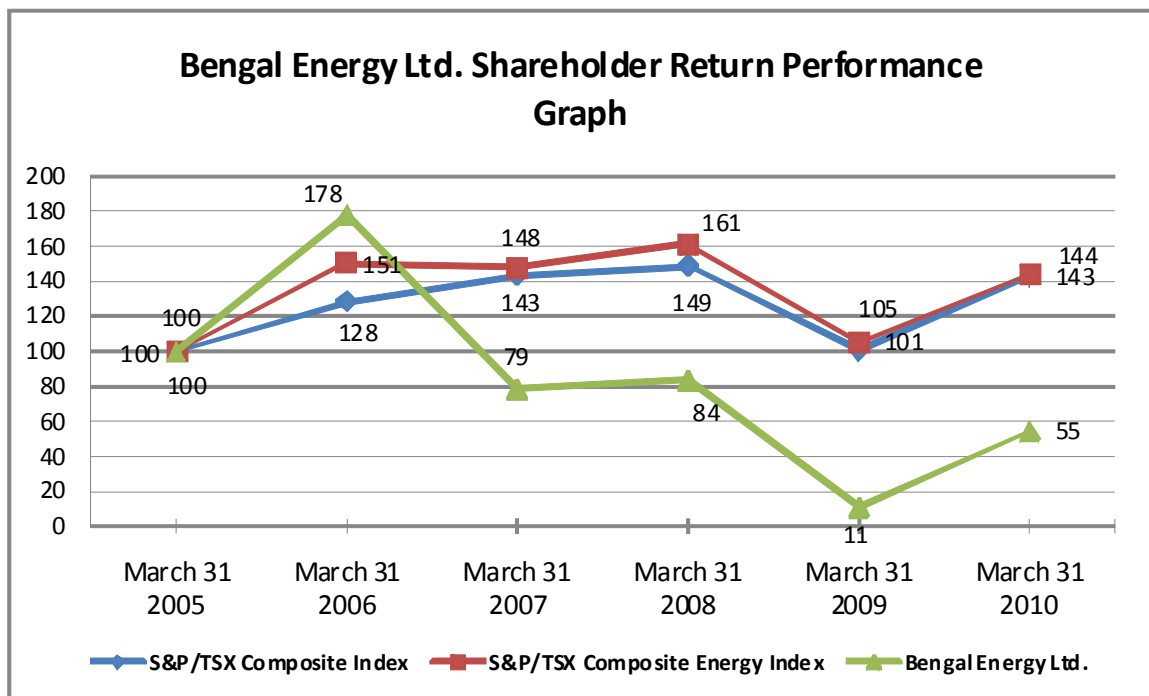
Role of the Compensation Committee

The Compensation Committee consists of Ted Hanbury (Chairman), Ian J. Towers, and Richard Edgar, of which the majority (Messrs. Towers and Hanbury) are independent.

The Compensation Committee meets from time to time during the year for the purpose of, among other things, reviewing the overall employee and executive officer compensation and benefits program and recommending the approval of any proposed changes to these programs to the full board of directors. The Compensation Committee makes specific recommendations to the Board on stock option grants and other share incentive rights allocations, bonuses, employee savings plan contributions and directors' compensation. The Compensation Committee ensures the total compensation package facilitates the attraction and retention of a strong executive management team and employees. The Board reviews all recommendations of the Compensation Committee relating to compensation matters before final approval.

Performance Graph

The Common Shares trade on the TSX under the stock symbol "BNG". Prior to November 1, 2007, the Common Shares traded on the TSX Venture Exchange. The following graph compares the cumulative total shareholder return of the Common Shares with the cumulative shareholder return of the S&P/TSX Composite Index (formerly the TSE 300 Composite Index), and the S&P/TSX Composite Energy Index for each of the last five years ended March 31, 2010, see Note (1) below.



Notes:

- (1) Assumes that the initial value of the investment in the Common Shares, in the S&P/TSX Composite Index and the S&P/TSX Composite Energy Index was \$100 on March 31, 2005.

The following table shows the value of \$100 invested in Common Shares on March 31, 2005 compared to \$100 invested in the S&P/TSX Composite Index and the S&P/TSX Energy Index⁽¹⁾:

		March 2005	March 2006	March 2007	March 2008	March 2009	March 2010
S&P/TSX	Composite	\$100					
Index			\$128	\$143	\$149	\$101	\$143
S&P/TSX Energy Index		\$100	\$151	\$148	\$161	\$105	\$144
Bengal Energy Ltd.		\$100	\$178	\$79	\$84	\$11	\$55

Notes:

(1) *Assuming reinvestment of dividends/distributions. All amounts in Canadian \$.

