



NOTICE

and

INFORMATION CIRCULAR

for the Annual and Special Meeting of Shareholders

to be held at the offices of Stikeman Elliott LLP
Suite 4300, 888 - 3rd Street S.W.
Calgary, Alberta

on

Tuesday, August 27, 2009
at 10:00 a.m. (Calgary Time)

DATED: July 24, 2009

SUROCO ENERGY INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of Suroco Energy Inc.

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the shareholders of Suroco Energy Inc. (the “**Corporation**”) will be held at Stikeman Elliott LLP, 4300, 888 - 3rd Street S.W., Calgary, Alberta, T2P 5C5 at 10:00 am (Calgary time) on Tuesday, August 27, 2009 for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2008, and the auditors’ report thereon;
2. to fix the number of directors of the Corporation at seven (7);
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the auditors’ remuneration;
5. to approve the stock option plan of the Corporation; and
6. to transact any other business which may properly come before the Meeting or any adjournment thereof.

Proxies are being solicited by the management of the Corporation. Shareholders who do not expect to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided. All proxies to be used at the Meeting must be received by Computershare Trust Company of Canada, the registrar and transfer agent for the Corporation, at 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8 or at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof.

Holders of common shares of the Corporation of record at the close of business on July 23, 2009 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) thereof unless after that date a Shareholder of record transfers any common shares of the Corporation and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing ownership of such shares, requests, at least 10 days prior to the Meeting, that the transferee’s name be included in the list of shareholders of the Corporation entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

The specific details of the matters to be considered are set out in the Management Information Circular dated July 24, 2009, which accompanies and forms part of this Notice.

DATED at Calgary, Alberta this 24th of July, 2009.

**BY ORDER OF THE BOARD OF DIRECTORS
OF SUROCO ENERGY INC.**

(signed) "*Alastair Hill*"

President and Chief Executive Officer

SUROCO ENERGY INC.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 27, 2009

MANAGEMENT INFORMATION CIRCULAR

Shareholders who do not hold their shares in their own name as registered shareholders should read "Advice to Beneficial Shareholders" below for an explanation of their rights.

SOLICITATION OF PROXIES

This management information circular (the "Circular") is provided in connection with the solicitation by the management of Suroco Energy Inc. (the "Corporation") of proxies for the annual general and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares (the "Common Shares") of the Corporation being held on Thursday, August 27, 2009 at 10:00 am (Calgary time) at the offices of Stikeman Elliott LLP at 4300, 888 - 3rd Street S.W., Calgary, Alberta T2P 5C5 and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Annual General and Special Meeting (the "Notice").

This solicitation is made on behalf of management of the Corporation. The costs incurred in the preparation and mailing of the Notice, this Circular and the accompanying form of proxy furnished by the Corporation (the "Instrument of Proxy") will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefore. The information contained herein is as of July 24, 2009 unless otherwise stated.

SHAREHOLDERS ELIGIBLE TO VOTE AT THE MEETING

Shareholders of record at the close of business on July 23, 2009 (the "Record Date") are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat unless after the Record Date a holder of record transfers ownership of any Common Shares, and the transferee upon producing properly endorsed certificates evidencing such shares or otherwise establishing ownership of such shares, requests, at least 10 days prior to the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the Instrument of Proxy are officers and/or directors of the Corporation. A Shareholder has the right to appoint a nominee (who need not be a Shareholder) to attend and act on that Shareholder's behalf at the Meeting, other than the persons designated in the Instrument of Proxy, by inserting the name of the Shareholders' chosen nominee in the space provided for that purpose on the Instrument of Proxy, or by completing another proper form of proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should instruct the nominee as to how the Shareholder's Common Shares are to be voted. In any case, the form

of proxy should be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing, with proof of such authorization attached, where an attorney signed the proxy form.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and deposited with Computershare Trust Company of Canada at 600, 530-8th Avenue SW, Calgary, Alberta, T2P 3S8, at least 48 hours, excluding Saturdays, Sundays and statutory holidays, before the time of the Meeting or any adjournment thereof. The instrument appointing a proxy shall be in writing and shall be signed 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.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it, any time before it is exercised, by depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing at the office of the Computershare Trust Company of Canada at 600, 530 - 8th Avenue S.W., Calgary, Alberta T2P 3S8 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 Chair of the Meeting on the day of the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to a substantial number of the Shareholders who do not hold their Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of the Corporation. 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 Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common 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 Common Shares registered in the name of CDS & Co. or other brokers/agents 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 Common 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 Instruction Form in lieu of the Instrument of Proxy or applies a special sticker to the Instrument of Proxy, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the Voting Instruction Forms or Instrument of Proxy to

Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access the internet to vote their Common Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form or an Instrument of Proxy with a Broadridge sticker on it cannot use that Voting Instruction Form or Instrument of Proxy to vote Common Shares directly at the Meeting as the Voting Instruction Form or Instrument of Proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed Voting Instruction Form or Instrument of Proxy as directed by Broadridge well in advance of the Meeting.**

All references to Shareholders in this Circular, the Instrument of Proxy and the Notice are to Shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request to registered Shareholders who produce proof of their identity.

VOTING OF PROXIES

The persons named in the Instrument of Proxy have been selected by the directors of the Corporation, are directors and officers of the Corporation and have indicated their willingness to represent as proxyholder the Shareholders who appoint them. Each Shareholder may instruct the proxyholder how to vote the Shareholders' Common Shares by completing the blanks on the Instrument of Proxy.

Common Shares represented by properly executed Instruments of Proxy in favour of the person designated on the enclosed form will be voted or withheld from voting in accordance with the instructions given on the Instruments of Proxy. **IN THE ABSENCE OF SUCH INSTRUCTIONS, SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF ALL RESOLUTIONS IDENTIFIED IN THIS CIRCULAR.**

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

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation has an authorized capital consisting of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which 86,940,240 Common Shares are issued and outstanding as at July 24, 2009. A quorum will be present at the Meeting if two holders of not less than 5% of the shares entitled to be voted at the Meeting are present in person or by proxy. Holders of Common Shares are entitled to one vote at the Meeting for each Common Share held.

To the best of the knowledge of the directors and senior officers of the Corporation, the only people, firm or corporation which beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, as at the date of this Circular is:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares
Alentar Holdings Inc. Panama	Direct	15,250,000 ⁽¹⁾	17.5%

Note:

- Alentar Holdings Inc. also holds 4,000,000 contingent value rights of the Corporation, which entitle it to acquire up to 4,000,000 Common Shares, at no additional cost, in the event certain events occur as well as 4,000,000 warrants which entitle it to acquire up to 4,000,000 Common Shares, at \$0.35 per share. See "Interest of Informed Persons in Material Transactions". In the event of exercise all of those contingent value rights and warrants, Alentar Holdings Inc. would beneficially own, directly or indirectly, or exercise control or direction over 23,250,000 Common Shares, representing approximately 24.5% of the Common Shares, assuming that the only additional Common Shares issued by the Corporation are the 4,000,000 Common Shares issuable upon exercise of the 4,000,000 contingent value rights and the 4,000,000 Common Shares issuable upon exercise of the 4,000,000 warrants, both held by Alentar Holdings Inc.

As at the date of this Circular, the current directors and senior officers of the Corporation as a group beneficially owned, directly or indirectly 6,935,877 Common Shares constituting approximately 8.0% of the issued and outstanding Common Shares.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED ON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, senior officer, anyone who has held office as such at any time since the beginning of the last financial year, proposed nominee for election as a director of the Corporation, or their respective associates or affiliates, in any matter to be acted on at the Meeting except as disclosed herein.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's board of directors (the "**Board**"), the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting.

Financial Statements and Auditors' Report

Pursuant to the provisions of the *Business Corporations Act* (Alberta) and of the Corporation's By-Laws, the Corporation will submit to the Shareholders at the Meeting the financial statements of the Corporation for the year ended December 31, 2008 and the auditors' report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken. The Board, upon the recommendation of the Audit Committee of the Corporation, approved the financial statements prior to their delivery to the Shareholders.

Fixing Number of Directors

The Articles of the Corporation state that the Board shall consist of a minimum of three (3) and a maximum of nine (9) directors, and shall be fixed from time to time by resolution of the Shareholders. The Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

“BE IT RESOLVED, as an ordinary resolution of the holders of common shares of Suroco Energy Inc. (the **“Corporation”**), that the number of directors of the Corporation to be elected be and is hereby fixed at seven (7).”

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

Unless otherwise directed, it is the intention of the persons designated as proxyholders in the enclosed Instrument of Proxy to vote in favour of the foregoing resolution.

Election of Directors

At the Meeting it is proposed that a slate of seven (7) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. There are presently seven directors of the Corporation, the term of each of which expires at the Meeting.

Unless otherwise directed, it is the intention of the persons designated in the Instrument of Proxy to vote proxies in the accompanying form in favour of the election as directors of the slate of seven (7) nominees hereinafter set forth. Management has no reason to believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the Shareholder has specified in the proxy that such Shareholder’s Common Shares are to be withheld from voting on the election of directors.

The following table states the names of all nominees to the Board, their present principal occupations or employment and their positions held during the last five years, as well as the period during which each nominee has served as a director of the Corporation or its predecessor entity.

The information contained herein is based upon information furnished by the respective nominees.

