

**RICHARDS OIL & GAS LIMITED**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the 2009 annual meeting (the "Meeting") of the holders of the common shares (the "Shareholders") of Richards Oil & Gas Limited (the "Corporation") will be held at the offices of Gowling Lafleur Henderson LLP, Suite 1400, 700 - 2nd Street SW Calgary, Alberta on Thursday, May 21, 2009, at 3:00 PM (Calgary time), for the following purposes:

1. To receive the annual audited financial statements of the Corporation for the fiscal period ending December 31, 2008, together with the auditor's report thereon.
2. To fix the number of directors for the ensuing year at five (5).
3. To elect directors for the ensuing year.
4. To appoint auditors and to authorize the directors to fix their remuneration as such.
5. To approve the stock option plan of the Corporation.
6. To transact such other business as may properly come before the Meeting and any adjournment thereof.

**A registered Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his or her stead. If you are unable to attend the Meeting in person, please read the notes accompanying the Instrument of Proxy enclosed and then complete and return the proxy within the time set out in the notes. As set out in the notes, the enclosed Instrument of Proxy is solicited by the management of the Corporation, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the meeting.**

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this notice. Copies of any documents to be considered, approved, ratified and adopted or authorized at the meeting will be available for inspection at the registered and records office of the Corporation at 600, 815 – 8th Avenue S.W., Calgary, Alberta, T2P 3P2, during normal business hours up to May 21, 2009, being the date of the Meeting, and at the Meeting.

The board of directors of the Corporation fixed the close of business on April 20, 2009 as the record date for determining Shareholders who are entitled to vote at the meeting.

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

**BY ORDER OF THE BOARD**  
*(signed) "Brad Turner"*  
Brad Turner  
President and Chief Executive Officer



## INFORMATION CIRCULAR

### FOR THE ANNUAL MEETING OF SHAREHOLDERS OF RICHARDS OIL & GAS LIMITED

(THIS INFORMATION IS GIVEN AS OF APRIL 20, 2009)

#### 1. SOLICITATION OF PROXIES

This Information Circular is provided in connection with the solicitation of proxies by the management of Richards Oil & Gas Limited (the "Corporation") for use at the Annual Meeting of the holders (the "Shareholders") of the common shares (the "Common Shares") of the Corporation (the "Meeting"), to be held on May 21, 2009, at the place and time and for the purposes set forth in the Notice of Annual Meeting of Shareholders (the "Notice of Meeting") and at any adjournment thereof. This solicitation is being made primarily by mail, but proxies may also be solicited by directors, officers or employees of the Corporation. The cost of the solicitation of proxies will be borne by the Corporation.

#### 2. APPOINTMENT OF PROXYHOLDERS

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation (the "management designees"). **A Shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy to attend and vote for him or her at the Meeting.** In order to do so, the Shareholder may cross out the names printed in the enclosed form of proxy and insert such person's name in the blank space provided thereon or complete another form of proxy. In either case, the duly completed form of proxy must be delivered to the Corporation, c/o Valiant Trust Company, 606 – 4<sup>th</sup> Street S.W., Suite 310, Calgary, Alberta, T2P 1T1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof. It is not necessary to be a Shareholder in order to act as a proxy.

#### 3. REVOCATION OF PROXIES

A Shareholder may revoke his or her proxy at any time, relating to any question for which the voting right granted by the proxy has not yet been exercised, by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized. Such revocation must be deposited with the Corporation, c/o Valiant Trust Company, 606 – 4<sup>th</sup> Street S.W., Suite 310, Calgary, Alberta, T2P 1T1, at any time up to and including the day preceding the day of the Meeting, or with the Chairman or Secretary of the Meeting on the day of the Meeting, or in any other manner permitted by law.

#### 4. EXERCISE OF PROXY

The voting rights attached to the Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

#### 5. NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their Common Shares in their own name (the "Beneficial Shareholders") are advised that only proxies from shareholders of record can be recognized and voted at the Meeting.** Beneficial

Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

If the Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common shares will not be registered in such Shareholder's name on the record of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities, which company acts as nominee 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, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Under *National Instrument 54-101* of the Canadian Securities Administrators, brokers and other intermediaries are required to request voting instructions from Beneficial Shareholders prior to shareholder meetings. Brokers and other intermediaries have their own 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. In Canada, most brokers now delegate the responsibility of obtaining their clients' instructions to Broadridge Financial Solutions Inc. ("Broadridge"). Beneficial Shareholders who receive a voting instruction form from Broadridge may not use the said form to vote directly at the Meeting. If you have questions on how to exercise voting rights attached to shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Although a Beneficial Shareholder will not be recognized at the Meeting for the purposes of directly exercising voting rights attached to shares registered in the name of his broker (or a representative thereof), he or she may attend the Meeting as proxy of the registered shareholder and, as such, exercise the voting rights attached to such shares.

**Unless otherwise indicated in this Information Circular and in the form of proxy and Notice of Meeting attached hereto, Shareholders shall mean registered shareholders.**

## **6. VOTING SECURITIES AND PRINCIPAL HOLDERS**

As at April 20, 2009, the Corporation had 72,661,602 Common Shares outstanding, representing the Corporation's only securities with respect to which a voting right may be exercised at the Meeting.

The record date to determine the Shareholders' eligibility to receive the Notice of Meeting and vote at the Meeting was fixed at April 20, 2009 (the "Record Date"). However, a transferee of Common Shares acquired after the Record Date shall be entitled to vote at the Meeting if he or she produces properly endorsed certificates for such shares, or otherwise establishes that he or she owns such shares and has demanded, not less than ten (10) days prior to the Meeting, that his or her name be included on the list of Shareholders entitled to receive the Notice of Meeting prepared by the Corporation at the Record Date.

