

ANTLER CREEK ENERGY CORP.

Annual Information Form

Year Ended July 31, 2009

April 30, 2010

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, expected levels of activity, budgeted capital expenditures and the method of funding thereof, drilling, completion and tie-in plans, productive capacity of wells, expected royalty rates and changes to the Alberta royalty regime and the possible effect thereof on Antler Creek Energy Corp ("**Antler Creek**" or the "**Corporation**") may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, estimated drilling costs of test wells and the timing thereof, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates and estimated production rates, changes in royalty rates and expenses, environmental risks, partner risk and competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, changes in the regulatory and taxation environment, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Antler Creek believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements or information because Antler Creek can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Antler Creek operates; the timely receipt of any required regulatory approvals; the ability of Antler Creek to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which Antler Creek has an interest in to operate the field in a safe, efficient and effective manner; the ability of Antler Creek to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Antler Creek to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Antler Creek operates; and the ability of Antler Creek to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect Antler Creek's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

CONVERSION

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	cubic metres	28.174
Thousand cubic metres	Mcf	35.494
Bbls	Cubic metres ("m ³ ")	0.159
Cubic metres	bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Disclosure provided herein in respect of Boe may be misleading, particularly if used in isolation. The Boe conversion ratio of 6 Mcf of natural gas to 1 bbl of oil used throughout this document is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids

Bbls	barrels
Bbls/d	barrels per day
Mbbls	thousand barrels
Boe	barrels of oil equivalent of natural gas (on the basis of 6 Mcf of natural gas to 1 bbl of oil)
Boe/d	barrels of oil equivalent per day
Mboe	thousand Boe
NGLs	natural gas liquids
Mmbtu	million British thermal units
Mstb	thousand stock tank barrels
Stb	stock tank barrel

Natural Gas

Bcf	billion cubic feet
Mcf	thousand cubic feet
Mmcf	million cubic feet
Mcf/d	thousand cubic feet per day
Mmcf/d	million cubic feet per day
GJ	gigajoule

Other

AECO	The natural gas storage facility located at Suffield, Alberta
LSD	Legal site description
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

GLOSSARY

In this Annual Information Form, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"**ABCA**" means the *Business Corporations Act* (Alberta) as amended from time to time;

"**Annual Information Form**" or "**AIF**" means this annual information form;

"**Antler Creek**" or the "**Corporation**" means Antler Creek Energy Corp., a corporation formed by amalgamation of Antler Creek Energy Corp. and BEC on May 31, 2009 under the ABCA;

"**BEC**" means Batoche Energy Corp., a corporation previously incorporated under the ABCA, now amalgamated with Antler Creek Energy Corp. to form Antler Creek Energy Corp;

"**BEC-G**" means Batoche Energy (Griffen) Corp, a corporation previously incorporated under the ABCA, which assigned all of its assets to Antler Creek on June 1, 2009 and was dissolved on October 29, 2009;

"**BEC-H**" means Batoche Energy (Heward) Corp, a corporation previously incorporated under the ABCA, which assigned all of its assets to Antler Creek on June 1, 2009 and was dissolved on October 29, 2009;

"**BEC-SPA**" means the agreement dated April 30, 2009 between Testudo and BEC wherein Testudo agreed to purchase all of the issued and outstanding shares of BEC;

"**BEC-SPA Loan**" means the vendor take-back loan of \$1,100,000 by Gregory J. Leia to the Corporation to finance the acquisition pursuant to the BEC-SPA;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of Antler Creek;

"**NAFTA**" means the North American Free Trade Agreement;

"**NEB**" means the National Energy Board;

"**NI 51-101**" or "**National Instrument 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"**NI 52-110**" or "**National Instrument 52-110**" means National Instrument 52-110 *Audit Committees*;

"**PLA**" means Paddock Lindstrom & Associates Ltd;

"**PLA Report**" means the independent evaluation of Antler Creek's oil and gas interests prepared by PLA effective as of July 31, 2009 and dated November 30, 2009;