Municipality of Residence and Position Presently Held with the Corporation	Number of Common Shares Beneficially Owned or Controlled as of July 24, 2009 ⁽¹⁾	Date First Elected or Appointed	Present and Principal Occupation During the Last Five Years
Alastair Hill ⁽³⁾ President, Chief Executive Officer and Director Calgary, Alberta Canada	600,000	July 28, 2008	President and Chief Executive Officer and director of the Corporation. Prior to position with the Corporation, Vice President with International Division at EnCana Corporation, prior to which he led the business development and operations activities in Africa and the Middle East regions at PanCanadian Energy.
David H.W. (Harry) Dobson Chairman and Director Monte Carlo Monaco	2,630,000	February 6, 2006	Entrepreneur and financier with extensive interests in the natural resources sector. Currently the director and Chairman of: Kirkland Gold Lake Inc., Rambler Metals and Mining Plc, Borders and Southern Petroleum Plc, Belvedere Resources Ltd. and the Corporation. Currently a director of Mountain Province Diamonds Inc. and Western Uranium Corp.
Brian A. Hinchcliffe Director Larchmont, New York United States	Nil	February 6, 2006	Entrepreneur who has been involved in projects in the natural resources sector for nearly 20 years. He is currently the director, President and Chief Executive Officer of Kirkland Lake Gold Inc.
Juan Szabo ⁽²⁾ Director Caracas, Venezuela	Nil	April 29, 2009	Served as a member of the Board of Directors of Pequiven, PDVSA Oil and Gas, Citgo Petroleum and several other joint venture companies.
Daryl Gilbert ⁽³⁾⁽⁴⁾ Nominee Director Calgary, Alberta Canada	Nil	Not applicable	Joined JOG Capital Inc. in May 2008 as a Managing Director and Investment Committee Member, and prior thereto was an independent businessman since January 2005. Prior to that, was President and Chief Executive Officer of Gilbert Laustsen Jung Associates Ltd., an engineering consulting firm.
Robert R. Hobbs ⁽²⁾⁽³⁾ Nominee Director Calgary, Alberta Canada	Nil	Not applicable	President of R.R. Hobbs Financial Consultants Ltd. for the last 30 years. From 1996 to 2008, was a director of Niko Resources Ltd. Was also a former director of Peregrine Oil and Gas Ltd., Plexus Energy Ltd., Surge Petroleum Ltd., Innova Energy Ltd., Invader Exploration Ltd. and Danoil Energy Ltd.
Dennis Balderston ⁽²⁾⁽⁴⁾ Nominee Director Calgary, Alberta Canada	Nil	Not applicable	From July 2005 to present, Independent Businessman. Prior thereto, from September 1990 to June 2005, a Partner with Ernst & Young LLP, a firm of Chartered Accountants.

Notes:

1. The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees. The Corporation disclaims all responsibility for the accuracy thereof.
2. Proposed members of the Audit Committee.
3. Proposed members of the Reserves Committee.
4. Proposed members of the Compensation Committee.

As at the date of this Circular, the individuals nominated as directors of the Corporation as set forth in the foregoing table, as a group, beneficially owned, directly or indirectly, 3,230,000 Common Shares constituting approximately 3.7% of the issued and outstanding Common Shares.

Alastair Hill

Mr. Hill is the President and Chief Executive Officer of the Corporation and has in excess of 30 years of varied experience in the oil industry. The majority of his career has been spent in international exploration, business development, acquisitions and divestitures. Prior to joining the Corporation, he was employed as Vice-President in the International Division at EnCana Corporation, where he led projects in Europe, Africa, the Middle East and Latin America. Prior to his employment with EnCana Corporation, Mr. Hill worked with PanCanadian Energy, Bidas Energy, Phillips Petroleum and LASMO. He has been both involved in and responsible for numerous oil and gas discoveries during his career.

Mr. Hill holds a B.S. degree in Geology and Geography (London University external), is a registered professional geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and is also a chartered geologist with the Geological Society of London.

David H.W. (Harry) Dobson

Mr. Dobson is an entrepreneur and financier with extensive interests in the natural resources sector. Mr. Dobson is currently the director and Chairman of: Kirkland Gold Lake Inc., Rambler Metals and Mining Plc, Borders and Southern Petroleum Plc, Belvedere Resources Ltd. and the Corporation. Currently, he is also a director of Mountain Province Diamonds Inc. and Western Uranium Corp.

Brian A. Hinchliffe

Mr. Hinchliffe is an entrepreneur who has been involved in projects in the natural resources sector for nearly 20 years. He is currently the director, President and Chief Executive Officer of Kirkland Lake Gold Inc.

Juan Szabo

Mr. Szabo is a professional engineer with over 39 years of experience in the petroleum industry. A significant period of his career was spent with PDVSA, where he was responsible for the acquisition of most of PDVSA's downstream assets in the United States and the opening of the petroleum industry to private investment during the mid 1990's. Mr. Szabo also served as a

member of the Board of Directors of Pequiven, PDVSA Oil and Gas, Citgo Petroleum and several Joint Venture Companies.

After taking early retirement from PDVSA in 2000, Mr. Szabo was appointed General Manager of Inepetrol, a Venezuelan E & P company which, during his tenure, became one of the most relevant Venezuelan oil and gas concerns with over 100 million barrels of reserves.

Since 2007, Mr. Szabo has served as an advisor to private and public companies such as Inepetrol, P.T. Energi Mega Persada Tbk (Indonesia), CANTV and Alentar Holdings Inc. (an affiliate of Activalores S.A, a Venezuelan Investment Bank), as well as for multilateral organizations such as the InterAmerican Development Bank (BID) and the Central Bank of Ecuador.

Daryl Gilbert

Mr. Gilbert has over 30 years of varied experience in the oil and gas industry. From 1979 until his retirement in 2005, Mr. Gilbert was with Gilbert Laustsen Jung Associates Ltd. (also known as "GLJ", the largest independent petroleum engineering firm in Canada). He was appointed President and Chief Executive Officer of GLJ in 1994 after serving as a principal officer from 1988 to 1994. Prior to that Mr. Gilbert served in several positions with the Alberta Energy Resources Conservation Board.

Mr Gilbert is currently Managing Director and an Investment Committee Member of JOG Capital Inc., a provider of equity to junior Canadian oil and gas companies and is a director of several energy related public and private companies, including Falcon Oil and Gas, AltaGas Income Trust, Penn West Energy Trust, Canetic Resources Trust, Crocotta Energy Inc., Kereco Energy Ltd., MGM Energy Corp., Nextar Energy Ltd., Spry Energy Ltd., Seaview Energy Inc., and Qwest Energy Investment Management Corp. He is also a Director of Global Direct Inc. and Zed-I Solutions Inc., technology related public entities.

Mr Gilbert holds a B.S. from the University of Manitoba in Civil Engineering and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Institute of Mining and Metallurgy and the Society of Petroleum Evaluation Engineers.

Robert R. Hobbs

Mr. Hobbs has over 40 years of related experience in the oil and gas production, exploration and drilling service businesses. Over 30 years of this experience is related to operations, finance, and management functions in connection with international operations.

Mr. Hobbs is currently the President of R.R. Hobbs Financial Consultants Ltd., and has been in this position for over 30 years. He was a director of Niko Resources Ltd. from 1996 until 2008, a company with extensive operations, but not limited to, India and Bangladesh. He is also a former director of: Peregrine Oil and Gas Ltd., Plexus Energy Ltd., Surge Petroleum Ltd., Innova Energy Ltd., Invader Exploration Ltd., and Danoil Energy Ltd., a predecessor company of Canetic Resources Trust.

Mr. Hobbs completed his accounting designation in 1969 and has completed two years of post graduate studies at the University of Calgary in computer sciences. He is a former director and is a current member of the Association of Management Accountants of Alberta.

Dennis Balderston

Mr. Balderston is a Chartered Accountant and independent businessman with over 38 years of public accounting experience specializing in public and private energy sector companies. Previously, Mr. Balderston was a partner with Ernst & Young LLP from 1990 to 2005. He is currently a director of Ember Resources Inc., VGS Seismic Canada Inc., EnerVest Energy and Oilsands Total Return Trust, EnerVest FTS Limited Partnership 2006, EnerVest FTS Limited Partnership 2006 II, and EnerVest FTS Limited Partnership 2007.

Orders

To the knowledge of management of the Corporation, except as set forth below, no proposed director is, as at the date hereof, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Daryl Gilbert is a director of Globel Direct Inc. ("**Globel Direct**"). Globel Direct was issued cease trade orders on November 20, 2002 by the British Columbia Securities Commission and on November 22, 2002 by the Alberta Securities Commission for delay in filing financial statements. The required financial statements were filed and the cease trade orders were revoked on December 23, 2002. Globel Direct subsequently sought and received protection under the *Companies' Creditors Arrangement Act* (Canada) in June 2007, and after a failed restructuring effort, a receiver was appointed by one of Globel Direct's lenders in December 2007.

Bankruptcies

To the knowledge of management of the Corporation, except as set forth in the immediately preceding paragraph, no proposed director of the Corporation (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or

had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

To the knowledge of management of the Corporation, no proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

Unless otherwise directed, it is the intention of the persons designated in the Instrument of Proxy to vote the proxies in the accompanying form in favour of an ordinary resolution to appoint the firm of Ernst & Young LLP, Chartered Accountants, to serve as auditors of the Corporation to hold office until the close of the next annual meeting of Shareholders or until such firm is removed from office or resigns as provided by law at a remuneration to be fixed by the Board. Ernst & Young LLP have been the auditors of the Corporation since May 28, 2008.

Approval of Stock Option Plan

To remain in compliance with the policies of the TSX Venture Exchange, which requires annual shareholder approval of the Corporation's stock option plan (the "**Stock Option Plan**"), the Corporation will be presenting to the Shareholders for approval at the Meeting, the Stock Option Plan, a copy of which is attached as Appendix "A".

The Stock Option Plan reserves a "rolling" maximum of 10% of the issued and outstanding Common Shares of the Corporation (determined at the time of the stock option grant) for issuance upon the exercise of stock options granted pursuant to the Stock Option Plan. As of the date of this Circular there are 86,940,240 Common Shares issued and outstanding, and therefore there are 8,694,024 options to acquire Common Shares available for issuance under the Stock Option Plan.

For more information see "Statement of Executive Compensation and Related Matters - Compensation Discussion and Analysis - Stock Option Plan" herein and refer to Appendix "A" where the Stock Option Plan is set out in full.

The Shareholders will be asked to consider, and if thought fit, to pass the following resolutions (the "**Stock Option Resolution**"):

"BE IT RESOLVED THAT:

1. the stock option plan (the "**Plan**") of Suroco Energy Inc. ("**Suroco**") is authorized, approved and adopted in substantially the form attached as Appendix "A" to the

Management Information Circular of Suroco dated July 24, 2009 (the “**Management Information Circular**”) prepared for the purposes of the annual and special meeting of holders of common shares of Suroco;

2. any one director or officer is authorized to amend the Plan should such amendments be required by applicable regulatory authorities including, but not limited to, the stock exchange on which the common shares of Suroco are listed;
3. any one director or officer is authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to the foregoing resolutions; and
4. notwithstanding the approval of the shareholders of Suroco as herein provided, the Board of Directors of Suroco, may, in its sole discretion, revoke this resolution before it is acted upon, without further approval of the shareholders of Suroco.”