As at April 20, 2009, to the best knowledge of the management of the Corporation, the following table sets forth the name of each person or corporation who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares of the Corporation</b>
Trapeze <sup>(1)</sup>	30,541,661	42.03%

**Note:**

(1) Trapeze Capital Corp., Trapeze Asset Management Inc., and their affiliates.

## 7. ELECTION OF DIRECTORS

The Articles of the Corporation provide that the board of directors of the Corporation (the “Board” or the “Board of Directors”) shall be composed of a minimum of three (3) directors and a maximum of ten (10) directors.

It is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles and By-laws of the Corporation, be set at five (5). Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

"BE IT RESOLVED THAT the number of directors of the Corporation to be elected at the Meeting be and is hereby fixed at five (5) directors."

**Unless otherwise directed, the management designees named in the accompanying form of proxy intend to vote such proxies in favour of the resolution fixing the number of directors to be elected at the Meeting at five (5).**

The following table lists the five (5) nominees of management for the election at the Meeting. Each director will hold office until his re-election or replacement at the next annual meeting of the Shareholders unless he resigns his duties or his office becomes vacant following his death, dismissal or any other cause prior to such meeting. The nominees whose names appear hereafter possess, in the opinion of the management, the necessary abilities to manage the Corporation's operations over the following year. **The management designees intend to vote in favour of the election of the nominees whose names appear hereafter, unless the proxy contains specific instructions to withhold from voting on this question.** The management of the Corporation does not believe that any such nominee would be unable to serve as a director over the following year.

Name and Municipality of Residence	Position or Principal Occupation	Served as Director Since	Number of shares over which Control or Direction is Exercised <sup>(1)</sup>
Dr. Brian Moss <sup>(4)(5)(10)</sup> (Calgary, Alberta)	Executive Vice President, Latin America, and Director Antrim Energy Inc. Director and Chairman of Richards Oil & Gas Limited	August 10, 2005	160,774
Lyell Farquharson <sup>(2)(3)(6)(10)</sup> (Mississauga, Ontario)	Vice President and General Manager American Express Canada	June 29, 2006	43,000
Brad Turner <sup>(7)(10)</sup> (Calgary, Alberta)	President and Chief Executive Officer of Richards Oil & Gas Limited	June 13, 2007	65,500
David Moscovitz <sup>(2)(3)(8)(10)</sup> (Toronto, Ontario)	Consultant of Fraser Milner Casgrain LLP	June 13, 2007	27,000
Roy Smitshoek <sup>(3)(4)(9)(10)</sup> (Calgary, Alberta)	Chief Operating Officer of Storm Ventures International Inc.	June 13, 2007	Nil

### Notes:

- (1) The information as to shares over which control or direction is exercised, not being within the knowledge of the Corporation, was provided by the respective candidates.
- (2) Member of the audit committee (the “Audit Committee.”)
- (3) Member of the compensation committee (the “Compensation Committee.”)
- (4) Member of the reserves committee (the “Reserves Committee.”)
- (5) Dr. Brian Moss holds 300,000 options giving him the right to buy from the Corporation 300,000 Common Shares shares at an average exercise price of \$0.66 per share. Dr. Brian Moss also holds 21,500 warrants giving him the right to buy from the Corporation 21,500 Common Shares at an average exercise price of \$0.40 per share.
- (6) Mr. Lyell Farquharson holds 250,000 options giving him the right to buy from the Corporation 250,000 Common Shares at an average exercise price of \$0.59 per share. Mr. Lyell Farquharson also holds 21,500 warrants giving him the right to buy from the Corporation 21,500 Common Shares at an average exercise price of \$0.40 per share.
- (7) Mr. Brad Turner holds 600,000 options giving him the right to buy from the Corporation 600,000 Common Shares at an exercise price of \$0.29 per share. Mr. Brad Turner also holds 10,000 warrants giving him the right to buy from the Corporation 10,000 Common Shares at an average exercise price of \$0.40 per share.

- (8) Mr. David Moscovitz holds 150,000 options giving him the right to buy from the Corporation 150,000 Common Shares at an exercise price of \$0.21 per share. Mr. David Moscovitz also holds 13,500 warrants giving him the right to buy from the Corporation 13,500 Common Shares at an average exercise price of \$0.40 per share.
- (9) Mr. Roy Smitshoek holds 150,000 options giving him the right to buy from the Corporation 150,000 Common Shares at an exercise price of \$0.21 per share.
- (10) The information as to options and warrants held is as of the date hereof.

During the past five (5) years, all the proposed nominee directors whose names appear above carried on the principal occupation indicated next to their names, except for Dr. Brian Moss who was the President and Chief Executive Officer of Los Altares Resources Ltd. from 2003 to 2007, Mr. Lyell H. Farquharson who was the President of Navigant International from 2001 to 2006, Mr. Brad Turner who has been an independent business consultant from 2002 to 2007, Mr. David Moscovitz who was a Partner at Goodman and Carr LLP from 1970 to 2007, and Mr. Roy Smitshoek who was a Senior Partner at Moneta Capital Partners Ltd. from 2003 to 2005.

### **Corporate Cease Trade Order or Bankruptcies**

To the knowledge of management of the Corporation, other than as disclosed herein, 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.

### **Personal Bankruptcies**

To the knowledge of management of the Corporation, other than as disclosed herein, 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 shareholder in deciding whether to vote for a proposed director.

**Unless otherwise directed, the management designees named in the accompanying form of proxy intend to vote such proxies in favour of a resolution appointing the above named nominees as the directors of the Corporation to hold office for the ensuing year.**

## **8. AUDIT COMMITTEE**

*Multilateral Instrument 52-110* of the Canadian Securities Administrators ("MI 52-110") requires the Corporation, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

## **Audit Committee Charter**

The Audit Committee is governed by an Audit Committee charter, a copy of which is attached hereto as Schedule "A". The charter was established by the Board on May 1, 2005.

