

PINE CLIFF ENERGY LTD.

ANNUAL MEETING OF SHAREHOLDERS

To Be Held On May 19, 2011

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

March 28, 2011

PINE CLIFF ENERGY LTD.

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

**NOTICE OF ANNUAL MEETING OF THE
SHAREHOLDERS OF PINE CLIFF ENERGY LTD.**

TAKE NOTICE that the Annual Meeting (the “Meeting”) of the Shareholders of **PINE CLIFF ENERGY LTD.** (hereinafter called the “Corporation”) will be held at The Fairmont Palliser Hotel (Turner Valley Room) 133 Ninth Avenue S.W., Calgary, Alberta, on Thursday, May 19, 2011, at the hour of 9:00 a.m. (Calgary time) for the purposes of:

1. Receiving and considering the audited financial statements of the Corporation for the fiscal year ended December 31, 2010 and the Report of the Auditor thereon;
2. Electing the Board of Directors for the ensuing year;
3. Appointing Auditors for the ensuing year and to authorize the Board of Directors to fix their remuneration; and
4. Transacting such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular dated March 28, 2011, accompanying this Notice and forming part hereof.

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

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

DATED at Calgary, Alberta, this 28th day of March, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*George F. Fink*”

George F. Fink

President, Chief Executive Officer and Director

PINE CLIFF ENERGY LTD.

INFORMATION CIRCULAR

ANNUAL MEETING OF SHAREHOLDERS

MAY 19, 2011

SOLICITATION OF PROXIES BY MANAGEMENT

This Information Circular is furnished in connection with the solicitation of proxies by the management of Pine Cliff Energy Ltd. (the "Corporation") for use at the annual meeting of the holders of common shares ("Common Shares") of the Corporation to be held on Thursday, May 19, 2011, at 9:00 a.m., Calgary time (the "Meeting") or at any adjournment thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular.

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

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

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

APPOINTMENT AND REVOCATION OF PROXIES

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

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

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

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

NOTICE TO BENEFICIAL HOLDERS OF SHARES

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

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

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

VOTING OF PROXIES

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

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

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

VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B preferred shares, issuable in series. As of March 28, 2011, 46,145,695 Common Shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

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

To the knowledge of the directors and officers of the Corporation, as at March 28, 2011, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights of the Corporation except as set out in the table below:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Percent</u>
George F. Fink Calgary, Alberta	8,617,873	18.7%

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares. Generally, if a quorum is not present at a meeting within one half hour after the time fixed for the holding of the

meeting, it shall stand adjourned to the same day of the following week. At such meeting, provided there are at least two Shareholders present, such Shareholders shall form a quorum.

MATTERS TO BE ACTED UPON AT THE MEETING

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

1. Election of Directors

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

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

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

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned Or Controlled ⁽¹⁾	Time As Director	Principal Occupation
GARY J. DRUMMOND ⁽²⁾ Nassau, Bahamas	1,638,000	Director since 2004.	Mr. Drummond is a private investor and a director of several entities including Bonterra Energy Corp., Geomark Exploration Ltd., and Universal Energy Group Ltd. (resource companies). Mr. Drummond is also a Trustee of Heating Oil Partners Income Fund.
GEORGE F. FINK Calgary, Alberta Canada	8,617,873	Director since 2004.	Chartered Accountant; Bachelor of Commerce Degree. President, Chief Executive Officer and Director of the Corporation and Chief Executive Officer, Director, and Chairman of the Board of Bonterra Energy Corp. and Geomark Exploration Ltd., each of which are resource companies. Mr. Fink is also a Trustee of First National AlarmCap Income Fund, and Director of Wild Stream Exploration Inc.
CARL R. JONSSON ⁽²⁾ Vancouver, B.C. Canada	492,340	Director since 2004.	Principal of the Vancouver law firm of Tupper, Jonsson & Yeadon. Mr. Jonsson is also a director of Bonterra Energy Corp., Geomark Exploration Ltd., Caledonia Mining Corp., Comet Industries Ltd., Astorius Resources Ltd., Acrex Ventures Ltd., Dolly Varden Resources Inc., and Alita Resources Ltd.
F. WILLIAM WOODWARD ⁽²⁾ Calgary, Alberta Canada	3,574,250	Director since 2004.	Mr. Woodward is a private investor and a director of several entities including Bonterra Energy Corp. and Geomark Exploration Ltd.