The Stock Option Resolution must be passed by a majority of the votes cast by Shareholders who vote at the Meeting either in person or by proxy.

Unless otherwise directed, it is the intention of the persons designated as proxyholders in the enclosed instrument of proxy to vote in favour of the Stock Option Resolution.

STATEMENT OF EXECUTIVE COMPENSATION AND RELATED MATTERS

Compensation Discussion and Analysis

Objectives of Compensation Program

The Corporation’s compensation program is designed to attract, retain and motivate highly qualified executive officers, while at the same time promoting a greater alignment of interests between such executive officers and the Shareholders. The Corporation’s compensation policies are designed to recognize and reward individual performance as well as to provide a competitive level of compensation. The Corporation does not have a pension plan or any other form of retirement compensation.

What the Compensation Program is Designed to Reward

The Executive compensation program is administered by the Corporation’s Compensation Committee. The Corporation’s Compensation Committee was formed in 2009 and prior to its formation, the compensation program was administered by the Board. Compensation plans and programs are designed so as to constitute adequate reward for services and incentive for the senior management team to implement both short-term and long-term strategies aimed at increasing the value of the Common Shares and creating economic value. Remuneration potential as well as the allocation of various remuneration and incentive components has been

established in order to compete with remuneration practices of companies similar to the Corporation. In this respect, the Corporation identifies remuneration practices and remuneration levels of publicly traded Canadian companies that, similarly to the Corporation, are involved in the exploration and development of crude oil and natural gas.

The Compensation Committee retains and does not delegate any of its power to determine matters of executive compensation and benefits, although the Compensation Committee does consider compensation and benefit proposals made to the Compensation Committee by the President and Chief Executive Officer of the Corporation. The Compensation Committee reports to the Board on the major items covered at each Compensation Committee meeting.

Elements of Compensation Program

The Corporation's compensation plan consists of the following items:

- Base salary;
- Annual bonus;
- Stock options; and
- Performance warrants.

Base Salary

The primary element of the Corporation's compensation program is base salary. The Corporation believes that a competitive base salary is a necessary element for retaining qualified executive officers. Executive officers' salaries are reviewed annually and set by comparing individual salaries to those paid to executives in other companies of comparable size within the industry. Such information is provided from time to time to the Corporation by industry associations and independent sources who regularly review compensation practices.

Annual Bonus

In 2008, the Corporation did not have a structured bonus plan. As part of its overall compensation program the Board will annually determine the nature and amount of any bonus paid to employees. The decision to provide an annual bonus is generally tied to the overall performance of the Corporation and financial position of the Corporation. The Board reviewed the financial position of the Corporation in 2008 and in an effort to conserve cash, no bonuses were paid in 2008.

Stock Options

As previously indicated, the Corporation has established the Stock Option Plan for its employees, officers and directors. The purpose of the Stock Option Plan is to attract, retain and motivate directors, officers, employees and consultants of the Corporation and its subsidiaries, and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the

Corporation. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance is 10% of issued and outstanding Common Shares. As at the date of this Circular, options to acquire an aggregate of 2,820,000 Common Shares, representing approximately 3% of the outstanding Common Shares, were issuable pursuant to the exercise of options issued pursuant to the Stock Option Plan.

Options are granted by the Board in accordance with the Stock Option Plan. Options are normally awarded upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility. The number of options an individual has been granted, the exercise price and the remaining term of such options and corporate and individual performance are also considered when options are granted. Previous grants of options are taken into account to ensure the entire compensation package is adequate in light of the individual's position and prevailing market conditions. The Chief Executive Officer and the Chief Financial Officer (collectively, the "**Named Executive Officers**") also play a role in granting options as they provide recommendations to the Board.

For more information refer to Appendix "A" where the Stock Option Plan is set out in full.

There were 795,000 options to acquire Common Shares granted to Named Executive Officers during the year ended December 31, 2008.

There were no options to acquire Common Shares exercised during the fiscal year ended December 31, 2008 by the Named Executive Officers.

Performance Warrants/Options

The Corporation may also grant performance warrants or options (collectively, the "**Performance Warrants**"). Performance Warrants are granted by the Board. The number of Performance Warrants granted, the exercise price for such Performance Warrants and to whom Performance Warrants may be granted are granted in accordance with applicable restrictions in the Stock Option Plan, as required by the TSX Venture Exchange. Each Performance Warrant evidences a right of a holder to acquire one fully-paid and non-assessable Common Share, subject to any adjustments set forth in the certificate evidencing such Performance Warrants. The Performance Warrants vest based upon performance milestones of aggregate wellhead production by the Corporation.

Performance Warrants to acquire up to 1,715,061 Common Shares at a price from \$0.22 per share to \$0.60 per share, such Performance Warrants to expire three years after the date of grant, are issued and outstanding as at the date of this Circular.

There were Performance Warrants to acquire up to 1,000,000 Common Shares at an exercise price of \$0.60 per share and Performance Warrants to acquire up to 45,000 Common Shares at an exercise price of \$0.22 per share granted to Named Executive Officers during the year ended December 31, 2008.

There were no Performance Warrants to acquire Common Shares exercised during the fiscal year ended December 31, 2008 by the Named Executive Officers.

Summary Compensation Table

The following table sets forth a summary of the remuneration of the Named Executive Officers for the fiscal years ended December 31, 2008, December 31, 2007, and December 31, 2006. Except as disclosed below, no executive officer of the Corporation received in excess of \$150,000 by way of salary, bonuses or other compensation during such fiscal years.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)		All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans		
Alastair Hill President and Chief Executive Officer ⁽¹⁾	2008	75,000	Nil	189,218	Nil	Nil	Nil	264,218
Jeffrey J. Scott President and Chief Executive Officer ⁽²⁾	2008 2007 2006	Nil Nil Nil	Nil Nil Nil	Nil Nil 195,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 195,000
Travis Doupe Chief Financial Officer ⁽³⁾	2008	80,000	Nil	87,690	Nil	Nil	Nil	167,690
Scott Milroy Chief Financial Officer ⁽⁴⁾	2008 2007 2006	Nil Nil Nil	Nil Nil Nil	Nil Nil 48,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 48,000

Notes:

1. Mr. Hill was appointed as President and Chief Executive Officer of the Corporation on July 28, 2008. Mr. Hill is also a director of the Corporation but does not receive compensation for services as a director.
2. Mr. Scott served as President and Chief Executive Officer of the Corporation until Mr. Hill's appointment on July 28, 2008. Mr. Scott is also a director but does not receive compensation for services as a director.
3. Mr. Doupe was appointed as Chief Financial Officer of the Corporation on April 10, 2008.
4. Mr. Milroy served as Chief Financial Officer of the Corporation until his resignation on April 10, 2008. Mr. Milroy was not paid any compensation while he acted as Chief Financial Officer of the Corporation other than being granted options to acquire 100,000 Common Shares.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following tables set forth all share-based and option-based awards outstanding for each Named Executive Officer at the end of December 31, 2008, including awards granted before the in most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Alastair Hill	500,000	\$0.60	July 28, 2013	Nil	Nil	Nil
	1,000,000 ⁽¹⁾	\$0.60	July 28, 2011	Nil	Nil	Nil
Jeffrey J. Scott ⁽²⁾	500,000	\$0.75	March 29, 2011	Nil	Nil	Nil
Travis Doupe	250,000	\$0.55	April 9, 2013	Nil	Nil	Nil
	45,000 ⁽¹⁾	\$0.22	October 20, 2011	2,250	Nil	Nil
Scott Milroy ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Represents Performance Warrants.
2. Mr. Scott served as President and Chief Executive Officer of the Corporation until the appointment of Alastair Hill on July 28, 2008. Mr. Scott is also a director but does not receive compensation for services as a director.
3. Mr. Milroy served as Chief Financial Officer of the Corporation until his resignation on April 10, 2008. Mr. Milroy was not paid any compensation while he acted as Chief Financial Officer of the Corporation other than being granted options to acquire 100,000 Common Shares, which have since expired.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth incentive plan awards for each Named Executive Officer for value vested or earned during the year ended December 31, 2008.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Alastair Hill	189,218	Nil	Nil
Jeffrey J. Scott	Nil	Nil	Nil
Travis Doupe	87,690	Nil	Nil
Scott Milroy	Nil	Nil	Nil

Termination of Employment, Change in Responsibilities and Employment Contracts

The Named Executive Officers are parties to employment agreements with the Corporation, which outline the terms and conditions of their employment. Those employment agreements provide for confidentiality requirements, base salary amounts, vacation entitlements, change of control provisions, and termination payments. Each of those employment agreements is for an indefinite term but may be terminated earlier by the Corporation for cause.

Chief Executive Officer and President, Alastair Hill

The terms of Mr. Hill's employment agreement with the Corporation include that the Corporation will be required to pay Mr. Hill a cash amount equal to 120% of base compensation plus the greater of: i) 50% of one year base compensation; ii) the bonus received for the previous fiscal year; and iii) the average bonus paid for the previous two fiscal years if the Corporation terminates Mr. Hill at anytime other than for cause, or in the event of a change in control if Mr. Hill elects to not continue his employment with the Corporation.

A change in control is generally considered to have occurred if any Person becomes the beneficial owner of securities of the Corporation, carrying more than 30% of the votes that may be cast to elect directors of the Corporation; upon the implementation of any transaction involving the Corporation as a result of which individuals who were members of the Board immediately prior to such transaction represent less than a majority of the members of the Board of the successor corporation within three months following the consummation thereof; or individuals who were Executive Officers immediately prior to such transaction represent less than a majority of the Executive Officers of the successor corporation within three months following the consummation thereof; upon the election of a slate of directors at a meeting of the Shareholders where a majority of the directors so elected were not members of the Board immediately prior to such meeting; the passing of a resolution by the Shareholders to substantially liquidate the assets of the Corporation or wind-up its business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or rearrangement; or the sale of all or substantially all of the assets of the Corporation to any purchaser in circumstances where the purchaser intends to carry on all or part of the business carried on by the Corporation, excluding a sale to an entity in which the Corporation owns 25% or more of the common shares.