"**Qualifying Transaction**" means a transaction where a capital pool company acquires by way of purchase, amalgamation, merger or arrangement with another company, one or more assets or businesses which, when purchased, optioned or otherwise acquired by the capital pool company together with any other concurrent transaction, would result in the capital pool company meeting the minimum listing requirements of the TSXV;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval and refers to the information contained on the website www.sedar.com;

"**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c.1 (5th Supp.), as amended including the regulations thereunder;

"**Testudo**" means Testudo Oil & Gas Exploration Ltd., a corporation incorporated under the ABCA, which subsequently amended its Articles of Incorporation to change its name to "Antler Creek Energy Corp." and which then amalgamated with Batoche to form Antler Creek; and

"**TSXV**" means the TSX Venture Exchange.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. NI 51-101 incorporates by reference certain definitions set out in COGE Handbook.

Unless otherwise specified, information in this Annual Information Form is as at the end of the Corporation's most recently completed financial year, being July 31, 2009.

CONVENTIONS

Certain terms used herein are defined in the "*Glossary*". Unless otherwise indicated, references herein to "\$" or "**dollars**" are to Canadian dollars. All financial information with respect to the Corporation has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada ("**GAAP**").

THE CORPORATION

The Corporation was incorporated under the ABCA on March 24, 2006 under the name "Testudo Oil & Gas Exploration Ltd." as a capital pool corporation. On May 22, 2009, the Corporation consolidated its common shares on the basis of 3.125 to 1. On May 22, 2009, the Corporation amended its Articles of Incorporation to change its name to "Antler Creek Energy Corp."

Batoche Energy Corp ("**BEC**") was incorporated under the ABCA on October 18, 2006. Batoche Energy (Griffen) Corp. ("**BEC-G**") and Batoche Energy (Heward) Corp. ("**BEC-H**"), both wholly-owned subsidiaries of BEC, were incorporated under the ABCA on December 19, 2007 and January 24, 2008, respectively.

On May 31, 2009, the Corporation and BEC amalgamated and continued under the name Antler Creek Energy Corp. Following the amalgamation, steps were taken to wind-up both of BEC's wholly-owned subsidiaries, BEC-G and BEC-H and dissolution of both occurred on October 29, 2009.

The registered and head office of the Corporation is located at 1510, 777-8th Avenue SW, Calgary, AB T2P 3R5.

The Corporation does not have any subsidiaries. The Common Shares trade on the TSXV under the symbol "AFE".

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is an Alberta-based oil and natural gas exploration company whose focus is to explore for and develop oil and gas assets in high netback oil resource plays including in the south east Saskatchewan part of the Williston basin using horizontal wells and multistage fracturing completion techniques designed to increase recovery volumes and rates of recovery beyond conventional recovery methods. As of April 30, 2010, Antler Creek's oil and gas assets produced approx 50 Boe/d of oil, natural gas and NGL's. Antler Creek owns approximately 3,520 gross (1,560 net acres) of undeveloped lands. Part of the undeveloped lands consists of a 47.5% working interest in 3,040 gross (1,200 net acres) located near Griffen, Saskatchewan ("Griffen Lands") Antler Creek does not operate any oil and gas wells. Antler Creek has working interests in 6 Bakken wells near Stoughton, Saskatchewan operated by Crescent Point Energy Corp. ("**Crescent Point**") producing from 960 gross (200 net acres). Antler Creek has working interest in 2 Bakken wells near Stoughton, Saskatchewan operated by Aldon Oils Ltd. ("**Aldon**") producing from 320 gross (80 net acres). Stoughton is 70 miles south east of Regina, Saskatchewan.

The following is a summary of the significant events in the development of the Corporation for the periods shown.

Year Ended July 31, 2007

On October 11, 2006, the Corporation filed its prospectus for the initial public offering of Common Shares (the "**IPO**"). The IPO was completed on October 27, 2006 and resulted in the sale of 3,750,000 Common Shares at a price of \$0.20 per share for aggregate gross proceeds of \$750,000. The IPO was conducted with a view to completing a Qualifying Transaction.

