

BLACKHAWK RESOURCE CORP.

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON WEDNESDAY, SEPTEMBER 14, 2011

NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF BLACKHAWK RESOURCE CORP. OF PROXIES TO BE VOTED AT THE SPECIAL MEETING OF SHAREHOLDERS OF BLACKHAWK RESOURCE CORP. TO BE HELD ON WEDNESDAY, SEPTEMBER 14, 2011.

TO BE HELD AT:

**1000, 250 - 2nd Street S.W.
Livingston Place
Calgary, Alberta**

At 10:00 a.m.

Dated: August 15, 2011

BLACKHAWK RESOURCE CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 14, 2011

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING (the “**Meeting**”) of holders of common shares of Blackhawk Resource Corp. (the “**Corporation**”) will be held at Livingston Place, Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta, at 10:00 a.m., on Wednesday, September 14, 2011 for the following purposes:

1. to consider, and if thought fit, approve the special resolution, as more particularly set forth in the accompanying management information circular dated August 15, 2011 prepared for the purpose of the Meeting (the “**Information Circular**”), approving and authorizing the sale of the Corporation’s interest in the petroleum and natural gas rights, the tangibles and the miscellaneous interests related to its Bodo properties, held by Blackhawk Resource Operating Corp. (a wholly owned subsidiary of the Corporation), being substantially all the Corporation’s assets, in two concurrent arm’s length transactions to RIA Resources Corp. and a private company for gross proceeds of \$6.8 million (the “**Asset Sale**”), in accordance with the terms and conditions of the two related asset purchase and sale agreements each dated effective July 26, 2011; and
2. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting and the specific details relating thereto are described in further detail in the Information Circular and the appendices thereto which are incorporated into and are deemed to form part of this Notice.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is August 15, 2011 (the “**Record Date**”). Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of his shares after such date and the transferee of those shares establishes that he owns the shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

It is desirable that as many shares as possible be represented at the meeting. A registered Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, execute and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. The person duly appointed by an Instrument of Proxy will only be entitled to vote the shares represented thereby if the Instrument of Proxy is delivered to the Corporation’s registrar and transfer agent, Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time fixed for holding the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Registered Shareholders have the right to dissent with respect to the Asset Sale and be paid the fair value of their Common Shares in accordance with Section 191 of the *Business Corporations Act* (Alberta). A registered Shareholder's right to dissent is more particularly described in the accompanying Information Circular. Failure to strictly comply with the requirements set out in Section 191 of the *Business Corporations Act* (Alberta) may result in the loss of any right of dissent.

DATED this 15th day of August, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

“David Antony”

Chief Executive Officer

BLACKHAWK RESOURCE CORP.

MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF BLACKHAWK RESOURCE CORP. (THE “CORPORATION” or “BLACKHAWK”) of proxies from the holders of common shares (“Common Shares”) for the Special Meeting of the shareholders of the Corporation (the “Meeting”) to be held on Wednesday, September 14, 2011 at 10:00 a.m. at Livingston Place, Suite 1000, 250 - 2nd Street S.W., Calgary, Alberta, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“Notice of Meeting”).

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

APPOINTMENT AND REVOCATION OF PROXIES

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

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation’s transfer agent, Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6 at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

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

writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

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

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

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

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

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

QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two (2) persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than five (5%) percent of the shares entitled to vote at the meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is August 15, 2011, the Corporation has 60,039,144 Common Shares issued and outstanding. There are no other shares of any class issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one (1) vote for each Common Share held.

Holders of Common Shares of record at the close of business on August 15, 2011 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

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

MANAGEMENT CONTRACTS

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

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer, or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

AUDITOR

Grant Thornton LLP, Chartered Accounts, have been the auditors of the Corporation since December 9, 2010.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of the Corporation, the only matter to be brought before the Meeting is the matter set forth in the accompanying Notice of Meeting.

1. Asset Sale Resolution

General

At the Meeting, Shareholders will be asked to consider, and if thought fit, pass a special resolution (the “**Asset Sale Resolution**”), approving and authorizing the sale of the Corporation’s interest in the petroleum and natural gas rights, the tangibles and the miscellaneous interests related to its Bodo property (the “**Assets**”), held by Blackhawk Resource Operating Corp. (a wholly owned subsidiary of the Corporation), being substantially all of the Corporation’s assets, in two concurrent arm’s length transactions to RIA Resources Corp. and a private company (the “**Purchasers**”) for gross proceeds of CDN\$6.8 million (the “**Asset Sale**”), in accordance with the terms and conditions of the two concurrent asset purchase and sale agreements each dated effective July 26, 2011.