Vice President of Finance and Chief Financial Officer, Travis Doupe

The terms of Mr. Doupe's employment agreement with the Corporation include that the Corporation will be required to pay Mr. Doupe a cash amount equal to one year of base compensation plus the greater of: (i) the bonus received for the previous fiscal year; and (ii) the average bonus paid for the previous two fiscal years if the Corporation terminates Mr. Doupe at anytime other than for cause, or in the event of a change in control if Mr. Doupe elects to not continue his employment with the Corporation.

A change in control is generally considered to have occurred if any Person becomes the beneficial owner of securities of the Corporation, carrying more than 50% of the votes that may be cast to elect directors of the Corporation; upon the implementation of any transaction involving the Corporation as a result of which individuals who were members of the Board immediately prior to such transaction represent less than a majority of the members of the board of directors of the successor corporation within three months following the consummation thereof; or individuals who were Executive Officers immediately prior to such transaction represent less than a majority of the Executive Officers of the successor corporation within three months following the consummation thereof.

Compensation of Directors

The directors of the Corporation shall be entitled to receive such remuneration for attending meetings as the Board may from time to time determine and are entitled to receive reimbursement for reasonable travelling and other expenses properly incurred while attending meetings of the Board or any committee thereof or in the performance of their duties as directors of the Corporation.

Director Compensation Table

Other than the issuance of stock options or performance warrants, there was no compensation paid to the directors of the Corporation for acting as directors during the financial year ended December 31, 2008.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
David H.W. (Harry) Dobson	—	—	—	—	—	—	—
Brian Hinchcliffe	—	—	—	—	—	—	—
Jeffrey J. Scott	—	—	—	—	—	—	—
Walter Dawson	—	—	—	—	—	—	—
Verne Johnson	—	—	—	—	—	—	—
Manuel Trevino	—	—	—	—	—	—	—
Fernando Puig	—	—	—	—	—	—	—

Outstanding Share-Based Awards and Option-Based Awards Table – Directors

The following tables set forth all share-based and option-based awards outstanding for each director of the Corporation at the end of December 31, 2008, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Options Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (#)
David H.W. (Harry) Dobson	150,000	\$0.75	March 29, 2011	Nil	Nil	Nil
Brian Hinchcliffe	150,000	\$0.75	March 29, 2011	Nil	Nil	Nil
Jeffrey J. Scott	500,000	\$0.75	March 29, 2011 ⁽¹⁾	Nil	Nil	Nil
Walter Dawson	350,000	\$0.75	March 29, 2011 ⁽²⁾	Nil	Nil	Nil
Verne Johnson	150,000	\$0.74	June 26, 2011 ⁽³⁾	Nil	Nil	Nil
Manuel Trevino	45,000 ⁽⁴⁾	\$0.22	October 20, 2011 ⁽⁵⁾	2,250	Nil	Nil
Fernando Puig	45,000 ⁽⁴⁾	\$0.22	October 20, 2011 ⁽⁶⁾	2,250	Nil	Nil

Notes:

1. Mr. Scott has not sought re-election as a director of the Corporation and will cease to be a director of the Corporation at the Meeting. In accordance with the Stock Option Plan, Mr. Scott will have 90 days to exercise such options, otherwise they will expire on November 25, 2009.
2. Mr. Dawson resigned as a director on April 8, 2009. These options expired on July 7, 2009.
3. Mr. Johnson has not sought re-election as a director of the Corporation and will cease to be a director of the Corporation at the Meeting. In accordance with the Stock Option Plan, Mr. Johnson will have 90 days to exercise such options, otherwise they will expire on November 25, 2009.
4. Represents Performance Warrants.
5. Mr. Trevino resigned as a director of the Corporation on July 17, 2009. These Performance Warrants will expire on October 15, 2009.
6. Mr. Puig has not sought re-election as a director of the Corporation and will cease to be a director of the Corporation at the Meeting. In accordance with the Stock Option Plan, Mr. Puig will have 90 days to exercise such Performance Warrants, otherwise they will expire on November 25, 2009.

Incentive Plan Awards Table – Value Vested or Earned by Directors During the Year

The following table sets forth incentive plan awards for each director of the Corporation for value vested or earned during the year ended December 31, 2008.

Name	Option-Based Awards - Value Vested During the Year (\$)	Share-Based Awards - Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
David H.W. (Harry) Dobson	Nil	Nil	Nil
Brian Hinchcliffe	Nil	Nil	Nil
Jeffrey J. Scott	Nil	Nil	Nil
Walter Dawson	Nil	Nil	Nil
Verne Johnson	Nil	Nil	Nil
Manuel Trevino	Nil	Nil	Nil
Fernando Puig	Nil	Nil	Nil

Directors' Liability Insurance

The Corporation maintains a directors' and officers' liability insurance policy. The policy provides coverage for costs incurred to defend and settle claims against directors and officers to an annual limit of \$10,000,000 with a deductible of \$25,000 per occurrence for reimbursement of costs to the Corporation and, for payments made directly on behalf of directors and officers, there is no deductible.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out securities authorized for issuance under equity compensation plans of the Corporation as at December 31, 2008.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Common Shares remaining available for future issuance under equity compensation plans
Equity compensation plan approved by securityholders	4,085,002	\$0.54	736,522 ⁽¹⁾
Equity compensation plans not approved by securityholders	Nil	Not applicable	Nil
TOTAL	4,085,002	\$0.54	736,522 ⁽¹⁾

Note:

- As at the date of this Circular, the Corporation has 86,940,240 Common Shares issued and outstanding, and therefore there are 8,694,024 options to acquire Common Shares available for issuance under the Stock Option Plan. Also, at the date of this Circular, the Corporation has granted options (including Performance Warrants) to acquire 4,535,061 Common Shares, resulting in 4,158,963 Common Shares remaining available for future issuance under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current directors, nominee directors and officers of the Corporation nor any of their associates or affiliates is now or has been indebted to the Corporation or any of their subsidiaries since the commencement of the last completed fiscal year, other than for routine indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than as set forth below.

The following table sets out the aggregated indebtedness of the directors and executive officers of the Corporation as at July 24, 2009.

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Corporation (or its Subsidiaries)	To Another Entity (ie. for a guarantee or letter of credit provided by the Corporation)
Share purchases	Nil	Nil
Other	\$831,054	Nil

Indebtedness of Directors and Executive Officers under (2) Other Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2008 (\$)	Amount Outstanding as at July 24, 2009 (\$)	Financially Assisted Securities Purchases During 2008 (#)	Security for Indebtedness	Amount Forgiven During 2008 (\$)
Other						
Manuel Trevino ⁽¹⁾	Subsidiary	678,525	166,988 ⁽²⁾	Nil	615,512 Common Shares	None
NCT Estudios y Proyectos, C.A. ⁽³⁾	Subsidiary	911,691	734,040 ⁽⁴⁾	Nil	None	None

Notes:

- Mr. Trevino resigned as a director of the Corporation on July 17, 2009.
- This amount receivable from Manuel Trevino is non-interest bearing and was due to NCT Corporación Petrolera Latinoamericana S.L. (now known as Suroco Energy S.L.U.) when it was purchased by the Corporation in 2008. The payment terms of this amount receivable from Mr. Trevino was amended in 2009, but the entire balance is due to be collected in 2009. The loan is secured by the pledge of 615,512 Common Shares owned by Mr. Trevino.

3. NCT Estudios y Proyectos, C.A. is a company that is 100% owned and controlled by Manuel Trevino, formerly a director of the Corporation who resigned on July 17, 2009.
4. This amount receivable from NCT Estudios y Proyectos, C.A. is non-interest bearing and was due to NCT Corporación Petrolera Latinoamericana S.L. (now known as Suroco Energy S.L.U.) when it was purchased by the Corporation in 2008.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any Informed Person (as defined below) of the Corporation or proposed nominee for election as a director of the Corporation, or their respective associates or affiliates, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as follows:

- Postell Energy Co. Ltd. ("**Postell Energy**") is a private company in which the former President of the Corporation and a current director of the Corporation, Mr. Jeffrey Scott, is a director. During 2005, the Corporation purchased a 30% working interest in four oil and gas properties located in the Flat Lake area of Saskatchewan from Postell Energy. These wells are operated by Postell Energy, and all oil and gas revenue, oil and gas royalties and well costs reported in these financial statements relate to production from these wells. At December 31, 2008, \$11,583 was receivable from Postell Energy relating to net production revenues from these wells.
- Effective March 31, 2009, the Corporation completed the arm's length acquisition from Alentar Holdings Inc. ("**Alentar**") of interests held by Alentar in the Surorientado Block, Arjona Field, Alea 1848 A Block and Alea 1947 C Block, all in Colombia, in exchange for 8,700,000 Common Shares at a deemed price of USD\$1.00 per share and 4,000,000 Contingent Value Rights (the "**Alentar Transaction**"). Mr. Juan Szabo, a current director and nominee director of the Corporation, holds approximately 3% of the outstanding securities of Alentar. It was after completion of the Alentar Transaction and in accordance with the terms of the Alentar Transaction that Mr. Szabo was appointed a director of the Corporation. See "Voting Shares and Principal Holders Thereof" for additional information about Alentar's share position in the Corporation.

"**Informed Person**" means a director or executive officer of a reporting issuer; a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or combination of both carrying more than 10 percent of the voting rights attached to all of the outstanding voting securities of the reporting issuer other than voting securities held by the person or company as an underwriter in the course of a distribution; and reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE GOVERNANCE DISCLOSURE

The Corporation is a venture issuer (as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”)) and is required to provide the following information in this Circular if the Corporation is soliciting a proxy for the election of Directors.

Board of Directors

The majority of the current Board is comprised of independent directors within the meaning of NI 58-101. A majority of the current slate of nominee directors to the Board would be considered independent directors within the meaning of NI 58-101. The Board has assessed and affirmatively determined that six of the seven nominee directors are independent directors in accordance with NI 58-101. Alastair Hill, President and Chief Executive Officer of the Corporation, is not an independent director by virtue of him being an officer of the Corporation. The independent directors have not held meetings at which the non-independent director was not present.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the business of the Corporation in the ordinary course, evaluating new business opportunities and challenges, recruiting people and meeting all legal and regulatory requirements of the business.

The following table sets forth the name of each reporting issuer, other than the Corporation, of which a nominee director of the Corporation is also a director.