During the year ended July 31, 2007, the Corporation had no assets other than cash and was in the process of identifying and evaluating potential acquisitions in order to complete a Qualifying Transaction.

Year Ended July 31, 2008

During the year ended July 31, 2008, the Corporation did not acquire any assets and as such held no assets, except for cash. The Corporation's only income was interest income.

At the end of the fiscal period, the Corporation made an offer to acquire certain oil and gas assets from BEC-G and other companies. The Corporation continued to pursue these opportunities with a view to completing its Qualifying Transaction.

Year Ended July 31, 2009

On September 25, 2008, the Corporation entered into a definitive agreement ("**BEC Asset Sale Agreement**") with BEC, its wholly-owned subsidiary, BEC-G, and fourteen other legal entities (the "**Beneficial Owners**"). The BEC Asset Sale Agreement was amended on October 16, 2008 and October 30, 2008. The amended agreement provided that the Corporation would purchase a ten percent (10%) working interest in Section 13-8-11-W2M from BEC-G and a 10% working interest in certain lands in Griffin, Saskatchewan from BEC. The consideration to be paid by the Corporation for the BEC-G and BEC working interest was an aggregate of \$1,200,000 plus GST (the "**BEC Asset Purchase Price**"). The purchase price was to be paid in the form of \$500,000 in cash and 1,000,000 post Share Consolidation (as defined below) Common Shares at a deemed value \$0.70 per Common Share. The BEC Asset Sale Agreement also contained a put call option, which would allow the Corporation to purchase, if triggered, an additional ten percent (10%) working interest in Section 13-9-9-W2M and in the lands in Griffin Saskatchewan for a purchase price of \$1,200,000 plus GST.

There were three pre-conditions to the completion of the BEC Asset Sale Agreement. The first is that the Corporation complete a share consolidation which would result in the issuance of 1 new common share of the Corporation for every 3.125 old common shares of the Corporation (the "**Share Consolidation**"). The second pre-condition was that the Corporation complete a financing by way of private placement to raise no less than \$450,000, unless otherwise amended by the Board of Directors of BEC (the "**Asset Sale Financing**"). Lastly, the Corporation was required to amend its Articles of Incorporation to change its name to "Antler Creek Energy Corp." (the "**Name Change**"). The Share Consolidation, Asset Sale Financing and Name Change were approved by the shareholders of the Corporation at the annual and special meeting of the shareholders held on October 28, 2008.

On April 30, 2009 the Corporation entered into a letter agreement with Batoche, as amended later by an agreement dated May 14, 2009, for the purchase and sale of all issued and outstanding common shares of BEC (the "**BEC-SPA**"), which superseded and replaced in its entirety the BEC Asset Sale Agreement. The BEC SPA contemplated that the Corporation complete the Share Consolidation and Name Change and that the Corporation close a financing to fund the purchase price (the "**BEC-SPA Financing**"). The purchase price for the purchase of the BEC common shares was \$2,100,000, payable as \$550,000 in cash, a note payable in the amount of \$1,100,000 ("**BEC-SPA Loan**") and \$450,000 to be satisfied by the issuance of 1,000,000 Common Shares at a price of \$0.45 per Common Share.

On May 22, 2009, the Corporation amended its Articles of Incorporation to complete the Share Consolidation and the Name Change. The BEC-SPA Financing was completed on May 25, 2009 with the sale of 603,666 Common Shares on a "flow-through" basis under the Tax Act ("**Flow-Through Shares**") at a price of \$0.45 per Flow-Through Share and 748,334 units of Antler Creek at a price of \$0.45, with each unit comprised of one Common Share and one Common Share purchase warrant (a "**Warrant**"). The Corporation agreed to renounce to the holders of Flow-Through Shares an amount of \$271,650 no later than December 31, 2009. The Warrants are exercisable until May 22, 2011 at a price of \$0.60 per Common Share.