Background

The Corporation acquired the Bodo property on September 1, 2009. The Bodo property is located in the Western Canadian Sedimentary Basin in east-central Alberta. It is located in and around Township 38, Range 1 West of the Fourth Meridian and production from the Bodo area is primarily heavy oil from the McLaren Formation.

During fiscal 2010, Blackhawk drilled two wells in the Bodo property. The first well, drilled vertically, encountered gas in the Colony Formation (“**BLR Bodo #1**”). The second well, drilled horizontally, encountered medium weight oil in the Sparky Formation (“**BLR Bodo #2**”). The BLR Bodo #2 well was completed, equipped and put on production in April of 2010. The BLR Bodo #1 well was tied in and put on production on August 20, 2010.

The Asset Purchase and Sale Agreements

On July 26, 2011, the Corporation and the Purchasers entered into two concurrent asset purchase and sale agreements regarding the Assets (each a “**Bodo Agreement**”). Each Bodo Agreement provides the respective purchaser thereunder with a 50% undivided interest in the Assets. The Asset Sale is an arm’s length transaction and constitutes the sale by the Corporation of all or substantially all of its assets. In order to be effective, meeting the requirements of both the *Business Corporations Act* (Alberta) (the “**ABCA**”) and the TSX Venture Exchange (the “**TSXV**”), the Asset Sale Resolution must be approved by not less than two-thirds of the votes cast by Shareholders.

Each Purchaser provided payment to the Corporation of CDN\$3,400,000 as consideration to the Corporation for their respective 50% undivided interest in the Assets.

The acceptance of a transaction by the TSXV, whether conditional acceptance or final acceptance, should not be interpreted to mean that the TSXV has in any way passed upon the merits of the transaction.

Rights of Dissenting Shareholders

The following description of the right of Shareholders to dissent (“**Dissenting Shareholders**”) in respect of the Asset Sale is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder and is qualified in its entirety by the reference to the full text of Section 191 of the ABCA, which is attached to this Management Information Circular as Appendix “A”. A Shareholder who intends to exercise the right of dissent and appraisal should carefully consider and comply with the provisions of Section 191 of the ABCA. Failure to strictly comply with the provisions of Section 191 of the ABCA and to adhere to the procedures set out therein, may result in the loss of all rights thereunder.

A registered Shareholder is entitled, in addition to any other right such registered Shareholder may have, to dissent and to be paid by the Corporation the fair value of the Corporation’s Common Shares held by such registered Shareholder in respect of which such registered Shareholder dissents, determined as of the close of business on the last business day before the Meeting. A registered Shareholder may dissent only with respect to all of the Common Shares held by such registered Shareholder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder’s name. Shareholders who have voted in favour of the Asset Sale shall not be accorded the right of dissent. Only registered Shareholders may dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary and who wish to dissent should be aware that they may only do so through the registered owner of such Common Shares. A registered Shareholder, such as a broker, who holds Common Shares as nominee for beneficial Shareholders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the Common Shares held for such beneficial owners. In such case, the demand for dissent should set out the number of Common Shares covered by it.

A beneficial owner of Common Shares who wishes to exercise the right of dissent in respect of such Common Shares must make arrangements for the Common Shares beneficially owned by him to be registered in his name prior to the time the written objection to the Asset Sale is required to be provided to the Corporation or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on his behalf. It is strongly suggested that any Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA may prejudice such Shareholder's right to dissent.