Director of the Corporation	Reporting Issuers the Individual is Also a Director of:
David H.W. (Harry) Dobson	Kirkland Gold Lake Inc. Belvedere Resources Ltd. Western Uranium Corporation Mountain Province Diamonds Inc. Rambler Metals & Mining Plc Borders and Southern Petroleum Plc
Daryl Gilbert	AltaGas Income Trust Penn West Energy Trust Crocotta Energy Inc. Kereco Energy Ltd. MGM Energy Corp. Nextar Energy Ltd. Seaview Energy Inc. Global Direct Inc. Zed-I Solutions Inc. Qwest Energy Investment Management Corp.

Director of the Corporation

Brian A. Hinchcliffe

Dennis Balderston

**Reporting Issuers the Individual is
Also a Director of:**Kirkland Lake Gold Inc.
Rupert Resources Ltd.
Rambler Metals and Mining PlcVGS Seismic Canada Inc.
Ember Resources Inc.
EnerVest Energy and Oilsands Total Return Trust
EnerVest FTS Limited Partnership 2006
EnerVest FTS Limited Partnership 2006 II
EnerVest FTS Limited Partnership 2007**Orientation and Continuing Education**

The Board does not have any formal procedure to orient new board members nor does it have a formal policy of providing continuing education for directors. When a new director is appointed, they have the opportunity to meet the other directors, management and employees, with orientation tailored to the needs and experience of the new director, as well as the overall needs of the Board. New directors are provided with written information about the Board committees and the business and operations of the Corporation and documents from recent meetings of the Board.

The Corporation relies upon its professional advisors to update the knowledge of the Board in respect to changes in relevant policies and regulations. The Board expects to select any new members from persons who have the requisite knowledge and experience to ensure that the lack of formal policy will not detract from the performance of its members.

Members of the Board are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and conventions and to visit the Corporation's operations. Members of the Board have full access to the Corporation's records.

Ethical Business Conduct

The Board has approved and adopted a Code of Business Conduct and Ethics (the "Code") for employees, officers and directors of each of the Corporation and its subsidiaries. The Code outlines the basic principles and policies with which all personnel are expected to comply. Personnel are expected to seek guidance in any case where there is a question about compliance with both the letter and the spirit of the Code and any other policies of the Corporation. Copies of the Code can be obtained on request from the President and Chief Executive Officer at Suroco Energy Inc., Suite 302, 1300 - 8th Street SW, Calgary Alberta T2R 1B2, telephone: (403) 232-6784. The Board is charged with monitoring compliance with the Code. Any waivers of the Code may be made only by the Board.

In addition to the Code, the Corporation has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistleblower Policy with

respect to reporting accounting and auditing irregularities. Since the beginning of the Corporation's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board itself must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board as a whole is responsible for nominating new members of the Board and assessing members of the Board on an ongoing basis. The Board considers succession planning (including appointment of senior management). The Board annually reviews the general and specific criteria to consider when directors are being appointed to the Board. The objective of this review is to recommend that appointments be made to provide the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Corporation. The review takes into account the desirability of maintaining a balance of skills, experience and background, with appropriate diversity, along with the key common characteristics required for effective participation.

Other Board Committees

Standing committees of the Board include the Audit Committee, Reserves Committee and Compensation Committee.

Audit Committee

The Audit Committee has the following responsibilities:

1. Financial Disclosure Issues: review and recommend for approval by the Board annual and quarterly financial statements, and all financial information in any prospectus, offering memorandum, annual information form, management's discussion and analysis, and annual reports;
2. Internal Control: review and approve information and control systems of the Corporation; review all significant financial, accounting, and tax issues in connection with proposed non-recurring events such as mergers acquisitions or divestitures; review and approve significant accounting and tax compliance issues and satisfying itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information;
3. Auditors: make recommendations to the Board in respect of the auditors to be nominated and their compensation; oversee the work of auditors; review any problems experienced by the auditors in performing the audit; and

4. Risk Management: provide oversight in respect of risk management policies and practices, including the identification of major business risks and the processes and other steps taken to mitigate such risks; review all pending litigation involving the Corporation and assess the prospective exposure to the Corporation.

Attached as Appendix "B" hereto is the complete text of the Terms of Reference for the Audit Committee.

Reserves Committee

The purpose of the Reserves Committee is to assist the Board in the discharge of its duties with respect to complying with the requirements contained in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Attached as Appendix "C" hereto is the complete text of the Terms of Reference for the Reserves Committee.

Compensation Committee

The purpose of the Compensation Committee is to recommend, review and approve corporate goals and objectives relevant to executive and director performance and evaluate performance to determine compensation; make recommendations to the Board regarding compensation including incentive and equity-based compensation plans; and review director and executive compensation disclosure prior to its public disclosure. Attached as Appendix "D" hereto is the complete text of the Terms of Reference for the Compensation Committee.

Assessments

The Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review has regard to the mandate or charter of the Board or committee and identifies any areas where the directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of the individual directors, having regard to the competencies and skills each director is expected to bring to the Board.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee's mandate is to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and risk management. Attached as Appendix "B" hereto is the complete text of the Terms of Reference for the Audit Committee.

Composition of the Audit Committee

Assuming all individuals that are nominated for the Board as provided herein are elected to the Board, it is proposed that the members of the Audit Committee of the Corporation will be: Juan Szabo, Dennis Balderston and Robert R. Hobbs. Each of these individuals are "financially literate" as required by National Instrument 52-110 ("NI 52-110").

The following sets out the education and experience of each nominee director relevant to the performance of his duties as a proposed member of the Audit Committee:

Juan Szabo

Mr. Szabo is a professional engineer with over 39 years of experience in the petroleum industry. A significant period of his career was spent with PDVSA, where he was responsible for the acquisition of most of PDVSA's downstream assets in the United States and the opening of the petroleum industry to private investment during the mid 1990's. Mr. Szabo also served as a member of the Board of Directors of Pequiven, PDVSA Oil and Gas, Citgo Petroleum and several Joint Venture Companies.

After taking early retirement from PDVSA in 2000, Mr. Szabo was appointed General Manager of Inepetrol, a Venezuelan E & P company which, during his tenure, became one of the most relevant Venezuelan oil and gas concerns with over 100 million barrels of reserves.

Since 2007, Mr. Szabo has served as an advisor to private and public companies such as Inepetrol, P.T. Energi Mega Persada Tbk (Indonesia), CANTV and Alentar Holdings Inc. (an affiliate of Activalores S.A, a Venezuelan Investment Bank), as well as for multilateral organizations such as the InterAmerican Development Bank (IDB) and the Central Bank of Ecuador.

Dennis Balderston

Mr. Balderston is a Chartered Accountant and independent businessman with over 38 years of public accounting experience specializing in public and private energy sector companies. Previously, Mr. Balderston was a partner with Ernst & Young LLP from 1990 to 2005. He is currently a director of Ember Resources Inc., Cork Exploration Inc., VGS Seismic Canada Inc., EnerVest Energy and Oilsands Total Return Trust, EnerVest FTS Limited Partnership 2006, EnerVest FTS Limited Partnership 2006 II, and EnerVest FTS Limited Partnership 2007.

Robert R. Hobbs

Mr. Hobbs has over 40 years of related experience in the oil and gas production, exploration and drilling service businesses. Over 30 years of this experience is related to operations, finance, and management functions in connection with international operations.

Mr. Hobbs is currently the President of R.R. Hobbs Financial Consultants Ltd., and has been in this position for over 30 years. He was a director of Niko Resources Ltd. from 1996 until 2008, a company with extensive operations, but not limited to, India and Bangladesh. He is also a former director of: Peregrine Oil and Gas Ltd., Plexus Energy Ltd., Surge Petroleum Ltd., Innova Energy Ltd., Invader Exploration Ltd., and Danoil Energy Ltd., a predecessor company of Canetic Resources Trust.

Mr. Hobbs completed his accounting designation in 1969 and has completed two years of post graduate studies at the University of Calgary in computer sciences. He is a former director and is a current member of the Association of Management Accountants of Alberta.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Corporation from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in form 52-110F2 and disclosed in this Circular.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but will review the engagement of all such services.

External Auditor Service Fees

Type of Work	Year-ended December 31, 2008	Year-ended December 31, 2007
Audit Fees	\$115,000	\$31,000
Audit Related Fees	\$15,000	\$3,500
Tax Fees	\$21,556	Nil
All Other Fees	\$141,869	Nil
Totals	\$293,428	\$34,500

OTHER BUSINESS

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Shareholders may contact the Chief Executive Officer of the Corporation at 302, 1300 - 8th Street S.W., Calgary, Alberta, T2R 1B2, Telephone: (403) 232-6784 to request copies of the Corporation's financial statements and Management's Discussion and Analysis ("MD&A"). Financial information is provided in the Corporation's comparative financial statements and MD&A for the most recently completed financial year. These documents are also available through the Internet on SEDAR, which can be accessed at www.sedar.com.

APPROVAL OF THE DIRECTORS

The Board has approved the contents and the distribution of this Circular.

APPENDIX "A"

SUROCO ENERGY INC.

STOCK OPTION PLAN

1. **Purpose of the Plan**

- 1.1 The purpose of the Plan (as defined below) is to attract, retain and motivate directors, officers, employees and Consultants (as defined below) of the Corporation (as defined below) and its Subsidiaries (as defined below), and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. **Defined Terms**

Where used herein, the following terms shall have the following meanings, respectively:

- 2.1 "**Affiliate**" means an affiliate, as such term is defined in Subsection 1(2) of the *Securities Act* (Alberta), of the Corporation.
- 2.2 "**Associate**" means an associate, as such term is defined in Subsection 1(c) of the *Securities Act* (Alberta).
- 2.3 "**Board**" means the board of directors of the Corporation.
- 2.4 "**Committee**" means a special committee of the Board appointed from time to time by the Board provided that, if at any time the Committee has not been constituted, the Committee shall be deemed for all purposes of the Plan to be the Board.
- 2.5 "**Consultant**" means an individual (or an Eligible Corporation) who:
- (a) provides ongoing consulting services to the Corporation or an Affiliate under a written contract;
 - (b) possesses technical, business or management expertise of value to the Corporation or an Affiliate;
 - (c) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate; and
 - (d) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- 2.6 "**Corporation**" means Suroco Energy Inc. and includes any successor corporation thereof.