## **Composition of Audit Committee**

The Audit Committee is comprised of two (2) directors, Lyell Farquharson and David Moscovitz. Each audit committee member is financially literate and independent, as such terms are defined in MI 52-110.

## **Relevant Education and Experience**

In addition to each member's general business experience, the education and experience of each Audit Committee member relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Lyell Farquharson, a chartered accountant, holds a bachelor of business management degree from Ryerson University. He is presently a VP & GM at American Express Canada and was previously a senior officer of a NASDAQ listed company and prior to that the Chief Operating Officer, of a TSX listed company in the contact center business. He was previously with Arthur Andersen & Co.

David Moscovitz, a consultant to Fraser Milner Casgrain LLP, is an experienced commercial real estate and general business lawyer. He has served on the board of several oil and gas issuers over the last 25 years. He graduated with an LLB from Osgoode Hall Law School.

## **External Auditor Matters**

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors have not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 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 auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the Audit Committee, on a case-by-case basis.

In the following table, "Audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Corporation to its auditor in previous two, and only two, financial year-ends, by category, are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2008	\$40,000	\$30,000	\$1,850	\$ nil
December 31, 2007	\$43,180	\$18,288	\$7,088	\$8,636

## **Exemptions:**

The Corporation is a "venture issuer" as defined in MI 52-110 and is relying on the exemption contained in Section 6.1 of MI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

## **9. CORPORATE GOVERNANCE DISCLOSURE**

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to *National Instrument* 58-101 entitled "Disclosure of Corporate Governance Practices".

### **Board of Directors**

The Board of Directors consists of five directors, the majority of whom are independent. The following list sets out the current members of the Board.

Lyell Farquharson  
David Moscovitz  
Dr. Brian Moss  
Roy Smitshoek  
Brad Turner

The Board of Directors has determined that the following directors of the Corporation are independent:

Lyell Farquharson  
David Moscovitz  
Dr. Brian Moss  
Roy Smitshoek

Brad Turner is not an independent director by virtue of his position held in management of the Corporation.

### **Directorships**

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

<b>Name of Director</b>	<b>Names of Other Issuers</b>
Dr. Brian Moss	Antrim Energy Inc.
Lyell Farquharson	Atlantis Systems Corp.
Brad Turner	Dynetek Industries Ltd.

### **Orientation and Continuing Education**

No formal program exists for the orientation of new directors. However new directors are provided a Board Manual that outlines the terms of reference for the Board, terms of reference for a Board Chair, terms of reference for a Director, Governance guidelines and the Corporation's Code of Conduct and Ethics which all directors must abide by. Existing directors provide orientation and education to new members on an informal basis. No formal continuing education program exists for the directors. Each director has the responsibility for ensuring that he maintains the skills and knowledge necessary to meet his obligations as a director. Each of the directors is an experienced businessman or professional.

### **Ethical Business Conduct**

The Board of Directors' maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and

integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

In order to encourage and promote this culture of ethical conduct, the Corporation has adopted a Code of Business Conduct and Ethics that reflects the Corporation's commitment to a culture of honesty, integrity and accountability. The Code of Business Conduct and Ethics outlines the basic principles and policies with which all employees and directors are expected to comply. The Corporation's Code of Business Conduct and Ethics is reviewed and updated annually and all employees and directors are required to annually affirm their compliance with the Code of Conduct and Ethics.

### **Nomination of Directors**

Both the Board of Directors and management are responsible for selecting nominees for election to the Board. At present, there is no formal process established to identify new candidates for nomination. The Board of Directors and management determine the requirements for skills and experience needed on the Board from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

### **Board Committees**

The Board of Directors has constituted an Audit Committee, a Compensation Committee and a Reserves Committee.

The Audit Committee is responsible for reviewing the Corporation's annual and quarterly financial statements and other functions in accordance with the Audit Committee Charter, which is attached to this Information Circular as Schedule "A". The Board of Directors, through the Audit Committee, examines the effectiveness of the Corporation's internal control processes and management information systems.

The Compensation Committee and its role is discussed in Section 10 of this Information Circular under "Executive Compensation".

The Reserves Committee is responsible for: (i) reviewing estimates of reserves prepared by management and evaluated by independent petroleum engineers; and (ii) assuring the independence of the independent petroleum engineers.

### **Assessments**

The Corporation's Board Manual provides that nominations to the Corporation's Board of Directors is not open ended and that directorships are reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the Board constantly reviews: (i) individual director performance and the performance of the Board of Directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman of the Board of Directors.

## **10. EXECUTIVE COMPENSATION**

For the purposes of this Circular, "informed person" means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached

to all outstanding voting securities of the Corporation, other than voting securities held by the person or company as underwriter in the course of a distribution; or

- (d) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

No informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **Compensation Discussion and Analysis**

The Compensation Committee is comprised of Lyell Farquharson, David Moscovitz and Roy Smitshoek, all independent directors as defined under National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201"). The current chairman of the Compensation Committee is David Moscovitz. The mandate of the Compensation Committee is to:

- review the Corporation's overall corporate goals and objectives and ensure they are supported by appropriate executive compensation philosophy and programs;
- annually evaluate the performance of the Chief Executive Officer against predetermined goals and criteria and recommend to the Board the total compensation for the Chief Executive Officer;
- annually review and provide input in respect of the Chief Executive Officer's recommendations for compensation of the executives that report directly to the Chief Executive Officer;
- review, and approve as appropriate, any significant compensation and benefit programs for all employees; and
- review and recommend to the Board the compensation to be provided to members of the Board

The Compensation Committee convenes at least once a year to review compensation for all executive officers and conducts an evaluation of compensation for current management. The Compensation Committee submits its recommendations to the Board. The Compensation Committee has the goal of achieving an effective compensation structure that aligns the interests of management with those of the Shareholders.