A Dissenting Shareholder must send to the Corporation a written objection to the Asset Sale, which written objection must be received by 4:30 p.m. (Calgary time) on the business day immediately prior to the Meeting or by the Chairman of the Meeting at or prior to the Meeting. A Shareholder wishing to exercise the right to dissent with respect to such holder's Common Shares shall not vote his Common Shares at the Meeting, either by the submission of a proxy or by personally voting, in favour of the Asset Sale. An application may be made to the Court of Queen's Bench of Alberta (the "**Court**") by the Corporation or by a Dissenting Shareholder to fix the fair value of that shareholder's Common Shares. If such an application to the Court is made by the Corporation or a Dissenting Shareholder, the Corporation must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Board to be the fair value of the Common Shares. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if the Corporation is the applicant, or within 10 days after the Corporation is served with notice of the application, if a Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with the Corporation for the purchase of such holder's Common Shares in the amount of the offer made by the Corporation (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Common Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application and appraisal. On the application, the Court will make an order fixing the fair value of Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against the Corporation and in favour of each of those Dissenting Shareholders, and fixing the time within which the Corporation must pay the amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Shareholder ceases to have any rights as a Shareholder until the date of payment.

On the Asset Sale becoming effective, or upon the making of an agreement between the Corporation and the Dissenting Shareholder as to the payment to be made to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Shareholder will cease to have any rights as a Shareholder other than the right to be paid by the Corporation the fair value of such holder's Common Shares, in the amount agreed to between the Corporation and the Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Shareholder may withdraw such holder's dissent, or the Corporation may rescind the Asset Sale (if the Asset Sale has not yet become effective), and in either event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

The Corporation may not make a payment to a Dissenting Shareholder under Section 191 of the ABCA if there are reasonable grounds for believing that the Corporation is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of the Corporation would thereby be less than the aggregate of its liabilities or if on the effective date of the Asset Sale the Dissenting Shareholder is not the owner of the Common Shares. In such event, the Corporation shall notify each Dissenting Shareholder that the Corporation is unable lawfully to pay Dissenting Shareholders for their Common Shares, in which case the Dissenting

Shareholder may, by written notice to the Corporation within 30 days after receipt of such notice, withdraw his/her/its written objection, in which case the Corporation shall be deemed to consent to the withdrawal and such Shareholder shall be reinstated with full rights as a Shareholder, failing which such Dissenting Shareholder retains a status as a claimant against the Corporation to be paid as soon as the Corporation is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Corporation but prior to Shareholders.

Recommendation of the Board of Directors

The Board undertook a strategic review of the Corporation's present business, assets and prospects along with the options available to it outside of its present focus. Based on its review, the Board resolved that the Asset Sale is in the best interests of the Corporation and authorized the submission of the Asset Sale Resolution to the Shareholders for approval. The Board approved the Corporation's sale of its remaining interest in the Assets with a view to focusing the Corporation's financial and management resources on identifying and developing new opportunities. **The Board recommends that the Shareholders vote in favour of the Asset Sale Resolution at the Meeting.**

Asset Sale Resolution

The Shareholders will be asked to consider and if thought fit, approve a special resolution approving the Asset Sale. The Board recommends that the Shareholders vote in favour of the Asset Sale Resolution at the Meeting. If the TSXV does not consent to the Asset Sale, the Corporation will not proceed with the Asset Sale. The text of the special resolution in respect of the approval of the Asset Sale, with or without modification, shall be as set forth below:

“BE IT RESOLVED as a special resolution of the Corporation that:

- 1. the sale of substantially all of the assets of the Corporation pursuant to the terms of the two concurrent asset purchase and sale agreements regarding the Bodo property (the “Asset Sale”) is hereby authorized and approved;**
- 2. the board of directors of the Corporation (the “Board”), without further ratification of the holders (“Shareholders”) of common shares of the Corporation, and in its sole discretion, may act upon this resolution to proceed with the Asset Sale or, if deemed appropriate, may choose not to act on or abandon this resolution without further Shareholder approval;**
- 3. any one or more directors or officers be and are hereby authorized to negotiate, determine and finalize the terms of the Asset Sale without further ratification of the Shareholders; and**
- 4. any one or more directors or officers be and are hereby authorized to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution.**

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution approving the Asset Sale. In order to be effective, meeting both ABCA and TSXV requirements, the foregoing special resolution must be approved by the affirmative vote thereof by not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting. In the event that this special resolution is not passed, the Corporation will not proceed with the Asset Sale.

OTHER BUSINESS

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

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds ($\frac{2}{3}$) majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at Suite 650, 816 - 7th Ave. SW, Calgary, Alberta T2P 1A1, Attn: President to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

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

Appendix "A"

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Shareholder's right to dissent

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.