NEO compensation is defined as the aggregate of base salary, annual bonuses (if any), Options, and any other miscellaneous types of benefits that may periodically be granted to an NEO. As described under "Compensation Discussions and Analysis", base salaries reflect each executive officer's primary duties and responsibilities and are set at levels based on responsibility, experience and expertise. Options granted pursuant to the Option Plan form a significant portion of compensation, and therefore total compensation for the NEOs is affected by increases or decreases in the price of the Common Shares as the value of Options changes as the Corporation's share price changes. As indicated in the above table, the trading price of the Common Shares trended up for the years ended March 31, 2005 to March 31, 2006 as did compensation for NEOs. In the years where the price of the Common Shares trended down together with stock market conditions generally and commodity prices, including years ended March 31, 2007, 2009 and 2010, no cash bonuses were awarded and the base salaries of the Named Executive Officers were not materially increased. Notwithstanding the foregoing, the price of the Common Shares may be affected by various factors not related to the results of the Corporation such as changes to commodity prices and general economic conditions.

Option-based Awards

The process the Corporation follows in respect of the grant of option-based awards is set out under "Compensation Discussion and Analysis – Elements of Compensation/Equity Based Compensation".

Summary Compensation Table

The term "Named Executive Officer" is defined in Form 51-102F6 - *Statement of Executive Compensation*, and includes (a) the CEO; (b) the Chief Financial Officer ("CFO"); (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was individually more than \$150,000 for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of the corporation, nor acting in a similar capacity, at the end of that financial year.

The following table sets forth all annual and long-term compensation for the past two fiscal years paid in respect of Bradley Johnson, Chairman, and CEO, Chayan Chakrabarty, President, James Mott, Vice President Exploration and Bryan Goudie, CFO and (collectively, the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year Ended March 31 ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾⁽⁵⁾	Total compensation (\$)
					Annual Incentive plans	Long-term Incentive plans			
Bradley Johnson ⁽⁶⁾ Chairman and CEO	2010	150,000	Nil	113,750 ⁽²⁾	Nil	Nil	Nil	19,889	283,639
	2009	150,000	Nil	18,800 ⁽³⁾	Nil	Nil	Nil	16,308	185,108
Chayan Chakrabarty ⁽⁶⁾ President	2010	150,000	Nil	113,750 ⁽²⁾	Nil	Nil	Nil	19,889	283,639
	2009	150,000	Nil	18,800 ⁽³⁾	Nil	Nil	Nil	11,245	180,045
James Mott	2010	150,000	Nil	91,000 ⁽²⁾	Nil	Nil	Nil	19,889	260,889

Name and Principal Position	Year Ended March 31 ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾⁽⁵⁾	Total compensation (\$)
					Annual Incentive plans	Long-term Incentive plans			
Vice President, Exploration	2009	150,000	Nil	14,100 ⁽³⁾	Nil	Nil	Nil	13,595	177,695
Bryan Goudie CFO	2010	130,000	Nil	91,000 ⁽²⁾	Nil	Nil	Nil	17,536	238,536
	2009	126,270	Nil	14,100 ⁽³⁾	Nil	Nil	Nil	12,325	152,695

Notes:

- (1) Information is not presented for periods prior to the year ended March 31, 2009 in accordance with the provisions of NI 51-102.
- (2) Represents the grant date fair value for Options granted in the year ended March 31, 2010. Fair value is estimated using the Black-Scholes option pricing model and an exercise price of \$1.26 per Option, expected term of 3 years; a risk free interest rate of 2%; and an expected volatility of 122%.
- (3) Represents the grant date fair value for Options granted in the year ended March 31, 2009. Fair value is estimated using the Black-Scholes option pricing model and an exercise price of \$0.36 per Option, expected term of 5 years; a risk free interest rate of 2%; and an expected volatility of 60%.
- (4) The value of perquisites and benefits for each Named Executive Officer is calculated using the actual cost to the Corporation. No Named Executive Officer received perquisites amounting to more than either 10% of their total salary or \$50,000.
- (5) All other compensation includes the Corporation's employee share purchase plan (up to 10% of gross salary) matched by the Corporation and the Corporation's employee health benefits plan.
- (6) Messrs. Johnson and Chakrabarty are also members of the Board. However, no additional compensation is paid to them in respect of their duties as directors.

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 March 31, 2010 to the Named Executive Officers of the Corporation.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options and warrants (#)	Option and warrant exercise price (\$/per share)	Option and warrant expiration date ⁽¹⁾	Value of unexercised in-the-money options and warrants ⁽²⁾⁽³⁾⁽⁴⁾ (\$)	Number of shares or units that have not vested (#)	Market or payment value of share-based awards that have not vested (\$)
Bradley Johnson	Options: 125,000 100,000 Warrants: 259,440	Options: \$1.26 \$0.36 Warrants: \$2.00	Options: Dec. 21, 2012 March 13, 2014 Warrants: Aug. 13, 2011	Options: 11,250 99,000 Warrants: Nil	Nil	Nil
Chayan Chakrabarty	Options: 125,000 100,000 Warrants: 549,900	Options: \$1.26 \$0.36 Warrants: \$2.00	Options: Dec. 21, 2012 March 13, 2014 Warrants: Aug. 13, 2011	Options: 11,250 99,000 Warrants: Nil	Nil	Nil
James Mott	Options: 100,000 75,000 Warrants: 130,660	Options: \$1.26 \$0.36 Warrants: \$2.00	Options: Dec. 21, 2012 March 13, 2014 Warrants: Aug. 13, 2011	Options: 9,000 74,250 Warrants: Nil	Nil	Nil
Bryan Goudie	Options: 100,000 75,000 10,000 30,000 20,000 30,000	Options: \$1.26 \$0.36 \$1.60 \$3.15 \$3.60 \$4.40	Options: Dec. 21, 2012 March 13, 2014 Nov. 13, 2012 Nov. 30, 2011 June 12, 2011 April 5, 2011	Options: 9,000 74,250 Nil Nil Nil Nil	Nil	Nil