### **Executive Compensation**

The Corporation's policy is to provide a compensation package that will:

- align executive compensation with the interests of the Shareholders;
- attract and retain qualified executive officers; and
- focus performance by linking incentive compensation to the achievement of corporate objectives and financial results

The Corporation relies solely on the Compensation Committee to determine the compensation of the Corporation's executive officers. While the Compensation Committee considers various factors (as discussed below) when determining executive compensation, it does not apply any formal objectives or criteria.

The components of executive compensation of the Corporation are discussed below. Although each of the components has different objectives, each is considered by the Compensation Committee to be equally important and each must be competitive within the Corporation's peer group.

### Base Salary

Base salaries for executive officers are determined by the Compensation Committee generally on the basis of position held, related responsibilities and functions performed, having regard to base salary ranges for similar positions in the Corporation's comparative group.

### Bonus Plan

Bonuses for executive officers are determined by the Compensation Committee generally on the basis of position held, related responsibilities and functions performed. The Compensation Committee also considers the Corporation's performance across several key performance metrics in determining bonuses.

### Stock Options

Stock options are granted by the Compensation Committee and, in determining the number of options to be granted, the Compensation Committee generally considers the number and terms of options held by each executive officer, the responsibilities and functions of each executive officer, the individual performance of each executive officer and the overall performance of the Corporation. See "Option-based Awards" in this section.

### Compensation of the Chief Executive Officer

The factors considered by the Compensation Committee in determining total compensation for the Chief Executive Officer, as well as the manner in which these factors are reviewed, are similar to those used in determining total compensation for the other executive officers of the Corporation. However, in the case of the Chief Executive Officer, more weight is generally given to strategic planning to support future Shareholder value and the reward for high performance generally takes the form of stock options (rather than some other component(s) of executive compensation discussed above). Following the Compensation Committee's evaluation of the Chief Executive Officer's performance, the Compensation Committee prepares a compensation recommendation for the review and approval of the Board.

### Option-based Awards – Stock Option Plan

The Corporation's existing stock option plan (the "Stock Option Plan") authorizes the Board to issue stock options to certain directors, officers, employees, consultants and others who provide direct or indirect services on an ongoing basis to the Corporation (collectively, "Eligible Persons"). The purpose of the Stock Option Plan is to afford certain Eligible Persons an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares, and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Corporation. The Stock Option Plan is administered by the Board. The Board, from time to time, grants options to participants under the Stock Option Plan in such numbers and with such vesting provisions and additional conditions as are determined by the Board from time to time subject to the conditions contained in the Stock Option Plan. No financial assistance is provided by the Corporation to Eligible Persons to facilitate the purchase of Common shares upon the exercise of options granted under the Stock Option Plan.

As at April 20, 2009, 42,666 Common Shares (all of which were issued in 2005) have been issued upon the exercise of options previously granted under the Stock Option Plan and an aggregate of 4,790,000 Common Shares were issuable upon the exercise of options previously granted under the Stock Option Plan (representing approximately 6.6% of the currently outstanding Common Shares).

The Corporation's Stock Option Plan can be found in Schedule "B" of this Information Circular.

## Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 – Statement of Executive Compensation (“Form 51-102F6”) under National Instrument 51-102 – *Continuous Disclosure Obligations*) sets out all direct and indirect compensation for, or in connection with, services provided to the Corporation for the financial year ended December 31, 2008 in respect of the Chief Executive Officer, the Chief Financial Officer and the other three most highly compensated executive officers of the Corporation, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and the Chief Financial Officer, at the end of the most recently completed financial year end whose total compensation was, individually, more than \$150,000 for the financial year (the “Named Executive Officers”).

Name and Principal Position	Year	Salary Canadian (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation Canadian (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					(f)				
(a)	(b)	(c)	(d)	(e)	Annual Incentive Plans (f1)	Long-Term Incentive Plans (f2)	(g)	(h)	(i)
Brad Turner (Chief Executive Officer) <sup>(1)</sup>	2008	165,154	-	22,961	-	-	-	6,619	194,734
Lonn Bate (Chief Financial Officer)	2008	118,462	-	22,961	-	-	-	2,622	144,045
Ferdie Artzen (Vice President, Land)	2008	132,000	-	22,961	-	-	-	2,622	157,583

### Notes:

- (1) Brad Turner’s total compensation is provided to him solely as remuneration for his management role as President and Chief Executive Officer of the Corporation. He does not receive any Director Compensation for his role as Director of the Corporation.

### Narrative Discussion

#### *Share-based Awards (column (d))*

The Corporation did not grant any share-based awards in 2008, nor does the Corporation have any share-based award plan established.

#### *Option-based Awards (column (e))*

The fair value of the option-based awards granted during the year ended December 31, 2008 have been determined using the Black-Scholes option-pricing model using the following assumptions; dividend yield (nil), expected volatility (92%), market risk-free interest rate (2.88%), and expected life of 5 years.

#### *Non-equity Incentive Plan Compensation (column (f))*

Amounts reported in column (f1) relate to cash payments made under the Corporation's bonus plan, as described earlier in this Information Circular. All of such payments relate only to a single financial year, and are therefore part of the Corporation's annual incentive plan. The Corporation does not have any non-equity long-term incentive plans.

#### *Pension Value (column (g))*

The Corporation does not have any defined benefit or defined contribution plans.