Notes:

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors, not being within the knowledge of the Corporation, has been furnished to the Corporation by the individual nominees.
- (2) Member of the Audit Committee.
- (3) All of the directors are members of the Compensation Committee, Reserves Committee and Policy, Governance and Nominating Committee.

Corporate Cease Trade Order or Bankruptcies

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

- (a) a director or chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or was subject

to an event that resulted, after the proposed director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (b) a director or executive officer of any company, including the Corporation, that while acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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

Mr. Drummond is a trustee of Heating Oil Partners Income Fund a Canadian income fund that distributes heating oil in the United States of America. On September 26, 2005, the Fund's operating subsidiary Heating Oil Partners, L.P. filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code and filed for recognition of the Chapter 11 proceedings under the *Companies' Creditors Arrangement Act* (Canada). As a consequence of these filings, the Fund's trust units were suspended from listing on the TSX effective at the close of business on October 6, 2005 and were subsequently delisted on November 7, 2005.

2. Appointment of Auditors

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

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

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

MANAGEMENT CONTRACTS

During the year ended December 31, 2010, management functions of the Corporation were substantially performed by Bonterra Energy Corp. ("Bonterra"), a company with common directors and management, in consideration for a fee for services rendered pursuant to the terms of a Management Agreement dated February 1, 2005 between Bonterra and the Corporation. In addition, Bonterra provided accounting, oil and gas property services, and certain facilities to the Corporation pursuant to the terms of the Management Agreement. For these services, the Corporation paid Bonterra fees of \$90,000 in 2010 (\$120,000 in 2009).

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

The objective of the executive compensation program is to attract, motivate, reward and retain management talent that is needed to achieve the Corporation's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. In evaluating performance, the Compensation Committee gives consideration to the Corporation's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements. In addition, the Compensation Committee will receive and review recommendations of the Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers.

The Named Executive Officers of the Corporation are also executive officers of Bonterra. The Corporation has contracted with Bonterra to fulfill the management functions of the Corporation for a fee. See "Management Contracts" above. Accordingly, the Corporation does not pay any additional cash-based compensation to the Named Executive Officers to fulfill their duties as officers of the Corporation. However, the Corporation does grant stock options to retain and motivate executive officers to achieve the goals and objectives of the Corporation. The Stock Option Plan is discussed further below and particulars relating to the compensation paid to the Named Executive Officers by Bonterra are provided in the notes to the Summary Compensation Table, below.

Stock Option Plan

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

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

Option-Based Rewards

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

Summary Compensation Table

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

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽¹⁾	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
George F. Fink, President and Chief Executive Officer	2010 2009 2008	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil
Randy M. Jarock, Chief Operating Officer	2010 2009 2008	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil
Garth E. Schultz, Vice-President, Finance, Chief Financial Officer and Secretary	2010 2009 2008	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil	nil nil nil

Notes:

- (1) The value of perquisites and benefits for each Named Executive Officer is less than 10% of each Named Executive Officer's total salary for the financial year.
- (2) In 2010, the Corporation paid management fees to Bonterra for management services during the financial year ended December 31, 2010 in the amount of \$90,000. Bonterra paid a salary of \$199,600 to George F. Fink and \$199,250 to Randy M. Jarock and \$194,350 to Garth E. Schultz. In addition, Bonterra paid bonuses of \$223,000 to George F. Fink, \$223,000 to Randy M. Jarock, and \$222,000 to Garth E. Schultz for the financial year ended December 31, 2010.
- (3) In 2009, the Corporation paid management fees to Bonterra for management services during the financial year ended December 31, 2009 in the amount of \$120,000. Bonterra paid a salary of \$195,000 to George F. Fink and \$190,333 to Randy M. Jarock and \$186,850 to Garth E. Schultz. In addition, Bonterra paid bonuses of \$130,500 to George F. Fink, \$138,000 to Randy M. Jarock, and \$135,000 to Garth E. Schultz for the financial year ended December 31, 2009.
- (4) In 2008, the Corporation paid management fees to Bonterra for management services during the financial year ended December 31, 2008 in the amount of \$237,600. Bonterra paid a salary of \$194,250 to George F. Fink and \$181,916 to Randy M. Jarock and Garth E. Schultz. In addition, Bonterra paid bonuses of \$196,000 to each of the Named Executive Officers for the financial year ended December 31, 2008.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

There were no share-based awards and no option-based awards outstanding at the end of the financial year ended December 31, 2010 to the Named Executive Officers of the Corporation.