In conjunction with the closing of the BEC-SPA Financing, the Corporation entered into a non-arm's length loan agreement with a director and officer of the Corporation for \$1,100,000 to help fund the BEC-SPA (the "**BEC-SPA Loan**"). The BEC-SPA Loan bears an interest rate of 4% per annum and is due on or before May 15, 2013. Beginning on January 1, 2010, the Corporation was required to make minimum monthly payments made in the amount of \$20,000. The BEC-SPA Loan is secured by way of a general security agreement over all of the Corporation's real and personal property. The same day following the closing of the BEC-SPA Financing, the BEC-SPA was completed, and as such the Corporation completed its Qualifying Transaction.

The acquisition of the shares of BEC constituted a significant acquisition for the Corporation. Further information on the acquisition of BEC, refer to the business acquisition report dated April 30, 2010, a copy of which can be found on the Corporation's SEDAR profile at www.sedar.com.

On May 31, 2009, the Corporation and BEC amalgamated and carried on under the name "Antler Creek Energy" Corp. Following the amalgamation, on June 1, 2009 the assets of each subsidiary were assigned to the parent and steps were taken to wind-up BEC-G and BEC-H, and dissolution of each was effected on October 29, 2009.

Changes in the Corporation's Business during the Current Fiscal Year

Since July 31, 2009, Antler Creek has continued to develop the assets obtained through the BEC-SPA. In particular, the Corporation has participated in the following wells:

- (a) Crescent Point - HZ S 2AZ-24-3AZ 13-8-11-W2M;
- (b) Crescent Point – 1B3-24-4B4-13-8-11-W2M; and
- (c) Aldon – HZ ID8-6-2D8-5-9-9-W2M

Antler Creek spent approximately \$150,000 to frac Aldon HZ 1D8-6-2D8 5-9-9-W2M in December of 2009, and \$600,000 in December and January of 2010 to drill, case and complete Crescent Point HZ S 2AZ-24-3AZ 13-8-11-W2M and Crescent Point 1B3-24-4B4 13-8-11-W2M.

Pursuant to a farmout agreement entered into by the Corporation, Antler Creek acquired a right to earn 75% of the mineral rights in the NE, SE and SW 13-9-9-W2M. To earn the interest, the Corporation has an obligation to drill two wells on or before July 1, 2010 (as extended if pooling application) in compliance with the terms in the farmout agreement in order to earn a lease on the farmout lands.

Strategy

Antler Creek's business plan is to focus on sustainable and profitable per share growth in both cash flow from operations and net asset value. To accomplish this, the Corporation will focus on enhancing its asset base through land acquisitions, corporate acquisitions, property acquisitions, exploratory drilling and exploitation drilling.

The Corporation will internally generate exploration and development opportunities processing medium risk and multiple risk prospective productive zone potential with a prudent exposure to higher risk/reward prospects. The Corporation will maintain a balance between exploration, development and exploitation drilling combined with acquisition growth that meet the Corporation's business parameters. To achieve sustainable and profitable growth, the Corporation will control timing and costs of its projects wherever possible. Further, to minimize competition within its geographic area of interest, the Corporation will, after giving consideration to its risk profile, strive to maximize its working interest ownership in its properties. While the Corporation intends to have the skills and resources necessary to achieve its objectives, participation in exploration and development in the oil and natural gas industry has a number of inherent risks. See "Risk Factors".

In reviewing potential drilling or acquisition opportunities, the Corporation gives consideration to the following criteria:

- (a) risk capital required to secure or evaluate the investment opportunity;
- (b) the potential return on the project, if successful;
- (c) the likelihood of success; and
- (d) the risked return versus cost of capital.

Price Risk Management

Prices received for production and associated operating expenses are impacted in varying degrees by factors outside managements control. These factors include, but are not limited to, the following:

- World market forces, including the ability of OPEC to set limits and maintain production levels and prices for crude oil;
- Political conditions, including the risk of hostilities in the Middle East and other regions throughout the world;
- Increases or decreases in crude oil quality and market differentials;

- Impact of changes in the exchange rate between Canada and US dollars on prices received by the Corporation for its crude oil and natural gas;
- North American market forces, most notably shifts in the balance between supply and demand for the crude oil and natural gas and the implications for the price of crude oil and natural gas;
- Global and domestic weather conditions;
- Price and availability of alternative fuels; and
- The effect of energy conservation measures and government regulation.