Notes:

- (1) Normal expiration date of the Options, which may be subject to extension in accordance with the Option Plan in case of a black-out period.
- (2) Calculated based on the difference between the closing price on the Exchange of the Common Shares on March 31, 2010 of \$1.35 and the exercise price of the Options.
- (3) Calculated based on the difference between the closing price of the Common Shares on March 31, 2010 of \$1.35 and the exercise price of the warrants
- (4) The warrants ("Warrants") were issued to Mr. Johnson, Chakrabarty and Mott in connection with the Corporation's acquisition of Bengal Energy Inc. in February of 2008 and do not form a part of the Corporation's current executive compensation program.

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 March 31, 2010 in respect of option-based awards, share-based award and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Name	Option-based awards – Value vested during the year^{(1) (2)} (\$)	Share-based awards- Value vested during the year (\$)	Non-equity incentive plan – Value earned during the year (\$)
Bradley Johnson	Options: 31,000 Warrants: Nil	Nil	Nil
Chayan Chakrabarty	Options: 31,000 Warrants: Nil	Nil	Nil
James Mott	Options: 23,250 Warrants: Nil	Nil	Nil
Bryan Goudie	Options: 23,250 Warrants: Nil	Nil	Nil

Notes:

- (1) Calculated by multiplying the number of Common Shares in respect of which vesting occurred in the year ended March 31, 2010 by difference between the closing price of the Common Share on the Exchange on the vesting date and the exercise price of the Options on the vesting date.
- (2) Calculated based on the difference between the closing price of the Common Share on the Exchange on the vesting date and the exercise price of the Warrants on the vesting date. The value of the warrants is shown as Nil as no warrants which vested during the year ended March 31, 2010 were in-the-money on the day of vesting.

The Options granted or which vested in the year ended March 31, 2010 were granted under the Corporation's Option Plan which is described below. The process followed by the Corporation for the grant of Options referred to above is described under "*Compensation Discussion Analysis – Elements of Compensation – Equity Based Compensation*".

Stock Option Plan

The Corporation has adopted the Option Plan, which was amended by the Board on June 16, 2008, which amendments were approved by the shareholders on July 17, 2008.

The Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the requirements of the TSX, grant to directors, officers, employees and consultants to the Corporation or its subsidiaries, Options to purchase common shares not to exceed 10% of the issued and outstanding Common Shares of the Corporation. Options granted pursuant to the Option Plan have a term not to exceed five years, unless the Corporation receives permission from the exchange on which the Common Shares are then listed, provided that in any case the term of an Option shall not exceed ten years, and vest in such manner as determined by the Board at the time of the grant. The exercise price of an Option granted pursuant to the Option Plan is determined by the Board at the time of the grant, in accordance with the rules of the TSX, provided that in no event shall such exercise price be lower than the closing market price at the time of the grant. Options granted under the Option Plan are generally not assignable and during the lifetime of an optionee, may only be exercised by the optionee. In connection with the foregoing, the number of the Common Shares reserved for issuance to: (a) any participant will not exceed five percent (5%) of the issued and outstanding Common Shares in any twelve month period unless the Corporation has obtained disinterested shareholder approval in respect of such grants and meets applicable Exchange requirements; (b) any consultants will not exceed two percent (2%) of the issued and outstanding Common Shares in any twelve month period; (c) all persons employed to perform investor relation activities will not exceed two percent (2%) of the issued and outstanding Common Shares in any twelve month period provided that such Options will contain vesting provisions that such vesting occurs over at least 12 months

with no more than 1/4 of the Options vesting in any three month period; and (d) insiders, at any time, under all share compensation arrangements shall not exceed ten percent (10%) of the issued and outstanding Common Shares in any twelve month period. In addition, the number of securities issued to insiders, within any one year period, under all share compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Corporation unless the optionee was engaged in investor relation activities, in which case such exercise must occur within 30 days following the cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

The Option Plan also provides for the extension of the expiry date of any Option which would otherwise expire during a "black-out period" for two trading days from the date that any "black-out period" ends. This amendment to the Option Plan was approved by the shareholders of the Corporation at the Corporation's annual general and special meeting held in 2008.