*All Other Compensation (column (h))*

Amounts reported in column (h) relate to insurance premiums for each Named Executive Officer paid by the Corporation during the year ended December 31, 2008

**Incentive Plan Awards**

***Outstanding Option-Based Awards***

The following table (presented in accordance with Form 51-102F6) sets out for each Named Executive Officer all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
(a)	(b)	(c)	(d)	(e)
Brad Turner Chief Executive Officer	100,000	0.72	April 13, 2012	Nil
	300,000	0.24	September 19, 2012	Nil
	200,000	0.16	April 24, 2013	Nil
Lonn Bate Chief Financial Officer	250,000	2.10	April 3, 2011	Nil
	50,000	0.72	April 18, 2012	Nil
	200,000	0.24	September 19, 2012	Nil
	200,000	0.16	April 24, 2013	Nil
Ferdie Artzen (Vice President, Land)	100,000	2.32	May 3, 2011	Nil
	100,000	1.65	August 2, 2011	Nil
	25,000	0.72	April 18, 2012	Nil
	125,000	0.24	September 19, 2012	Nil
	200,000	0.16	April 24, 2013	Nil

**Notes:**

- (1) Based on the closing price of the Common Shares of the Corporation on the TSX Venture Exchange on December 31, 2008 of \$0.035.

***Incentive Plan Awards – Value Vested or Earning During The Year***

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year (\$)</b>	<b>Share-Based Awards – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
Brad Turner Chief Executive Officer	-	-	-
Lonn Bate Chief Financial Officer	-	-	-
Ferdie Artzen Vice President, Land	-	-	-

***Narrative Discussion***

***Option-based Awards***

700,000 stock options held by the above Named Executive Officers of the Corporation vested during 2008. If all of such stock options had been exercised on their respective vesting dates, the aggregate dollar value that would have been realized would have been a negative number.

***Share-based Awards***

The Corporation did not grant any share-based awards in 2008, nor does the Corporation have any share-based award plan established.

***Non-equity Incentive Plan Compensation***

All non-equity incentive plan compensation referred to in this section relates to cash payments made under the Corporation's bonus plan, as described earlier in this Information Circular.

**Pension Plan Benefits**

The Corporation does not have any defined benefit, defined contribution or deferred compensation plans.

**Termination and Change of Control Benefits**

Under their employment agreements, Brad Turner, Chief Executive Officer, receives an annual salary of \$60,000; Lonn Bate, Chief Financial Officer, receives an annual salary of \$132,000; and Ferdie Artzen, receives an annual salary of \$132,000. This base salary is reviewed annually and it may be increased to reflect the Named Executive Officer's performance, the Corporation's performance and other relevant factors.

Annual bonuses may be paid at the discretion of the Board of Directors.

The Corporation may terminate an employee with cause at any time with no further compensation payable by the Corporation and may terminate an employee without cause at any time, without notice, by paying a separation package which provides for compensation equivalent to 12 months base salary and an amount equal to the cost of providing benefits over the same period, accrued but unused vacation, and unvested incentive stock options shall immediately vest and become exercisable by the executive for 90 days from the date of termination without cause, or if the Corporation cannot effect such acceleration the executive shall be compensated in lieu thereof.

In the event that a "change of control" occurs and in the further event that: (i) the executive's employment with the Corporation is subsequently or contemporaneously terminated by the Corporation; (ii) the executive does not continue to be employed by the Corporation at a level of responsibility and a level of compensation at least commensurate with the executive's existing level of responsibility and compensation immediately prior to the "change of control" and the executive elects in a written notice to the Corporation to treat the executive's employment as being terminated as a result of either such reduction; or (iii) the executive elects, within three months of the date of a "change of control" but only after providing two months of continued service and cooperation to the Corporation, to terminate the executive's employment; then the Corporation agrees to pay to the executive within one month following the termination date, or at such other time as is mutually agreed upon between the Corporation and the executive, a settlement payment equal to the total of (i) an amount equal to the product of the monthly salary to which the executive was entitled at the termination date multiplied by 24, plus an amount equal to the product of the Corporation's monthly premium contributions paid on behalf of the executive immediately prior to the termination date relating to the Corporation's employee benefits plan multiplied by 24.

A "change of control" is defined in the agreements as any of the following events:

A "change of control" is deemed to occur (a) where a person or group of persons acting in concert acquires ownership or control of that percentage of the outstanding shares of the Corporation carrying voting rights which confer on the holder or holders thereof the right to elect at least the majority of the Corporation's board of directors; (b) where less than a majority of the nominees of the Corporation are elected to the Corporation's board of directors at any shareholders' meeting at which an election of directors takes place; (c) the sale, lease or transfer of all or substantially all of the Corporation's assets to any other person or persons; or (d) the entering into of a merger, amalgamation, arrangement or other reorganization by the Corporation with another unrelated corporation.

If a Named Executive Officer resigns, he must give the Corporation notice in accordance with the prevailing provisions of the *Employment Standards Code* (Alberta) as at the date the written notice of resignation is provided to the Corporation.

## Director Compensation

### *Director Compensation Table*

The following table (presented in accordance with Form 51-102F6) sets out all amounts of compensation provided to the directors for the Corporation's most recently completed financial year.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Dr. Brian Moss	10,250	-	5,740	-	-	-	15,990
Brad Turner <sup>(1)</sup>	-	-	-	-	-	-	-
Lyell Farquharson	10,750	-	5,740	-	-	-	16,490
David Moscovitz	7,250	-	5,740	-	-	-	12,990
Roy Smitshoek	9,250	-	5,740	-	-	-	14,990

**Note:**

- (1) Brad Turner does not receive any Director Compensation by virtue of the fact he is remunerated for his role as President and Chief Executive Officer of the Corporation.