Revenue Sources

For the period from May 25, 2009 (date of acquisition of BEC) to April 30, 2010, 95% of the revenue (before royalties) from the Corporation's properties was derived from crude oil and natural gas liquids and 5% was derived from natural gas.

Seasonal Considerations

All of the Corporation's properties are accessible year round, except during spring break up. Major facilities through which the Corporation's production is processed may temporarily be shut down for short period of time during the year to conduct repair and maintenance operations.

Environmental Matters

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal regulation. Compliance with such regulation can require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness.

The operations of the Corporation are, and will continue to be affected in varying degrees by laws and regulations regarding environmental protection. The Corporation is committed to meeting its responsibilities to protect the environment, and the Corporation will take such steps as required to ensure compliance with environmental legislation in all jurisdictions which it operates. The Corporation believes that it is reasonably likely that the trends towards stricter standards in environmental legislation and regulation will continue and anticipates making increased expenditures of both a capital and expense nature as a result of increasingly stringent laws relating to the protection of the environment. However, it is not currently possible to quantify any such increased expenditures and it is not anticipated that the Corporation's competitive position will be adversely affected by current or future environmental laws and regulations governing its oil and natural gas operations.

The total future asset retirement obligations of the Corporation are estimated based on the Corporation's net ownership in all of its wells and facilities, estimated costs to reclaim and abandon its wells and facilities, and the estimated timing of the costs to be incurred in future periods. The Corporation has estimated an undiscounted total future liability of \$117,602 as of July 31, 2009 and \$147,392 as of January 31, 2010. The net present value of the Corporation's asset retirement obligations are estimated to be approximately \$66,549 as at July 31, 2009. The Corporation used as a credit adjusted risk free rate of 7% and an inflation rate of 2% per annum to calculate the net present value of its asset retirement obligations. From the period commencing May 25, 2009 to the date hereof, the Corporation has incurred asset retirement expenditures of \$29,790 on an undiscounted basis and \$15,142 on a discounted basis.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. The Corporation actively competes for capital, skilled personnel, undeveloped lands, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its

operations with a substantial number of other organizations, many of which have greater technical and financial resources than the Corporation. Some of those organization not only explor for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world wide basis and have greater and more diverse resources upon which to draw.

Personnel

As of the date hereof, the Corporation has no employees.

PROPOSED CAPITALIZATION TRANSACTION

On April 25, 2010, the Corporation entered into a definitive reorganization and investment agreement (the "**Capitalization Agreement**") with an investor group including Wade Becker, Dan Toews, Bill Turko and Korby Zimmerman, (the "**Initial Investor Group**") which provides for a non-brokered private placement of up to an aggregate of approximately \$20 million (the "**Private Placement**") and the appointment of a new management team and board of directors (collectively, the "**New Management Team**"). The completion of the transactions contemplated by the Capitalization Agreement being referred to collectively as the "**Capitalization Transaction**". It is expected that the Capitalization Transaction will close on May 6, 2010, but in any event no later than May 11, 2010 ("**Closing**").

Upon Closing, the New Management Team will be led by Wade Becker as President and Chief Executive Officer, Dan Toews as Vice President, Finance and Chief Financial Officer, Bill Turko as Vice President, Engineering, Korby Zimmerman as Vice President, Business Development and Land and Joe Sobochan, Manager, Geology.

Upon Closing, the new board of directors will be comprised of Wade Becker, Korby Zimmerman, John Brussa, Rob Zakresky, David Fitzpatrick and David Johnson. Jay Reid will act as Corporate Secretary.

Upon completion of the Capitalization Transaction and subject to all regulatory and shareholder approvals, it is anticipated that the New Management Team will change the name of the Corporation from "Antler Creek Energy Corp." to "Pinecrest Energy Inc."