The Option Plan provides that the Board may, subject to receipt of requisite regulatory approval, in its sole discretion and without further approval of the shareholders of the Corporation, make amendments to the Option Plan or any Option granted thereunder including but not limited to: amendments of a "housekeeping" nature; a change to the vesting provisions of an Option or the Option Plan; a change to the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date; suspending, terminating or discontinuing the Option Plan; the addition of restrictions in the Option Plan on the extent of the overall participation by insiders in the Corporation's share compensation arrangements; the addition of provisions relating to phantom share units, such as restricted share units and deferred share units, which result in the participants receiving cash payments, and the terms governing such features; the addition of a cashless exercise feature payment in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserved; and the reduction of the exercise price of an Option, provided that shareholder approval will be obtained to the extent such approval is required by applicable laws or regulations.

The Option Plan currently contains a cashless exercise feature which allows a holder of Options to dispose of his or her vested, unexercised Options or any of them to the Corporation in exchange for the issuance of Common Shares equal to the number determined by dividing the closing market price of the Common Shares on the Exchange prior to the date of surrender of such Option (the "**Market Price**"), into the difference between the Market Price and the exercise price of such Option. The Corporation has the right, but not the obligation, to accept the optionee's offer. This amendment was approved by the Board on June 16, 2008, but did not require approval by the shareholders, as noted above. On August 31, 2010 the Corporation amended the Option Plan in response to certain pronouncements in the recent Federal Budget, to include amendments that allow the Corporation to comply with the proposed stock option withholding obligations. Pursuant to the terms of the Option Plan and the policies of the Exchange, shareholder approval is not required with respect to the foregoing amendment.

As of the date hereof, the Corporation has 18,237,783 Common Shares issued and outstanding. As at the date hereof, the Corporation had 1,823,778 Common Shares (10%) reserved for issuance under the Option Plan, 1,689,000 (9.26%) Options issued under the Option Plan and 134,778 (0.74%) Options still available for grant under the Option Plan.

Employee Share Purchase Plan

The Employee Share Purchase Plan ("**ESPP**") provides an opportunity for employees to accumulate savings through automatic payroll deductions, which are then invested in Common Shares. The ESPP is administered for the Corporation by Canaccord Capital Corporation (the "**Administrative Agent**").

Employees with over three months of continuous service with the Corporation or its subsidiaries are eligible to participate in the ESPP. Employees who elect to join the ESPP ("**Participants**") may contribute a minimum of 2% and a maximum of 10% of their regular monthly earnings, subject to certain exceptions,

to the ESPP. The Corporation contributes a matching amount of each Participant's contribution up to 10% of the employee's monthly earnings, with certain exceptions. The Administrative Agent purchases Common Shares on the open market with the contribution funds and maintains accounts for each ESPP Participant.

Performance Warrants

In connection with the acquisition of Bengal Energy Inc. on February 13, 2008, the Corporation issued performance warrants to purchase an aggregate of 940,000 ("**Performance Warrants**") to Bradley Johnson, Chayan Chakrabarty and James Mott. Each Performance Warrant is exercisable for one (1) Common Share at an exercise price of \$2.00 per Common Share and will vest as to one third on each of the first, second and third anniversaries of issuance or immediately upon becoming exercisable. The Performance Warrants will become exercisable only at such time as the twenty (20) day trailing weighted average trading price of the Common Shares on the Exchange reaches \$4.00 and expire on August 13, 2011.

Pension Plan Benefits

The Corporation did not have any defined benefit (or actuarial plans), defined contribution plan, deferred compensation plan, or any other form of pension plan during the financial year ended March 31, 2010.

Termination and Change of Control Benefits

Each of the Named Executive Officers has entered into employment agreements with the Corporation. With respect to Messrs. Johnson, Chakrabarty and Mott, their employment agreements may be terminated by either the Corporation or the relevant executive on one month's notice. The employment agreements provide that, if the employment agreement is terminated without cause or as a result of a "Change of Control" (as defined in the employment agreement) of the Corporation, the executive becomes entitled to a lump sum payment equal to 1.5 times the executive's annual base salary and 1.5 times the annual bonus payment paid to the executive in the preceding fiscal year, if any.

Mr. Goudie's employment agreement may be terminated without cause by the Corporation on six month's notice plus one additional month's notice for every completed year of service after the first anniversary of his employment agreement (the "**Written Notice**"). The Corporation, in its sole and absolute discretion, may instead make a lump sum payment to the Mr. Goudie, in lieu of the Written Notice, equal to the base salary that he would have otherwise earned during the Written Notice period. The employment agreement also provides that Mr. Goudie may terminate his employment within six months following the occurrence of a "Change of Control" (as defined). Mr. Goudie then becomes entitled to all of the same rights and entitlements as if his agreement had been terminated by the Corporation without cause.

The stock option agreements with each NEO provide that, in the event of a "Change of Control" (as defined in the option agreement), all outstanding Options will immediately vest and become exercisable. Had such "Change of Control" occurred as at March 31, 2010, the value of Options vested upon such occurrence (calculated as the difference between the market price of the Common Shares on the TSX on March 31, 2010, the last trading day of the most recently completed financial year and the exercise price of the Options) would have been \$110,250 for Mr. Johnson, \$110,250 for Mr. Chakrabarty, \$83,250 for Mr. Mott and \$83,250 for Mr. Goudie.