Narrative Discussion

*Fees Earned (column (b))*

During the most recently completed financial year end, the Chairman of the Board (Dr. Brian Moss), the Chairman of the Audit Committee (Lyell Farquharson), the Chairman of the Compensation Committee (David Moscovitz ), and the Chairman of the Reserves Committees (Roy Smitshoek) received (i) \$2,250 for each regularly scheduled Board and committee meeting in which they attend in person, (ii) \$1,750 for each ad-hoc non-scheduled Board and committee meeting in which they attend in person, (iii) \$1,750 for each regularly scheduled Board and committee meeting in which they attend via teleconference, and (iv) \$1,750 for each ad-hoc non-scheduled Board and committee meeting in which they attend via teleconference.

During the most recently completed financial year end, directors (excluding the Chairman of the Board) and committee members (excluding each of the Chairman) receive (i) \$1,750 for each regularly scheduled Board and committee meeting in which they attend in person, (ii) \$1,250 for each ad-hoc non-scheduled Board and committee meeting in which they attend in person, (iii) \$1,250 for each regularly scheduled Board and committee meeting in which they attend via teleconference, and (iv) \$1,250 for each ad-hoc non-scheduled Board and committee meeting in which they attend via teleconference.

*Option-based Awards (column (d))*

The fair value of the option-base awards granted during the year ended December 31, 2008 have been determined using the Black-Scholes option-pricing model using the following assumptions; dividend yield (nil), expected volatility (92%), market risk-free interest rate (2.88%), and expected life of 5 years.

## Incentive Plan Awards for Directors

### *Outstanding Option-Based Awards*

The following table (presented in accordance with Form 51-102F6) sets out for each director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price CDN (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
(a)	(b)	(c)	(d)	(e)
Dr. Brian Moss	50,000	1.17	October 12, 2010	Nil
	50,000	1.44	December 2, 2010	Nil
	50,000	0.72	April 18, 2012	Nil
	100,000	0.24	September 19, 2012	Nil
	50,000	0.16	April 24, 2013	Nil
Brad Turner <sup>(2)</sup>	Nil	Nil	Nil	Nil
Lyell Farquharson	50,000	1.57	July 7, 2011	Nil
	50,000	0.72	April 18, 2012	Nil
	100,000	0.24	September 19, 2012	Nil
	50,000	0.16	April 24, 2013	Nil
David Moscovitz	100,000	0.24	September 19, 2012	Nil
	50,000	0.16	April 24, 2013	Nil
Roy Smitshoek	100,000	0.24	September 19, 2012	Nil
	50,000	0.16	April 24, 2013	Nil

#### Notes:

- (1) Based on the closing price of the Common Shares of the Corporation on the TSX Venture Exchange on December 31, 2008 of \$0.035.
- (2) Brad Turner does not receive any Director Option-Based Awards by virtue of the fact he is remunerated for his role as President and Chief Executive Officer of the Corporation.

***Incentive Plan Awards – Value Vested or Earned During The Year***

The following table (presented in accordance with Form 51-102F6) sets out details of the value vested or earned by each director during the most recently completed financial year for each incentive plan award.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year (\$)</b>	<b>Share-Based Awards – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
Dr. Brian Moss	-	-	-
Brad Turner <sup>(1)</sup>	-	-	-
Lyell Farquharson	-	-	-
David Moscovitz	-	-	-
Roy Smitshoek	-	-	-

**Notes:**

- (1) Brad Turner does not receive any Director Option-Based Awards by virtue of the fact he is remunerated for his role as President and Chief Executive Officer of the Corporation.

*Narrative Discussion*

*Option-based Awards*

350,000 stock options held by the above Directors of the Corporation vested during 2008. If all of such stock options had been exercised on their respective vesting dates, the aggregate dollar value that would have been realized would have been a negative number.

*Share-based Awards*

The Corporation did not grant any share-based awards to Directors in 2008, nor does the Corporation have any share-based award plan established.

*Non-equity Incentive Plan Compensation*

All non-equity incentive plan compensation referred to in this section relates to cash payments made under the Corporation's bonus plan, as described earlier in this Information Circular. At present, Director participation in the Corporation's bonus plan has not been, nor is it expected to be, contemplated.

## 11. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2008, the end of the Corporation's last financial year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by securityholders</b>	4,790,000	\$0.67	2,476,160
<b>Equity compensation plans not approved by securityholders</b>	-	-	-
<b>Total</b>	4,790,000	\$0.67	2,476,160

The options referred to in the table above were granted under the Stock Option Plan or its predecessors plans. See "Executive Compensation – Option-based Awards – Stock Option Plan" for a description of the material features of the Stock Option Plan.

## 12. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, the proposed nominees for election as director, the executive officers of the Corporation, or any of their respective associates or affiliates is or has been indebted to the Corporation in respect of loans, advances or guarantees of indebtedness.

## 13. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" of the Corporation, that is: (i) the directors and executive officers of the Corporation; (ii) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation's outstanding voting shares; (iii) any director or executive officer of a person referred to in (ii) above; or (iv) any associate or affiliate of any of the persons or companies referred to in (i), (ii) and (iii) above, has any material interest, direct or indirect, in any transaction since December 31, 2008 or in any proposed transaction which has materially affected or would materially affect the Corporation.

#### **14. APPOINTMENT OF AUDITOR**

The management of the Corporation intends to nominate KPMG LLP, Chartered Accountants, for appointment as auditors of the Corporation.

Shareholders will be asked to consider, and if thought fit, to pass the following ordinary resolution:

"BE IT RESOLVED THAT KPMG LLP, Chartered Accountants, be appointed auditors to hold office until the close of the next annual meeting of the Corporation and that the directors be authorized to fix the remuneration payable to the auditors."