- 2.7 “**director**” means a director, senior officer or Management Company Employee of the Corporation or a Subsidiary.
- 2.8 “**Eligible Corporation**” means a corporation all of the issued and outstanding voting shares of which are beneficially owned, directly or indirectly, by a director, employee, Management Company Employee or Consultant and/or the spouse, children and/or grandchildren of the foregoing.
- 2.9 “**Eligible Person**” means a *bona fide*:
- (a) director;
 - (b) employee;
 - (c) Management Company Employee;
 - (d) Consultant; or
 - (e) Eligible Corporation.
- 2.10 “**employee**” means:
- (a) an individual who is considered an employee under the *Income Tax Act* (Canada); or
 - (b) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- 2.11 “**Expiry Time**” means, with respect to any Option, the close of business on the date upon which such Option will expire.
- 2.12 “**Insider**” means an insider, as such term is defined in Subsection 1(aa) of the *Securities Act* (Alberta), of the Corporation, other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary, and includes any Associate of such Insider.
- 2.13 “**Investor Relations Activities**” means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation;
 - (i) to promote the sale of products or services of the Corporation, or
 - (ii) to raise public awareness of the Corporation,

that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

- (b) activities or communications necessary to comply with the requirements of
 - (i) applicable securities laws,
 - (ii) the requirements of the TSX Venture Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (i) the communication is only through newspaper, magazine or publication, and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSX Venture Exchange.

2.14 **“Management Company Employee”** means an individual employed by a company providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation.

2.15 **“Market Price”** at any date in respect of the Shares means the closing sale price of the Shares on the TSX Venture Exchange (or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Committee) on the trading day on which the option is granted provided that, in the event that the Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of the Shares at the close of trading on such trading day and provided further that, in the event that the Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Committee in its sole discretion (but with reference to the net asset value of the Corporation as determined by the Committee based on reasonable evidence).

2.16 **“Option”** means an option to purchase Shares granted to an Eligible Person under the Plan.

2.17 **“Option Price”** means the price per Share at which Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 8 hereof.

- 2.18 “**Optioned Shares**” means the Shares issuable pursuant to an exercise of Options.
- 2.19 “**Optionee**” means an Eligible Person to whom an Option has been granted and who continues to hold such Option.
- 2.20 “**Plan**” means the Stock Option Plan of the Corporation, as the same may be further amended or varied from time to time.
- 2.21 “**Shares**” means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment.
- 2.22 “**Subsidiary**” means any corporation which is a subsidiary, as such term is defined in Subsection 1(4) of the *Securities Act* (Alberta), of the Corporation.

3. **Administration of the Plan**

- 3.1 The Plan shall be administered by the Committee.
- 3.2 The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:
- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
 - (b) to interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Committee shall be final, binding and conclusive for all purposes;
 - (c) to determine the number of Shares covered by each Option;
 - (d) to determine the Option Price of each Option;
 - (e) to determine the time or times when Options will be granted and exercisable;
 - (f) to determine if the Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option; and
 - (g) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options.
- 3.3 A member of the Committee may be entitled to participate in the Plan only if an Option to such member is granted, and the terms and provisions thereof determined, by the Committee without such member of the Committee participating in any manner whatsoever in the granting of an Option to, or the determinations made with respect to, such member of the Committee or to such Option.

- 3.4 The Committee may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for such Optionee's own account, and not with a view to or in connection with any distribution, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Shares;
 - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
 - (c) agreed to indemnify the Corporation in connection with the foregoing.
- 3.5 Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

4. **Shares Subject to the Plan**

- 4.1 Subject to Article 8, the maximum number of Shares with respect to which Options may be granted from time to time pursuant to the Plan shall not exceed 10% of the Corporation's outstanding Shares.

5. **Eligibility, Grant and Terms of Options**

- 5.1 Options may be granted to any Eligible Person in accordance with Section 5.2 hereof. If an Option is granted to an Eligible Corporation, such Eligible Corporation shall, as a condition precedent to such grant, execute and deliver any document or instrument required by any applicable stock exchange.
- 5.2 Options may be granted by the Corporation pursuant to the recommendations of the Committee from time to time provided and to the extent that such decisions are approved by the Board.

- 5.3 Subject as herein and otherwise specifically provided in this Article 5, the number of Shares subject to each Option, the Option Price, the Expiry Time, the extent to which such Option is exercisable from time to time during the term of the Option and other terms and conditions relating to such Option shall be determined by the Committee.
- 5.4 Subject to any adjustments pursuant to the provisions of Article 8 hereof, the Option Price of any Option shall in no circumstances be lower than the Market Price on the date on which the grant of the Option is approved by the Committee. If, as and when any Shares have been duly purchased and paid for under the terms of an Option, such Shares shall be conclusively deemed allotted and issued as fully paid and non-assessable Shares at the price paid therefor.
- 5.5 The term of an Option shall not exceed five years from the date of the grant of the Option.
- 5.6 An Option shall be personal to the Optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise), except as provided for herein. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Plan, or upon the levy of any attachment or similar process upon an Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.
- 5.7 No Options shall be granted to any Optionee if such grant could result, at any time, in:
- (a) the number of Shares reserved for issuance pursuant to Options or other stock options granted to Insiders exceeding 10% of the issued and outstanding Shares;
 - (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares;
 - (c) the issuance to any one individual (including an Insider and such Insider's Associates), within a one-year period, of a number of Shares exceeding 5% of the issued and outstanding Shares;
 - (d) the issuance to any one Consultant, within one-year period, of a number of Shares exceeding 2% of the issued and outstanding Shares; and
 - (e) the issuance to employees conducting Investor Relations Activities, within a one-year period, of an aggregate number of Shares exceeding 2% of the issued and outstanding Shares;
- unless permitted otherwise by any applicable stock exchange.
- 5.8 An Option shall vest and may be exercised (in each case to the nearest full Share) in whole or in part at any time during the term of such Option after the date of the grant as determined by the resolution of the Board or shareholder's of the Corporation granting the Option.

6. Termination of Employment

- 6.1 Subject to Sections 6.2 and 6.3 hereof and to any express resolution passed by the Committee with respect to an Option, an Option and all rights to purchase Shares pursuant thereto shall expire and terminate immediately upon the Optionee who holds such Option ceasing to be an Eligible Person provided that, in the case of termination of employment for any reason, and whether or not for cause, such Option and all rights to purchase Shares thereto shall expire and terminate:
- (a) in the case of an Optionee who is an Eligible Person, 90 days following notice of termination of employment; and
 - (b) in the case of an Optionee who is engaged in Investor Relations Activities, 30 days following notice of termination to provide such Investor Relation Activities.
- 6.2 If, before the expiry of an Option in accordance with the terms thereof, an Optionee shall cease to be an Eligible Person (an "Event of Termination") as a result of the Optionee's permanent disability, then the Committee, at its discretion, may allow the Optionee to exercise the Option to the extent that the Optionee was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date six months following the date of such Event of Termination or on the Expiry Time, whichever is earlier.
- 6.3 If an Optionee dies before the expiry of an Option in accordance with the terms thereof, the Optionee's legal representative(s) may, subject to the terms of the Option and the Plan, exercise the Option to the extent that the Optionee was entitled to do so at the date of the Optionee's death at any time up to and including, but not after, a date six months following the date of the Optionee's death or on the Expiry Time, whichever is earlier.
- 6.4 For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director of the Corporation provided that the Optionee continues to be an Eligible Person.
- 6.5 If the Optionee is an Eligible Corporation, the references to the Optionee in this Article 6 shall be deemed to refer to the Eligible Person associated with such Optionee.
- 6.6 Notwithstanding anything contained in this Section, the Committee may when granting an Option to a Consultant impose specific rules respecting the cessation of participation of such Consultant, which rules may vary from those contained in this Section.

7. Exercise of Options

- 7.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its principal office in Calgary, Alberta of a written notice of exercise (substantially in the form attached hereto as Schedule "B") addressed to the President of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Shares then being purchased. Certificates for such Shares shall be

issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

- 7.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of any Option shall be subject to:
- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;
 - (c) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
 - (d) the satisfaction of any conditions on exercise prescribed pursuant to Section 3.4 hereof.

In this connection the Corporation shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

- 7.3 Options shall be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Committee may from time to time determine as provided for under Subsection 3.2(g) (substantially in the form attached hereto as Schedule "A").

8. **Certain Adjustments**

- 8.1 In the event of any subdivision or redivision of the Shares into a greater number of Shares at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of such Optionee's Option in accordance with the terms hereof, in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such subdivision or redivision if, on the record date thereof, the Optionee had been the registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.
- 8.2 In the event of any consolidation of the Shares into a lesser number of Shares at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the

Corporation shall deliver to such Optionee at the time of any subsequent exercise of such Optionee's Option in accordance with the terms hereof, in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such consolidation if, on the record date thereof, the Optionee had been registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.

- 8.3 If at any time after the grant of an Option to any Optionee and prior to the Expiry Time, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Sections 8.1 and 8.2 or, subject to the provisions of Subsection 9.2(a) hereof, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein call the "**Successor Corporation**") or the Corporation shall pay a stock dividend (other than any dividends in the ordinary course), the Optionee shall be entitled to receive upon the subsequent exercise of such Optionee's Option in accordance with the terms hereof and shall accept in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of Subsection 9.2(a) hereof, as a result of such consolidation, merger, amalgamation, or stock dividend if, on the record date of such reclassification, reorganization, other change or stock dividend or the effective date of such consolidation, merger or amalgamation or dividend payment, as the case may be, such Optionee had been the registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise.
- 8.4 In the event the Corporation should declare and pay a special cash dividend or other distribution out of the ordinary course, a special dividend in specie on the Shares, or a stock dividend other than in the ordinary course, the Option Price of all Options outstanding on the record date of such dividend or other distribution shall be reduced by an amount equal to the cash payment or other distribution or the fair market value of the dividend in specie or stock dividend or other distribution, as determined by the Committee in its sole discretion but subject to all necessary regulatory approvals.
- 8.5 Approval by disinterested shareholders of the Corporation is required whenever there is a reduction in the Option Price for Options held by Optionees that are Insiders at the time of the proposed reduction.

9. **Amendment or Discontinuance of the Plan**

- 9.1 The Board may amend or discontinue the Plan at any time, provided, however, that no such amendment may materially and adversely affect any Option previously granted to an Optionee without the consent of the Optionee, except to the extent required by law. Any such amendment shall, if required, be subject to the prior approval of, or acceptance by, any stock exchange on which the Shares are listed and posted for trading.