The estimated incremental payments, payables and benefits which might be paid by the Corporation for the Named Executive Officers, assuming a termination of employment without cause or a change of control occurred as at March 31, 2010, would be, in the aggregate, approximately \$772,500. Mr. Bradley Johnson, Mr. Chayan Chakrabarty and Mr. James Mott would each be entitled to a lump sum payment equal to \$225,000 (1.5 times their annual salary of \$150,000). As no bonus payment was paid in the fiscal year ending March 31, 2010, they would not be entitled to an additional payment with respect to the bonus previously paid. Mr. Goudie would be entitled to a lump sum payment of \$97,500, the equivalent of nine months of his annual salary of \$130,000.

Compensation of Directors

Other than certain consulting fees paid to Mr. Edgar, during the financial year ended March 31, 2010, the Corporation did not pay any cash compensation to non-management directors, nor were the directors paid for attendance at Board or committee meetings. It is the Corporation's policy that directors will be reimbursed for reasonable expense incurred in their role as directors. The following table sets forth all amounts of compensation provided to the directors of the Corporation (other than those directors who are also Named Executive Officers) during the year ended March 31, 2010.

Name	Fee earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value	All other compensation (\$)	Total (\$) ⁽²⁾
Richard Edgar	Nil	Nil	22,750	Nil	Nil	56,847 ⁽⁴⁾	79,597
Judith Stripling ⁽³⁾	Nil	Nil	22,750	Nil	Nil	Nil	22,750
Ian J. Towers	Nil	Nil	22,750	Nil	Nil	Nil	22,750
James B. Howe	Nil	Nil	27,300	Nil	Nil	Nil	27,300
Ted Hanbury	Nil	Nil	22,750	Nil	Nil	Nil	22,750

Notes:

- (1) Represents the grant date fair value for Options granted in the year ended March 31, 2010. Fair value is estimated using the Black-Scholes option pricing model and an exercise price of \$1.26 per Option, expected term of 3 years; a risk free interest rate of 2%; and an expected volatility of 122%.
- (2) Total compensation includes the grant date fair value of option-based awards during the year (which value is not a cash amount).
- (3) Ms. Stripling resigned from the Board effective May 12, 2010. Following her resignation Ms. Stripling had 90 days to exercise those Options that had vested. In the period from March 31, 2010 up to the date of this Information Circular, Ms. Stripling exercised 41,667 Options on a cashless basis resulting in the issuance of 25,000 Common Shares and her remaining Options have now expired.
- (4) Mr. Edgar received consulting fees with respect to various projects he worked on for the Corporation during the year ended March 31, 2010.

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 March 31, 2010 to the non-management directors of the Corporation.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$/per share)	Option expiration date	Value of unexercised in-the-money-options (\$) ⁽¹⁾	Number of shares or units that have not vested (\$)	Market or payment value of share-based awards that have not vested (\$)
Richard Edgar	25,000	\$1.26	Dec. 21, 2012	2,250	Nil	Nil
	50,000	\$0.36	March 13, 2014	49,500		
	15,000	\$1.60	Nov. 13, 2012	Nil		
	50,000	\$3.15	Nov. 30, 2011	Nil		
	65,000	\$3.60	June 12, 2011	Nil		
	45,000	\$2.20	Nov. 25, 2010	Nil		
Judith Stripling	25,000	\$1.26	Dec. 21, 2012	2,250	Nil	Nil

	50,000	\$0.36	March 13, 2014	49,500		
	5,000	\$1.60	Nov. 13, 2012	Nil		
	15,000	\$3.15	Nov. 30, 2011	Nil		
Ian J. Towers	25,000	\$1.26	Dec. 21, 2012	2,250	Nil	Nil
	50,000	\$0.36	March 13, 2014	49,500		
	5,000	\$1.60	Nov. 13, 2012	Nil		
	15,000	\$3.15	Nov. 30, 2011	Nil		
	25,000	\$3.60	June 12, 2011	Nil		
	25,000	\$2.20	Nov. 25, 2010	Nil		
James B. Howe	30,000	\$1.26	Dec. 21, 2012	2,700	Nil	Nil
	60,000	\$0.36	March 13, 2014	59,400		
	5,000	\$1.60	Nov. 13, 2012	Nil		
	15,000	\$3.15	Nov. 30, 2011	Nil		
	25,000	\$3.60	June 12, 2011	Nil		
	25,000	\$2.20	Nov. 25, 2010	Nil		
Ted Hanbury	25,000	\$1.26	Dec. 21, 2012	2,250	Nil	Nil
	50,000	\$0.36	March 13, 2014	49,500		

Notes:

- (1) Calculated based on the difference between the closing price on the Exchange of the Common Shares on March 31, 2010 of \$1.35 and the exercise price of the Options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides details of the aggregate value of option-based awards held by directors (who are not also Named Executive Officers) which vested during the financial year ended March 31, 2010.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards- Value vested during the year (\$)	Non-equity incentive plan – Value earned during the year (\$)
Richard Edgar	15,500	Nil	Nil
Judith Stripling ⁽²⁾	15,500	Nil	Nil
Ian J. Towers	15,500	Nil	Nil
James B. Howe	18,600	Nil	Nil
Ted Hanbury	15,500	Nil	Nil

Notes:

- (1) Calculated by multiplying the number of Common Shares in respect of which vesting occurred in the year ended March 31, 2010 by the closing price on the Exchange on the vesting date.
- (2) Ms. Stripling resigned from the Board May 12, 2010. During the period from March 31, 2010 up to the date of this report, exercised 41,667 Options on a cashless basis resulting in the issuance of 25,000 Common Shares.

Each director who is not also an executive officer (a "**non-executive director**") has entered into an Indemnity Agreement with the Corporation which provides that non-executive directors will be indemnified by the Corporation from and against all actions, expenses and liabilities incurred in the execution of his or her functions, subject to such limitations which may apply at law.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the equity compensation plans as at March 31, 2010.

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 securityholders	1,802,000	\$1.37	19,278
Equity compensation plans not approved by securityholders	-	-	-
Total	1,802,000	\$1.37	19,278

Note:

- (1) Based on the number of outstanding Common Shares as at March 31, 2010 and the number of Options outstanding at March 31, 2010. As at March 31, 2010, there were a total of 1,802,000 Options outstanding, leaving a total of 19,278 Options remaining available for issue. Pursuant to the Option Plan, the maximum number of Common Shares that may be subject to Options granted and outstanding thereunder at any time shall not exceed 10% of the outstanding Common Shares. The Corporation also has 940,000 Common Shares reserved for issuance upon the exercise of outstanding Warrants, which warrants do not form part of the Corporation's current executive compensation program.

Indebtedness of Directors and Executive Officers

No director, executive officer, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

The Corporation's disclosure with respect to Corporate Governance Practices is set forth in Schedule "A" hereto.

INTEREST OF MANAGEMENT AND INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the most recently completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors, other than the resolution approving unallocated options under the Option Plan.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended March 31, 2010 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management discussion and analysis are available upon request from the Chief Financial Officer of the Corporation, at 1000, 736 – 6 Avenue SW, Calgary, Alberta, T2P 3T6, (403) 205-2526.

Also see "Audit Committee Information" in the Corporation's annual information form for the year ended March 31, 2010 for information relating to the Audit Committee, including its mandate, composition of the Audit Committee and fees paid to the Corporation's auditors.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

APPROVAL

The contents and sending of this Information Circular - Proxy Statement has been approved by the Board.

DATED September 13, 2010.

SCHEDULE "A"

BENGAL ENERGY LTD. CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, entitled "*Disclosure of Corporate Governance Practices*" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

Board of Directors

Disclose the identity of directors who are independent.

The following five current directors of the Corporation are independent (for purposes of NI 58-101):

Ian Towers
James Howe
Ted Hanbury
Richard Bonnycastle
Robert Steele

However, Mr. Hanbury will not be standing for re-election at the Meeting. After the Meeting the Corporation will have four independent directors.

Disclose the identity of directors who are not independent, and describe the basis for that determination.

Bradley Johnson is not independent as he is the Chief Executive Officer and is compensated as such.

Chayan Chakrabarty is not independent as he is the President of the Corporation and is compensated as such.

Richard Edgar is not independent as he is the former President of the Corporation and held such position within the last three years.

Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

Five of the eight of the Corporation's current directors are independent. However, Mr. Hanbury will not be standing for re-election at the Meeting leaving four independent directors. The Board regularly holds "in-camera" sessions at its board meetings, which sessions exclude the directors that are also officers of the Corporation. The Board feels that having four independent directors and holding in-camera sessions is sufficient to facilitate its exercise of independent supervision over management.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Richard Edgar	Poplar Creek Resources Inc. Shelton Petroleum AB
James Howe	Ensign Energy Services Inc. Excelsior Energy Limited Holloway Lodging Real Estate Investment Trust Pason Systems Inc. Seaview Energy Inc. Wrangler West Energy Corp.
Richard Bonnycastle	Pacific Iron Ore Corporation Century Energy Ltd.
Bob Steele	Technicoil Corp. Skywest Energy Ltd.

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

During the year ended March 31, 2010, the independent directors held 4 regularly scheduled meetings at which non-independent directors and management were not in attendance. In addition, the Board has adopted terms of reference for the Board (as noted below) which will require the independent directors of the Board to regularly hold in camera sessions of the Board, with only independent directors present and at such times as the independent directors determine advisable.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Board has appointed Bradley Johnson as the Chairman of the Board. The role of the Chairman is to manage the affairs of the Board, including being satisfied that the Board is organized properly, functions effectively, meets its obligations and responsibilities, including those matters set forth in the terms of reference of the Board and operates independently of management. Mr. Johnson is not an independent director. The Board encourages communication among the independent directors in order to provide for leadership among independent directors and regularly holds in-camera meetings excluding directors that are also officers of the Corporation.