Incentive Plan Awards – Value Vested or Earned During the Year

During the Corporation's financial year ended December 31, 2010, no value vested and no amounts were earned in respect of option-based awards, share-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Termination and Change of Control Benefits

The Corporation has no written contract, agreement, plan or arrangement that provides for payments or benefits to Named Executive Officers in connection with any termination, resignation, retirement, change of control of the Corporation or change in the responsibilities of the executive officer, except for provisions of the Option Plan which provide for the exercise of unvested options in the event of a change of control of the Corporation. The Named Executive Officers did not hold any options at December 31, 2010.

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

Director Compensation Table

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

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gary J. Drummond	8,600	nil	nil	nil	n/a	nil	8,600
Carl R. Jonsson	9,400	nil	nil	nil	n/a	nil	9,400
F. William Woodward	9,400	nil	nil	nil	n/a	nil	9,400

Outstanding Share-Based Awards and Option-Based Awards

There were no share-based awards and no option-based awards outstanding at the end of the financial year ended December 31, 2010 to the directors of the Corporation.

Incentive Plan Awards – Value Vested or Earned During the Year

During the Corporation's financial year ended December 31, 2010, no value vested and no amounts were earned in respect of option-based awards, share-based awards and non-equity incentive plan compensation for directors of the Corporation.

EQUITY COMPENSATION PLAN INFORMATION

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders - Stock Option Plan	145,000	0.97	[667,569] ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	145,000	0.63	[667,569]

Note:

(1) The Stock Option Plan has reserved a maximum of 4,527,569 Common Shares for issuance pursuant to stock options.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Management Information Circular the disclosure required under Form 58-

101F2 with respect to the corporate governance guidelines set out under National Policy 58-201 *Corporate Governance Guidelines*.

Board of Directors

The Corporation's Board of Directors, which is responsible for supervising the management of the business and affairs of the Corporation, is comprised of four directors, of which three are independent. The independent directors are Gary J. Drummond, Carl R. Jonsson and F. William Woodward. The President and Chief Executive Officer of the Corporation, George F. Fink is not independent by virtue of being a member of the Corporation's management. The Board of Directors facilitates its exercise of independent supervision over management by holding Board of Directors meetings without management present. All of the Corporation's directors serve as directors of other reporting issuers as indicated in the table below.

Director	Directorships Held
Gary J. Drummond	Bonterra Energy Corp. Geomark Exploration Ltd. Heating Oil Partners Income Fund ⁽¹⁾ Universal Energy Group Ltd.
George F. Fink	Bonterra Energy Corp. Geomark Exploration Ltd. First National AlarmCap Income Fund ⁽¹⁾ Wild Stream Exploration Inc.
Carl R. Jonsson	Bonterra Energy Corp. Geomark Exploration Ltd. Caledonia Mining Corp. Comet Industries Ltd. Astorius Resources Ltd. Acrex Ventures Ltd. Dolly Varden Resources Inc. Alita Resources Ltd.
F. William Woodward	Bonterra Energy Corp. Geomark Exploration Ltd.

Note:

(1) Trustee of the issuer indicated.

Orientation and Continuing Education

The Corporation has developed an orientation program for new directors which provides each new director with all applicable information regarding the roles and responsibilities of the Board of Directors and each Committee of the Board of Directors, as well as information regarding the nature and operation of the Corporation's business, its organizational structure and governance policies. The Corporation arranges for presentations to be made to the Board of Directors and each Committee of the Board of Directors to inform directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

Ethical Business Conduct

The Board consults regularly with legal, accounting and auditing advisors to ensure compliance with all applicable legal, accounting and other applicable regulatory requirements.