**Unless otherwise directed the management designees named in the accompanying instrument of proxy intends to vote in favour of the resolution appointing KPMG LLP, Chartered Accountants, as the auditors of the Corporation.**

#### **15. STOCK OPTION PLAN**

Under section 2.9(b) of TSX Exchange Policy 4.4 all rolling stock option plans, such as the Corporation's Stock Option Plan, must receive shareholder approval yearly, at the Corporation's annual shareholders meeting. At the Meeting, shareholders will be asked to pass an ordinary resolution to approve the Stock Option Plan which authorizes the Board of Directors to grant options to purchase Common Shares of the Corporation to directors, officers, employees and consultants who are in a position to contribute to the growth and development of the Corporation.

Accordingly, at the Meeting, Shareholders are being asked to consider and, if thought advisable, approve an ordinary resolution in the following form:

"BE IT RESOLVED THAT:

- (1) the Stock Option Plan of the Corporation, substantially in the form attached at schedule "B" to the Information Circular of the Corporation dated April 20, 2009, be and the same is hereby ratified, confirmed and approved; and
- (2) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

**Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the resolution approving the Stock Option Plan**

#### **16. MANAGEMENT CONTRACTS**

There are no management functions of the Corporation which are to any substantial degree performed by a person or a company other than the directors or executive officers of the Corporation.

#### **17. PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

Other than the following, management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

**18. ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2008. Copies of the Corporation's financial statements and information circular, all as filed on SEDAR, may be obtained from the Corporation upon request. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

## **SCHEDULE "A"**

### **AUDIT COMMITTEE CHARTER**

#### **OF**

### **RICHARDS OIL & GAS LIMITED (THE "CORPORATION")**

#### **Mandate**

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

- (i) serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;
- (ii) review and appraise the performance of the Corporation's external auditors; and
- (iii) provide an open avenue of communication among the Corporation's auditors, financial and senior management and the directors.

#### **Composition**

The Committee shall be comprised of a minimum three directors as determined by the directors. If the Corporation ceases to be a "venture issuer" (as that term is defined in Multilateral Instrument 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Corporation ceases to be a "venture issuer" (as that term is defined in Multilateral Instrument 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

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

#### **Meetings**

The Committee shall meet on a regular basis at such times and at such locations as the Committee shall determine.

#### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

## **1. Documents/Reports Review**

- (a) review and update, if necessary, this Audit Committee Charter annually; and
- (b) review the Corporation's financial statements, MD&A and any annual and interim earnings press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

## **2. External Auditors**

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Corporation's directors and the Committee as representatives of the shareholders of the Corporation;
- (b) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (c) take, or recommend that the Corporation's full directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) recommend to the Corporation's directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (e) recommend to the Corporation's directors the compensation to be paid to the external auditors;
- (f) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements;
- (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- (h) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (i) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services, and
  - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the directors to whom authority to grant such approvals has been delegated by the Committee.

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

### **3. Financial Reporting Processes**

- (a) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### **4. Other**

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.

## SCHEDULE "B"

### STOCK OPTION PLAN

#### PART 1 – INTRODUCTION

##### 1.01 Purpose

The purpose of the Plan is to secure for Richards Oil & Gas Limited (the "Corporation") and its shareholders the benefits of incentive inherent in share ownership by the directors, senior officers and key employees of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

##### 1.02 Definitions

- (a) "**Affiliate**" has the meaning ascribed thereto in the *Business Corporations Act* (Alberta) as amended from time to time.
- (b) "**Board**" means the board of directors of the Corporation.
- (c) "**Consultant**" has the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual Policy 4.4 as amended from time to time, except notwithstanding anything to the contrary therein, does not include a person providing investor relations services.
- (d) "**Corporation**" means Richards Oil & Gas Limited, a corporation duly incorporated under the laws of the Province of Alberta.
- (e) "**Eligible Person**" shall mean a senior officer or director of the Corporation or of an Affiliate of the Corporation ("Executive") or an employee of the Corporation or an Affiliate of the Corporation ("Employee") or a Consultant, or a personal holding company controlled by an Executive, Employee or Consultant, or a Registered Retirement Savings Plan established by an Executive, Employee or Consultant.
- (f) "**Insider**" means:
  - (i) an insider as defined in the *Securities Act* (Alberta), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
  - (ii) an associate of any person who is an insider by virtue of the preceding sub-clause (i).
- (g) "**Market Price**" at any date in respect of the Shares means the closing sale price of such Shares on a stock exchange or over the counter market in Canada on which the Shares are listed and posted for trading, as may be selected for such purpose by the Board, on the trading day immediately preceding such date. In the event that such Shares are not listed and posted for trading on any stock exchange or over the counter market in Canada, the Market Price shall be the fair value of such Shares as determined by the Board in its sole discretion.
- (h) "**Option**" shall mean an option granted under the terms of the Share Option Plan.
- (i) "**Option Period**" shall mean the period during which an option may be exercised.
- (j) "**Optionee**" shall mean an Eligible Person to whom an Option has been granted under the terms of the Share Option Plan.
- (k) "**Outstanding Issue**" means the number of shares of the applicable class outstanding on a non-diluted basis.

- (l) **"Participant"** means, in respect of the Plan, an Eligible Person who is eligible and elects to participate in the Plan.
- (m) **"Plan"** means, the Share Option Plan and the term "Plan" means such plan.
- (n) **"Share Option Plan"** means the Plan established and operated pursuant to Part 2 hereof.
- (o) **"Shares"** shall mean the common shares of the Corporation.

## PART 2 – SHARE OPTION PLAN

### 2.01 Participation

Options shall be granted only to Eligible Persons.

### 2.02 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

### 2.03 Price

The exercise price per Share when Options are granted shall be determined from time to time by the Board but, in any event, shall not be lower than the Market Price.

### 2.04 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Share Option Plan. The Date of each grant of Options shall be determined by the Board when the grant is authorized.