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record of each of the directors of the Corporation for meetings and committee meetings during the financial year ended March 31, 2010 is as follows:

<u>Name</u>	<u>Board Meetings Attended / Held</u>	<u>Audit Committee Meetings Attended / Held</u>	<u>Reserves Committee Meetings Attended / Held</u>	<u>Compensation Committee Meetings Attended / Held</u>
Bradley G. Johnson	4/4	4/4	-	-
Chayan Chakrabarty	4/4	4/4	1/1	-
Richard Edgar	3/4	2/4	1/1	0/1
Ian J. Towers	4/4	4/4	1/1	1/1
James B. Howe	4/4	4/4	-	1/1
Ted Hanbury	4/4	4/4	0/1	1/1

Note:

- (1) Judith Stripling resigned from the Board effective May 12, 2010. During the financial year ended March 31, 2010, she attended 3/4 Board meetings, 3/4 Audit Committee meetings and 1/1 Compensation Committee meetings.

Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of the Board is attached hereto as Schedule B hereto.

Position Descriptions

Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board of Directors has developed written position descriptions for the Chairman of the Board, as well as the Chairman of each of the committees of the Board.

Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board, with the input of the Chief Executive Officer of the Corporation, has developed a written position description for the Chief Executive Officer.

Orientation and Continuing Education

Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation and the experience and expertise of the members of the Board.

Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

No formal continuing education program currently exists for the directors of the Corporation. However, all board members are provided with copies of the terms of reference for the Board and the Corporation's whistle blower policy. In addition, management keeps the Board apprised of developments within the oil and gas industry that may affect the governance and management of the Corporation. Any director who feels that they require any services from an outside advisor to assist with discharging their responsibilities as a director may engage one at the expense of the Corporation upon authorization by the Chairman of the Audit Committee.

The Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

Ethical Business Conduct

Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code.

The Corporation is currently in the process of adopting a Code of Business Conduct and Ethics for directors, officers and employees (the "Code"). Once the Code has been approved by the Board, the Code will be posted on the Corporation's profile at www.sedar.com.

Disclose how a person or company may obtain a copy of the code.

See above.

Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

The Board monitors compliance with the Code by requiring that each of the directors, officers, employees and consultants of the Corporation affirm in writing on an annual basis his or her agreement to abide by the Code, his or her ethical conduct during the year and disclosure with respect to any conflicts of interest. In addition, the Board has delegated to management the day-to-day responsibility for monitoring compliance with and enforcing the provisions of the Code. To ensure proper understanding of the Code, any questions as to its application will be explained fully by the employee's manager and in the case of directors and officers, by the Audit Committee of the Board.

Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

There has been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Board has adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanics by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment and theft in a confidential, anonymous process.

Nomination of Directors

Describe the process by which the board identifies new candidates for board nomination.

The Board of Directors is responsible for recommending suitable candidates for nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. The Board of Directors is currently comprised of five independent directors, consisting of Jim Howe, Ian Towers, Richard Bonnycastle, Robert Steele and Ted Hanbury, and three non-independent directors, Bradley Johnson, Chayan Chakrabarty and Richard Edgar. However, Mr. Hanbury will not be standing for re-election at the Meeting, leaving four independent directors. In making such recommendations, the Board of Directors is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the boardroom; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

The Board of Directors is also responsible for reviewing on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Board of Directors, which is responsible for nominating directors, is comprised of five independent directors. However, with Mr. Hanbury not standing for re-election at the Meeting, the Board will consist of four independent directors (four out of seven members). The Board is of the view that having four independent directors and holding regular in-camera sessions is sufficient to ensure an objective nomination process.

If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Please see the previous response.

Compensation

Describe the process by which the board determines the compensation for the issuer's directors and officers.

See "*Information Concerning the Corporation – Statement of Executive Compensation – Compensation Discussion and Analysis*" in the case of officers and "*Information Concerning the Corporation – Director Compensation*" in respect of directors.

Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Corporation has a Compensation Committee consisting of Richard Edgar, Ian Towers and Ted Hanbury, the majority of which are independent. As Mr. Hanbury is not standing for re-election at the Meeting, the committee will consist of two members, one of which is independent. The Board is of the view that having one-half of the committee comprised of independent directors is sufficient to ensure an objective process for determining compensation. Further, it is anticipated that following the Meeting, the Board will take steps to elect another independent director to the committee.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- Assisting the directors in meeting their responsibilities in respect of overall human resources policies and procedures including recruitment, performance management, compensation, benefit programs, resignation/terminations, training and development, succession planning and organizational planning and design;
- Reviewing all compensation and benefit proposals for the directors, officers and senior management of the Corporation and make recommendations to the Board;
- Reviewing overall salary increases for employees of the Corporation and make recommendations to the Board;
- In consultation with the Board, reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's (the "CEO") and President's compensation, undertake an annual performance review with the CEO and President evaluating their performance in light of those corporate goals and objectives and review their appraisals of the performance of the remaining officers of the Corporation;
- Reviewing all employment contracts and other agreements for directors, officers, senior management, employees or consultants of the Corporation and make recommendations to the Board;
- Reviewing all proposed compensation plans and any amendments to all compensation plans of the Corporation;
- Strengthening the role of the outside directors by facilitating in depth discussions between directors on the Committee and management;
- Be responsible for reviewing executive compensation disclosure before it is publicly disclosed;