Nomination

Responsibility for identifying candidates to join the Board of Directors belongs to the Policy, Governance and Nominating Committee. The criteria that Committee members are asked to consider in identifying candidates includes the independence of the individual, his or her financial acumen and skills, and availability to devote sufficient time to the duties of the Board. Committee members who have identified new candidates present information regarding the candidate at the next meeting of the Committee, the Committee makes an assessment of the candidate, determining whether the candidate meets the criteria established by the Committee, and then makes a decision whether to interview the candidate. If the Committee members who interviewed the candidate are in favour of having the candidate stand for election, the Board takes a vote and if the candidate is approved, the candidate becomes a nominee for election by shareholders at the next shareholder meeting of the Corporation.

In addition, the Committee is empowered to recommend candidates to fill any vacancy in the Board of Directors that arises between annual meetings. Subject to the articles of the Corporation, the Committee also has the ability to recommend the appointment of additional directors between annual meetings.

Compensation

Responsibility for determining the compensation of the directors and CEO belongs to the Compensation Committee which is currently comprised of all of the directors. The criteria that Committee members are asked to consider in determining compensation includes the objectives and goals set by the Corporation for the directors and CEO as against their performance, shareholder returns and other achievements of the Corporation. The Committee may engage the services of a compensation advisor to advise the Corporation regarding the form and amount of compensation awarded by corporations similar in size and industry to the Corporation, including competitors. The Committee also considers publicly available information regarding compensation of other listed issuers and will accept for review proposals from the CEO with respect to CEO, executive officer and management compensation. The Committee holds an annual meeting to discuss compensation, review any proposals of the CEO or management (without the CEO being present in the case of the CEO's compensation), and then votes on the proposed compensation.

Board Committees

The Board of Directors has established an Audit Committee, a Policy, Governance and Nominating Committee, a Compensation Committee and a Reserves Committee. The function of the Policy, Governance and Nominating Committee is to recommend governance policies for adoption by the Corporation, and to amend, administer and monitor compliance with the Corporation's governance policies. The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Corporation's annual reserve report and consent forms of management and the reserves evaluator thereto. The function of the Compensation Committee is to determine the appropriate compensation for the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer of the Corporation. The function of the Audit Committee is outlined below.

Assessment

The Board of Directors takes steps to satisfy itself that the Board of Directors, its Committees and individual directors are performing effectively by conducting an annual informal evaluation and assessment of the performance, contribution and effectiveness of the Board of Directors, Committees and individual directors.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F2 under the Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("NI 52-110").

Audit Committee Charter

The Audit Committee Charter is attached as Schedule "A" to this Information Circular.

Composition of the Audit Committee

The Audit Committee is comprised of Gary J. Drummond, Carl R. Jonsson and F. William Woodward. Each director is considered "financially literate" and "independent" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education, and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

Name	Education and Experience
F. William Woodward (Chairman)	<ul style="list-style-type: none">• Private investor• Director of several public corporations, such as Geomark Exploration Ltd. and Bonterra Energy Corp., and a member of the Audit Committee of certain of those corporations.• Business graduate from Notre Dame College.• Former Director and member of the Audit Committee for Eldorado Nuclear Limited, IPSCO Inc., Cameco Corporation, SaskPower, Reed Shaw McNaughtan and Agricore United.

Name	Education and Experience
Gary J. Drummond	<ul style="list-style-type: none">• Lawyer, businessman and Chairman of Universal Energy Group.• Director of several public corporations, such as Geomark Exploration Ltd., and Bonterra Energy Corp., and a member of the Audit Committee of certain of those corporations.• Trustee of Heating Oil Partners Income Fund.• 35 years of extensive experience directly related to all aspects of reading and understanding financial statements and matters.• Former President and CEO of Direct Energy Marketing Limited (public resource company).• BA (Economics) and Law Degree.
Carl R. Jonsson	<ul style="list-style-type: none">• LLB. Securities/corporate lawyer for many years, including extensive involvement in numerous business transactions. Principal of the Vancouver law firm of Tupper, Jonsson & Yeadon.• Director and officer of numerous public corporations, including Bonterra Energy Corp. and Geomark Exploration Ltd., and a member of the Audit Committee of with numerous public corporations and income trusts.• Many years of extensive experience related to all aspects of reading, reviewing and understanding financial statements and CFO of public companies.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption from NI 52-110, including Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Corporation's external auditors, and approve in advance provision of services other than auditing and to consider whether the external auditor should be retained for this purpose, having regard to the need to maintain independence. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems necessary. The Chairman will notify the other members of the Audit Committee of any such non-audit or additional work that is proposed to be conducted by the external auditor.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Corporation's external auditors in each of the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2009	\$50,908 ⁽¹⁾	\$8,662	\$10,352 ⁽²⁾	Nil
2010	\$42,400 ⁽¹⁾	\$28,344	Nil	Nil