9.2 Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee holding Options under the Plan, to permit the exercise of all such Options within the 30 day period next following the date of such notice and to determine that upon the expiration of such 30 day period, all rights of the Optionees to such Options or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever;
- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Optioned Shares in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is 30 days following the date of completion of such sale; and (ii) the Expiry Time; but the Optionee shall not be entitled to exercise the Option with respect to any other Optioned Shares;
- (c) subject to the rules of any applicable stock exchange or other regulatory authority, the Board may, by resolution, advance the date on which any Option may be exercised or extend the Expiry Time provided that the Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Optionee; and
- (d) the Board may, by resolution, but subject to applicable regulatory requirements, decide that any of the provisions hereof concerning the effect of termination of the Optionee's employment shall not apply to any Optionee for any reason acceptable to the Board.

Notwithstanding the provisions of this Article 9, should changes be required to the Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

10. Miscellaneous Provisions

- 10.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such shares certificate is issued.
- 10.2 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue or be re-elected as a director of the Corporation or any right to continue in the employ or engagement of the Corporation or any Subsidiary, or affect in any way the right of the Corporation or any Subsidiary to terminate his or her employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or engagement of any Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 10.3 Notwithstanding Section 5.6 hereof, if the Optionee is an Eligible Corporation, the Option may be transferred or assigned between the Optionee and the Eligible Person associated with the Optionee.
- 10.4 The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

December 15, 2008

SCHEDULE "A"

**SUROCO ENERGY INC.
STOCK OPTION AGREEMENT**

OPTION AGREEMENT made the ____ day of _____, 200 __.

B E T W E E N:

SUROCO ENERGY INC., a corporation incorporated under the laws of the Province of Alberta,

(hereinafter called the "**Corporation**")

- and -

(Name)

(Address)

(hereinafter called the "**Optionee**")

WHEREAS the Corporation has established the Stock Option Plan (the "**Plan**") for Eligible Persons;

AND WHEREAS the Optionee is an "Eligible Person" under the Plan and the board of directors of the Corporation has authorized the granting by the Corporation of an option to the Optionee pursuant to and in accordance with the provisions of the Plan on the terms hereinafter set forth;

NOW THEREFORE THE CORPORATION AND THE OPTIONEE AGREE AS FOLLOWS:

1. The Corporation hereby grants to the Optionee, subject to the terms and conditions set forth in this Agreement and the Plan, options ("**Options**") to purchase that number of common shares ("**Shares**") of the Corporation set forth below, at the exercise price(s) set

forth below, which Options will vest and be exercisable as of the vesting date(s) set forth below and expire (to the extent not previously exercised) as of the close of business on the expiry date(s) set forth below:

Number of Shares	Exercise Price	Vesting Date	Expiry Date
•	\$•	•	•
•	\$•	•	•
•	\$•	•	•

2. As of the close of business on the expiry date(s) set forth in Section 1 above, any Options that remain unexercised will expire and be of no further force or effect.
3. The Optionee acknowledges receipt of a copy of the Plan and hereby agrees that the Options are subject to the terms and conditions of the Plan, including all amendments to the Plan required by any stock exchange or other regulatory authority or otherwise consented to by the Optionee. The Plan contains provisions permitting the termination of the Plan and outstanding Options. The Optionee acknowledges having read the Plan and having been advised to seek independent legal advice with respect to his rights in respect of the Options.
4. The Optionee acknowledges and agrees that:
 - (a) in addition to any resale restrictions under applicable securities laws, all Options and all Shares issued on the exercise of Options will be legended with a hold period as required by any stock exchange or other regulatory authority; and
 - (b) shareholder approval may be required by a stock exchange or other regulatory authority for a reduction in the exercise price(s) set forth above in Section 1.
5. In the event that a take-over bid is made for the Shares at any time after the date of this agreement, the Optionee, from and after commencement of the take-over bid to and including 30 days after the last date upon which an offeror under such take-over bid or a third party or parties that has made a competing take-over bid takes up and pays for Shares of the Corporation, shall have the right to exercise the Option for all at any time or part from time to time of the optioned Shares in respect of which the Option has not been exercised by the Optionee hereunder prior to commencement of the take-over bid, including in respect of optioned Shares that, but for this section 5, the Option would not otherwise be exercisable at such time.
6. Time is of the essence of this Agreement.
7. This Agreement shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The Options under this option agreement are not transferable or assignable by Optionee.
8. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

9. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and shall be treated in all respects as an Alberta contract.

SUROCO ENERGY INC.

Per: _____

Witness

SCHEDULE "B"

NOTICE OF EXERCISE OF STOCK OPTIONS

To: Suroco Energy Inc.

The undersigned Optionee hereby exercises his/her/its option to purchase _____ common shares of Suroco Energy Inc. granted _____, _____, at the exercise price (the "Exercise Price") of \$_____ per share.

Payment in full of the aggregate Exercise Price for the total number of common shares purchased is enclosed.

Date:

Signature

Name (*please print*)

Address

Please have my certificate sent to me at:

at my address indicated above.

Suroco Energy Inc.

APPENDIX "B"

SUROCO ENERGY INC.

AUDIT COMMITTEE

TERMS OF REFERENCE

1. **Constitution**

Pursuant to the *Business Corporations Act* (Alberta), By-Law No. 1 of Suroco Energy Inc. (the "**Corporation**") and a resolution of the Board of Directors of the Corporation (the "**Board**") dated March 9, 2006 and in intended compliance with applicable corporate and securities laws and the requirements of the exchange upon which securities of the Corporation are listed, there is hereby constituted, as a standing committee of the Board, a committee designated as the "Audit Committee" (the "**Committee**") which Committee is delegated the powers and subject to the terms of reference hereinafter set forth.

2. **Mandate**

The mandate of the Committee shall be to assist the Board in fulfilling its oversight responsibilities in respect of: (a) the adequacy, integrity and effectiveness of the Corporation's financial reporting process and financial statements, including without limitation the adequacy, integrity and effectiveness of internal financial and management controls and systems; and the adequacy and integrity of the audit process; and (b) risk management for the Corporation, including without limitation the adequacy, integrity and effectiveness of risk management systems and reporting, in addition to any mandate or function prescribed by applicable law, regulation or rule to be discharged by a Committee constituted as the audit committee of a corporation such as the Corporation.

3. **Organization and Operation**

- 3.1 The Committee shall be comprised of a minimum of three (3) members of the Board.
- 3.2 A majority of the members of the Committee shall be "independent" as defined by Multilateral Instrument 52-110 or any rule or instrument implemented in substitution or addition thereto and to the extent practicable.
- 3.3 Each of the members of the Committee shall be "financially literate" as required by Multilateral Instrument 52-110 or any rule or instrument implemented in substitution or addition thereto and to the extent practicable the Committee shall include at least one member who may reasonably be regarded as a financial expert. In order to be financial literate, a member of the Committee must be, at a minimum, able to read and understand financial statements of the complexity of those of the Corporation and the accounting

principles used in their preparation, as well as an understanding of internal controls and procedures for financial reporting.

- 3.4 A majority of the members of the Committee shall be residents of Canada.
- 3.5 The Committee shall have the power to appoint its chairman, who must be a resident of Canada.
- 3.6 Any member of the Committee or the auditors of the Corporation (the “**auditors**”) may call a meeting of the Committee upon not less than 48 hours’ notice to the other members of the Committee.
- 3.7 The auditors of the Corporation are entitled to receive notice of every meeting of the Committee and at the expense of the Corporation, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditors.
- 3.8 The Committee shall meet at least four times annually.
- 3.9 A quorum for meetings of the Committee shall be a majority of its members, provided that a majority of the members of the Committee comprising such quorum must be residents of Canada.
- 3.10 Questions arising at any meeting of the Committee shall be decided by a majority of the votes cast.
- 3.11 The rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board or as otherwise provided in the by-laws of the Corporation.
- 3.12 Except as set forth herein, the Committee may determine its own rules of procedure.

4. **Duties and Responsibilities**

In the discharge of its mandate, the Committee shall:

Corporate Information and Internal Control

- (a) review and recommend for approval by the Board annual and quarterly financial statements, and all financial information in any prospectus, offering memorandum, annual information form, management’s discussion and analysis (“**MD&A**”) or annual report of the Corporation;
- (b) review and make recommendations with respect to information and control systems of the Corporation;

- (c) review and approve all major changes to information and control systems of the Corporation;
- (d) review and approve spending authorities and approval limits of officers of the Corporation;
- (e) review and approve all determinations made in respect of significant accounting and tax compliance issues;
- (f) review all significant financial, accounting and tax issues in connection with proposed non-recurring events such as mergers, acquisitions or divestitures;
- (g) review and approve all press releases or other publicly circulated documents containing financial information;
- (h) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related MD&A, and periodically assess the adequacy of those procedures.