- Administering the stock option plan of Bengal in accordance with its terms including the grant of stock options in accordance with the terms thereof and reviewing other incentive plans of the Corporation; and
- Reviewing management's recommendation for proposed stock options or share purchase plans (ESSP) and make recommendations in respect thereof to the Board.

If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

A compensation consultant or advisor has not, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers.

Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

Other than the audit and compensation committees, the Corporation has established a reserves committee. The Reserves Committee is comprised of Ian Towers, Ted Hanbury and Richard Edgar of whom Messrs. Towers and Hanbury are independent. As Mr. Hanbury is not standing for re-election at the Meeting, the committee will consist of two members, one of which is independent. The Board is of the view that having one-half of the committee comprised of independent directors is sufficient to ensure an objective process for determining reviewing and supervising the computation and disclosure of the Corporation's reserves. Further, it is anticipated that following the Meeting, the Board will take steps to elect another independent director to the committee.

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 (Standards of Disclosure for Oil and Gas Activities) ("**NI 51-101**"), including:

- reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- reviewing the Corporation's procedures for providing information to the independent evaluator;
- meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "Reserves Data") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefore and whether there have been any disputes with management;
- providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;

- reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and
- generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Corporation is working to establish an annual review assessing the Board's overall performance and that of its committees. The objective of this review will be to contribute to a process of continuous improvement of the Board's execution of its responsibilities. The review should consider the mandate or charters of the Board and committee's and should identify any areas where the director's or management believe that the Board could make a better collective contribution to oversee the affairs of the Corporation. The Board is also responsible for regularly assessing the effects of this and contribution of individual directors.

SCHEDULE "B"

BOARD OF DIRECTORS TERMS OF REFERENCE

The Board of Directors (the “**Board**”) of Bengal Energy Ltd. (the “**Corporation**”) shall have the oversight responsibility, authority and specific duties as described below.

Composition

Directors and Chairman

The Board shall appoint a chairman (the “**Chairman**”) from amongst the directors which comprise the Board. The majority of the directors must be independent, as defined under applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

The Chairman shall act as Chair of all meetings of the Board and shareholders of the Corporation.

Committees

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

- Audit Committee;
- Reserves Committee; and
- Compensation Committee.

Certain of the responsibilities of the Board may be delegated to these or other committees of the Board. The composition and responsibilities of these standing committees and any other standing committees of the Board will be as set forth in their terms of reference, as amended from time to time, and approved by the Board.

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

The Board is responsible for selecting and appointing the Chief Executive Officer (“**CEO**”); establishing the CEO’s goals; and objectives and working with the CEO to select and appoint executive officers and establish their goals and objectives.

Board Membership Nomination and Evaluation

The Board has the responsibility of recommending new director nominees. The Directors shall, be responsible for recommending director candidates to the full Board. As well, the Board will provide new directors an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

The Board shall ensure that there is a process in place for periodically as deemed necessary evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors based on their applicable terms of reference and other criteria as determined by the Board from time to time.

Communication

To ensure that the Corporation has in place policies and programs that enable the Corporation to communicate effectively and in a timely manner with its shareholders, other stakeholders, analysts and the public generally the Board has adopted a corporate disclosure policy. The Board will review the corporate disclosure policy periodically as deemed necessary to ensure its objectives are being achieved and that the CEO, CFO and Management are effectively implementing the policy.

Meetings and Record Keeping

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

Duties and Responsibilities

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

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

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

- b. regularly assessing the effectiveness and contribution of the Board, its committees and each member of the Board considering, among other things, the applicable terms of reference for the Board and each committee and in the case of each member of the Board, the competencies and skills each member is expected to bring to the Board; and
 - c. reviewing periodically the general responsibilities and function of the Board and its committees and the Chair of each committee, and the roles of the Chairman of the Board and the CEO; and
13. reviewing the annual corporate governance disclosure of the Corporation in its information circular.

Stakeholder Communication

Any stakeholder may contact the Board by e-mail or in writing c/o the Corporate Secretary. Matters relating to the Corporation's accounting, internal accounting control or audit matters will be referred to the Audit Committee. Other matters will be referred to the Chairman. Stakeholders may also directly contact the Chairman.

Review of Terms of Reference

The Board shall review and assess these Terms of Reference and any governance principles and guidelines established by the CEO, CFO and Management at least periodically as deemed necessary.

Approved and adopted by the Board: June 10, 2009