Notes:

- (1) Includes \$5,300 in 2010 (\$17,588 in 2009) relating to the audit of the Corporation's Argentina subsidiary.
- (2) Audit-related services with regard to tax services relating to the Corporation's Argentina operations.

Exemption

The disclosure under this section is being provided in reliance upon the exemption in Section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

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

SCHEDULE "A"

PINE CLIFF ENERGY LTD.

(the "Corporation")

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation is to provide an open avenue of communication between management, the Corporation's independent auditors and the Board and to assist the Board in its over seeing of:

- (a) the integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- (b) the Corporation's compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Corporation's independent auditors.

The Committee shall also perform any other activities consistent with this Charter, the Corporation's By-laws and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. Each director appointed to the Committee shall be an outside director who is unrelated. An outside, unrelated director is a director who is independent of management and is free of any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with the view to the best interests of the Corporation, other than interests and relationships arising from shareholding. In determining whether a director is independent of management, the Board shall make reference to the current legislation, rules, policies and instruments of applicable regulatory authorities. None of the members of the Committee may be officers or employees of the Corporation or of an affiliate of the Corporation.

Each member of the Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements.

A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

The Committee's role is one of over seeing. Management is responsible for preparing the Corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("GAAP"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Corporation's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

Meetings of the Committee

The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chairman of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or an executive officer of the Corporation. Meetings of the Committee shall correspond with the review of the quarterly financial statements and Management's discussion and analysis.

Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.

The quorum for a meeting of the Committee is a majority of the members. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

In the absence of the Chairman of the Committee, the members of the Committee shall choose one of the members present to be Chairman of the meeting. In addition, members of the Committee shall choose one of the persons present to be the Secretary of the meeting.

The following Management representatives shall be invited to attend all meetings, except private Committee sessions and private sessions with the independent auditors:

- (i) President and Chief Executive Officer;
- (ii) Vice President, Finance and Chief Financial Officer.

The Chairman of the Board, executive management of the Corporation and other parties may attend meetings of the Committee; however the Committee (i) shall meet with the external auditors independent of management; and (ii) may meet separately with management.

Minutes shall be kept of all meetings of the Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its over seeing responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board on an annual basis.
2. Review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

3. Identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation.
4. Review with management and the independent auditors the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
5. Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
6. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
7. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
8. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the independent auditors' judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the independent auditors without the presence of management.
9. Review with management and the independent auditors significant related party transactions and potential conflicts of interest.
10. Pre-approve all non-audit services to be provided to the Corporation by the independent auditors and applicable fees.
11. Inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates.
12. Discuss with the management of the Corporation, its subsidiaries and affiliates and staff of the Corporation, any affected party, contractors and consultants of the Corporation and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.
13. At the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
14. When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition.
15. Review all securities offering documents (including documents incorporated therein by reference) of the Corporation.
16. Review findings, if any, from examinations performed by regulatory agencies with respect to financial matters.
17. Review management's procedure for monitoring the Corporation's compliance with laws and regulations.
18. Review current and expected future compliance with covenants under financing agreements.

19. Review the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases. When applicable, the Committee shall review the related securities filings.
20. Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Corporation and all non-audit work performed for the Corporation by the independent auditors.
21. Establish and review the Corporation's procedures for the:
 - (a) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - (b) confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
22. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
23. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation. If these costs exceed \$10,000 per annum for a Committee member, such member will obtain prior approval from the Board for the amount exceeding \$10,000 per annum.
24. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, all other applicable laws and policies and procedures of all applicable regulatory authorities, the *Business Corporations Act* (Alberta) and the By-laws of the Corporation.