Each Option granted to an Eligible Person shall be evidenced by a stock option agreement with terms and conditions consistent with the Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time).

A director of the Corporation to whom an Option may be granted shall not participate in the decision of the Board to grant such Option.

In the event that options are granted to Executives, Employees, or Consultants, the Corporation represents that such Optionees shall be bona fide Executives, Employees, or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions including, without limitation, terms and conditions deferring or delaying the date at which an option may be exercised in whole or in part.

All Options granted to an Executive or Employee pursuant to this Plan shall vest and become fully exercisable as follows:

- (a) one half ( $\frac{1}{2}$ ) of the Options at any time or from time to time after the date said Options are granted and prior to the close of business five (5) years from the date thereof (the "Expiry Date"); and
- (b) the final one half ( $\frac{1}{2}$ ) of the Options at any time or from time to time after the date which is one (1) year from the date said Options are granted and prior to the Expiry Date.

All Options granted to Consultants pursuant to this Plan shall vest and become full exercisable as follows:

- (a) one third ( $\frac{1}{3}$ ) of the Options at any time or from time to time after the date said Options are granted and prior to the close of business five (5) years from the date thereof (the "Expiry Date");
- (b) one third ( $\frac{1}{3}$ ) of the of the Options at any time or from time to time after the date which is one (1) year from the date said Options are granted; and
- (c) the final one third ( $\frac{1}{3}$ ) of the Options at any time or from time to time after the date which is two (2) years from the date said Options are granted and prior to the Expiry Date.

On the Expiry Date the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Optioned Shares in respect of which the Option hereby granted has not then been exercised.

#### 2.05 Term of Options

The Option Period shall be for not more than five (5) years from the date such Option is granted, but may be reduced with respect to any such Option as determined by the Board or as provided in section 2.08 hereof covering termination of employment or death of the Optionee.

Except as set forth in section 2.08, no Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Share Option Plan; or
- (b) in the case of an Executive, a director or senior officer of the Corporation or any Affiliate and shall have been such a director or senior officer continuously since the grant of his or her Option.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full purchase price of the Shares being purchased. No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Share Option Plan.

#### 2.06 Restrictions on Grant of Options

The granting of Options shall be subject to the following conditions:

- (a) not more than ten (10%) percent of the Outstanding Issue of the Shares may be reserved for the granting of Options to Insiders;
- (b) not more than ten (10%) percent of the Outstanding Issue of the Shares may be reserved for the granting of Options to Insiders or issued to Insiders within any one-year period;
- (c) not more than five (5%) percent of the Outstanding Issue of the Shares may be issued to any one individual in a one-year period; and
- (d) not more than two (2%) percent of the Outstanding Issue of the Shares may be granted to any one Consultant in any 12 month period.

#### 2.07 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

## 2.08 Effect of Termination of Employment or Death

- (a) If an Optionee shall die while employed by the Corporation or its Affiliate, or while a director or senior officer of the Corporation or its Affiliate, any Option held by the Optionee at the date of death shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "Successor Optionee"). All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that in any event and notwithstanding anything to the contrary in this section the Successor Optionee shall be entitled to exercise the Option for a period of one (1) year after the date of death of the Optionee.
- (b) If an Executive of the Corporation or its Affiliate is terminated for cause ("Termination"), no Option held by such Optionee may be exercised following the date upon which Termination occurred. If Termination occurs for any reason other than cause, then any Option held by such Optionee shall be exercisable, in whole or in part, for a period of ninety (90) days thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner, or such shorter period of time as may be determined by the Board when the Option is granted.
- (c) If an Employee or Consultant of the Corporation or its Affiliate is terminated for cause ("Termination"), no Option held by such Optionee may be exercised following the date upon which Termination occurred. If Termination occurs for any reason other than cause, then any Option held by such Optionee shall be exercisable, in whole or in part, for a period of ninety (90) days thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner, or such shorter period of time as may be determined by the Board when the Option is granted. In any event and notwithstanding anything to the contrary in this section if Termination occurs within 6 months from the date of appointment, and whether or not for cause, then any Option held by such Employee or Consultant, that has vested pursuant to section 2.04, shall be forthwith cancelled and of no further force and effect ab initio.

## 2.09 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates with or merges with or into another corporation any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation, consolidation or merger if the Participant had exercised his or her option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Share Option Plan.

## 2.10 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Share Option Plan, the Shares subject to any Option, and the purchase price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Share Option Plan.

## **PART 3 – GENERAL**

### **3.01 Number of Shares**

The aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total issued and outstanding Shares.

### 3.02 Transferability

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

### 3.03 Employment

Nothing contained in any Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Participant's employment at any time. Participation in any Plan by a Participant is voluntary.

### 3.04 Approval of Plan

The Plan shall only become effective after it has been approved by the Corporation's directors and must receive shareholder approval yearly, at the Corporation's annual general meeting; provided, however, nothing contained herein shall in any way affect stock options previously granted by the Corporation and currently outstanding.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Participant's option price paid to the Corporation shall be returned to the Participant.

### 3.05 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

### 3.06 Income Taxes

As a condition of and prior to participation in the Plan, a Participant shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

### 3.07 Amendments to the Plan

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) materially increase the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the number of issued and outstanding Shares); or
- (c) materially modify the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

In the event that the Corporation proposes to reduce the exercise price of an option held by an Insider of the Corporation, such reduction shall be subject to the approval of the disinterested shareholders of the Corporation.

### 3.08 No Representation or Warranty

The Corporation makes no representation or warranty as the future market value of any Shares issued in accordance with the provisions of the Plan.

### 3.09 Interpretation

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

### 3.10 Compliance with Applicable Law, etc.

If any provision of the Plan or of any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.