Auditors

- (i) make recommendations to the Board in respect of the auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, in respect of the terms of retainer of the auditors and, as determined desirable or necessary, in respect of the replacement of the auditors (subject to securityholder notification and approval);
- (j) review the terms of the auditors' engagement and make recommendations to the Board as to the compensation of the auditors;
- (k) oversee the work of auditors engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the auditors regarding financial reporting;
- (l) annually, obtain and review a report by the auditors of the Corporation's internal quality control procedures and systems;
- (m) review and make recommendations in respect of any material issues raised by any internal quality control review (or peer review) of the Corporation or by any inquiry or investigation by governmental or professional authorities;
- (n) annually, evaluate the auditors' qualifications, performance and independence;
- (o) annually, to assure continuing auditor independence, consider the rotation of lead audit partner or the auditor itself;

- (p) where there is a change of auditor, review all issues related to the change, including information to be included in the notice of change of auditors (National Policy No. 31 as adopted by the Canadian Securities Regulatory Authorities (“NP31”)), and the planned steps for an orderly transition;
- (q) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NP 31, on a routine basis, whether or not there is a change of auditors;
- (r) pre-approve engagements for non-audit services provided by the auditors or their affiliates, together with estimated fees and potential issues of independence;
- (s) set hiring policies for partners, employees and former partners and employees of the present and former auditors;
- (t) at least annually, separately interview management and the auditors to discuss the relationship between them, especially as regards to the competency, communication, access provided and cooperation displayed in matters relating to the audit and the financial affairs of the Corporation;
- (u) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (v) monitor changes to applicable laws, regulations and rules and industry standards and practices with respect to financial reporting;

Audit

- (w) review with management and the auditors the audit plan for the coming year;
- (x) review with management and the auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
separately interview management and the auditors regarding significant financial reporting issues during the fiscal period and the method of resolution;

- (y) review any problems experienced by the auditors in performing the audit, including any restrictions imposed by management or significant accounting issues in which there was a disagreement with management;
- (z) review annual and quarterly financial statements with management and the auditors (including disclosures under MD&A), in conjunction with the report of all significant variances between comparative reporting periods;
- (aa) review and make recommendations as to the auditors' report to management and management's response and subsequent remedy of any identified weaknesses;

Risk Management and Controls

- (bb) provide oversight in respect of risk management policies and practices, including the identification of major business risks and the processes and other steps taken to mitigate such risks;
- (cc) review and make recommendations as to hedging strategies, policies, objectives and controls;
- (dd) review, not less than quarterly, a mark to market assessment of the Corporation's hedge positions and counter party credit risk and exposure;
- (ee) review the Corporation's risk retention philosophy and resulting exposure to the Corporation;
- (ff) review the adequacy of insurance coverage;
- (gg) review loss prevention policies and programs in the context of competitive and operational considerations;
- (hh) review and recommend for approval the annual operating and capital budgets of the Corporation and any amendments thereto;
- (ii) annually review authority limits for capital expenditures; and
- (jj) review all pending litigation involving the Corporation and assess the prospective exposure to the Corporation.

Other Duties and Responsibilities

The responsibilities, practices and duties of the Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Committee with the responsibility of reviewing other items of a financial or control nature or a risk management nature.

The Committee shall periodically report to the Board decisions taken in exercise of powers conferred herein and the results of reviews undertaken and any associated recommendations.

5. **Authority**

The Committee shall have all power and authority necessary or desirable to fully and effectively discharge its mandate hereunder and, in that connection and without limitation, the Committee may:

- (a) investigate any corporate activity, in any area, that the Committee considers necessary or advisable, and, for such purposes and the performance of its other responsibilities, the Committee shall have unrestricted access to all personnel and records of the Corporation, the auditors and all other advisors to the Corporation;
- (b) make any recommendation to the Board, as it considers necessary or advisable, in respect of matters within its mandate, provided however that where the Committee intends to make any such recommendation, the recommendation shall first be presented to the Chairman of the Board and in respect of financial matters, to the auditor for comment before being communicated to the Board, unless the Committee concludes that such action would not be in the best interest of the Corporation and/or the securityholders; and
- (c) engage and obtain the advice of outside advisors if necessary to properly discharge its functions, duties and responsibilities including, without limitation,
 - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (b) to set and pay the compensation for any advisors employed by the Committee; and
 - (c) to communicate directly with the auditors.

6. **Limitation**

The foregoing is (a) subject to and without limitation of the requirement that in exercising their powers and discharging their duties the members of the Board act honestly and in good faith with a view to the best interests of the Corporation; and (b) subject to and not in expansion of the requirement that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Dated for reference: March 9, 2006.

APPENDIX "C"

SUROCO ENERGY INC.

(the "Corporation")

RESERVES COMMITTEE MANDATE

(National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*)

Purpose

1. The purpose of the Reserves Committee is to assist the Board in the discharge of the Board's duties with respect to complying with the requirements contained in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

Duties

2. The duties for the Reserves Committee are to:
 - (a) Arrange for the preparation and public filing with securities authorities of:
 - (i) a *Statement of Reserves Data and Other Information* pursuant to Form 51-101F1 (the "**Reserves Report**"), as at the last day of the Corporation's most recent financial year and for the financial year then ended;
 - (ii) a signed *Report of Independent Qualified Reserves Evaluator or Auditor* pursuant to Form 51-101F2 (the "**Evaluator's Report**"); and
 - (iii) a signed *Report of Management and Directors* pursuant to Form 51-101F3 (the "**Management Report**") confirming the role of the board in connection with reserves and executed by two senior officers and two directors of the Corporation;
 - (b) Recommend to the Board the engagement of a qualified reserves evaluator or auditor pursuant to the requirements of NI 51-101;
 - (c) Ensure the independence of the reserves evaluator or auditor;
 - (d) Ensure the reserves evaluator or auditor has all of the information reasonably necessary to provide a Reserves Report that satisfies the requirements of NI 51-101;
 - (e) Review the appointment or change in appointment of the reserves evaluator or auditor and in the case of a proposed change in appointment, determine whether there have been any disputes between the reserves evaluator or auditor and management of the Corporation;

- (f) Determine whether any restrictions affects the ability of the reserves evaluator or auditor in reporting on the Corporation's reserves data;
- (g) Review, with reasonable frequency, the Corporation's procedures relating to the disclosure of oil and gas activities and reserves information;
- (h) Review the scope of the annual review of reserves;
- (i) Meet independently of management with the reserves evaluator or auditor;
- (j) Before approving the filing of the Reserves Report, meet with management and the reserves evaluator or auditor to:
 - (i) Determine whether any restrictions affect the ability of the reserves evaluator or auditor to report on reserves data without reservation;
 - (ii) Review the reserves data and the report of the reserves evaluator or auditor; and
 - (iii) Review and approve the content and filing of the Reserves Report, the Evaluator's Report and the Management Report;
- (k) Discuss reserves findings and disagreements between management and the reserves evaluator or auditor and resolve disputes;
- (l) Annually assess the work of the reserves evaluator or auditor;
- (m) Ensure that the filing of the Reserves Report, Evaluator's Report and Management Report are the subject of a press release at the time of filing; and
- (n) Ensure the qualifications of the members of the Reserves Committee pursuant to section 3.5 of NI 51-101.

Governance

3. The Reserves Committee will:
 - (a) Review and update the Reserves Committee Mandate on an annual basis and as needed to ensure compliance with changing legal, regulatory and exchange requirements;
 - (b) Work with the Board of Directors with respect to the Corporation's disclosure obligations under NI 51-101; and
 - (c) Co-ordinate with the Audit Committee with respect to overlapping information and disclosure obligations involving reserves and financial reporting.

Composition

4. The majority of the members of the Reserves Committee will, at all times, be independent as defined in the current laws applicable to the Corporation and will ensure that a majority of the members of the Reserves Committee are:
 - (a) Free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgement; and
 - (b) Individuals who are not and have not been, during the preceding 12 months:
 - (i) An officer or employee of the Corporation or its subsidiaries or affiliates;
 - (ii) A person who beneficially owns 10 percent or more of the outstanding voting securities of the Corporation; or
 - (iii) A relative of a person described in (a) or (b) above, residing in the same home as that person.

Meetings

5. The Reserves Committee is responsible to meet as often as required to discharge its duties.
6. The Chair of the Reserves Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings.
7. A quorum for a meeting of the Reserves Committee shall be a majority of members present in person or by telephone conference call.
8. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Reserves Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.
9. The Reserves Committee does not have the authority to further delegate authority.

Reporting

10. The Reserves Committee is responsible, following each meeting, to report to the Board regarding its activities, findings and recommendations.

Materials

11. The Reserves Committee has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

Advisors

12. The Reserves Committee shall have the power to retain, instruct, compensate and terminate independent advisors to assist the Reserves Committee in the discharge of its duties at the expense of the Corporation.

APPENDIX "D"

SUROCO ENERGY INC.

COMPENSATION COMMITTEE

TERMS OF REFERENCE

(National Policy 58-201 Corporate Governance Guidelines)

Purpose

1. The purpose of the Compensation Committee is to:
 - 1.1 Recommend, review and approve corporate goals and objectives relevant to executive and director performance and evaluate performance to determine compensation;
 - 1.2 Make recommendations to the Board regarding compensation including incentive and equity-based compensation plans; and
 - 1.3 Review director and executive compensation disclosure prior to its public disclosure.

Duties

2. The duties of the Compensation Committee are:
 - 2.1 Annually recommend objectives and performance criteria applicable to the Board, each director, the Board Chair, the Chair of each Committee and the CEO;
 - 2.2 Annually arrange for an evaluation of the performance, contribution and effectiveness of the Board and Committees, individual directors, each Chair and the CEO in the context of the mandates, position descriptions, competencies and skills that each director is expected to bring to the Board.
 - 2.3 Make recommendations to the Board regarding the amount and form of compensation to award to directors, the Board Chair and the Chair of each Committee;
 - 2.4 Make recommendations to the independent members of the Board regarding the amount and form of compensation to award the CEO;
 - 2.5 Review and make recommendations to the Board regarding proposals for the compensation of executive officers and management, including salary, bonus, options, perquisites, retirement allowances and all other forms of proposed compensation;
 - 2.6 Review and make recommendations regarding all incentive and equity-based compensation plans and all proposed grants of securities under such plans;

- 2.7 Review and make recommendations regarding employee benefit and retirement plans; and
- 2.8 In making all compensation recommendations take into consideration:
 - (i) the duties of each individual, his or her past service and continuing responsibilities;
 - (ii) the position or job description of individuals, their short and long-term objectives, goals and performance measurement indicators;
 - (iii) the Corporation's performance and shareholder returns; and
 - (iv) the form and amount of compensation awarded by comparable companies and competitors.

Composition

3. All members of the Compensation Committee will, at all times, be independent as defined in then current laws applicable to the Corporation.

Meetings

4. The Compensation Committee is responsible to meet as often as required to discharge its duties.
5. The Chair of the Compensation Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings.
6. A quorum for a meeting of the Committee shall be a majority of members present in person or by telephone conference call.
7. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.
8. The Compensation Committee has the authority to delegate authority to individuals or sub-committees.

Reporting

9. The Compensation Committee is responsible, following each meeting, to report to the Board regarding its activities, findings and recommendations.
10. The Compensation Committee is responsible for preparing a report for inclusion in the Corporation's annual management information circular.

Governance

11. The Compensation Committee is responsible to annually review, and in its discretion make recommendations to the Governance Committee and the Board regarding confirmation of or changes to be made to its Mandate and the position description of its Chair.

Advisors

12. The Compensation Committee has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Compensation Committee in the discharge of its duties.