Proposed Management Team

Upon Closing, the name, province and country of residence and position held with the Corporation of each of the proposed directors and officers of the Corporation will be as follows:

Name and Province and Country of Residence	Proposed Position Held
Wade Becker Alberta, Canada	President and Chief Executive Officer
Dan Toews Alberta, Canada	Vice President, Finance and Chief Financial Officer
Bill Turko Alberta, Canada	Vice President, Engineering
Korby Zimmerman Alberta, Canada	Vice President, Business Development and Land
Joe Sobochan Alberta, Canada	Manager, Geology
John Brussa Alberta, Canada	Director
Rob Zakresky Alberta, Canada	Director

David Fitzpatrick Alberta, Canada	Director
David D. Johnson Alberta, Canada	Director

Upon Closing, it is expected that the proposed directors and officers of Antler Creek listed above will beneficially own, directly and indirectly, or exercise control or direction over 25,200,000 Common Shares, being approximately 42.8% of the issued and outstanding Common Shares.

The term of office of all directors will expire at the next annual meeting of the shareholders of the Corporation.

Profiles of the proposed directors and senior officers and the particulars of their respective principal occupations during the last five years are set forth below:

Wade Becker, President and Chief Executive Officer

Wade Becker has extensive experience in leadership roles at public oil and gas companies. Mr. Becker was President, Chief Executive Officer and Director at Peerless Energy Inc. ("**Peerless**"). Previously Mr. Becker was Vice President, Land and co-founder of both Crescent Point Energy Trust and its predecessor Crescent Point Energy Ltd. Mr. Becker has over 18 years experience in the oil and gas industry.

Dan Toews, Vice President, Finance and Chief Financial Officer

Dan Toews is a professional Accountant with over 21 years experience. Previously Mr. Toews was Vice President, Finance and Chief Financial Officer at a private oil and gas company. Prior to that he was Vice President, Finance and Chief Financial Officer at Peerless and co-founder of both Crescent Point Energy Trust and its predecessor Crescent Point Energy Ltd.

Bill Turko, Vice President, Engineering

Bill Turko is a professional Engineer with over 19 years experience in the oil and gas industry. Previously Mr. Turko was Vice President, Engineering at Peerless.

Korby Zimmerman, Vice President, Business Development and Land

Korby Zimmerman brings over 18 years oil and gas experience specializing in land and acquisition negotiations. Previously Mr. Zimmerman was Group Leader at EnCana Corporation. Prior to that he was Vice President, Land and Business Development at Ketch Energy Trust.

Joe Sobochan, Manager, Geology

Joe Sobochan has held progressively senior positions over the prior 20 years in the oil and gas industry. Previously Mr. Sobochan was a Senior Geologist at PetroBakken Energy Ltd. Prior to that Mr. Sobochan was a Senior Geologist at Peerless.

John Brussa, Director

Mr. Brussa is a partner of Burnet, Duckworth & Palmer LLP since 1987 and is presently the head of its Tax Department. Mr. Brussa currently serves as a director of a number of publicly listed resource corporations and several non-profit or charitable organizations.

Rob Zakresky, Director

Mr. Zakresky has held the position of President and Chief Executive Officer of Crocotta Energy Inc. since November 2006. From 1993 to October 2006, Mr. Zakresky has sequentially held the position of President, CEO

and a director of Bellator Exploration Inc., Viracocha Energy Inc., Chamaelo Energy Inc. and Chamaelo Exploration Ltd. Mr. Zakresky was a director of Peerless.

David Fitzpatrick, Director

Mr. Fitzpatrick is currently an independent businessman. From 1996 to 2007 Mr. Fitzpatrick was the President, CEO and Director of Shiningbank Energy Ltd. (acquired by PrimeWest Energy Trust ("**PrimeWest**"), an oil and gas royalty trust). Mr. Fitzpatrick serves or has served as a Director of Compton Petroleum Corporation, PrimeWest, Shiningbank Energy Income Fund Inc., Platform Energy and Twin Butte Energy Ltd., each of which is or was an oil and gas company or trust.

David D. Johnson, Director

Mr. David D. Johnson is currently the Executive Chairman of Progress Energy Resources Corp. ("**Progress**"). Prior thereto, Mr. Johnson was the President and Chief Executive Officer of Progress from July 2004 to January 2009. Mr. Johnson was the President and Chief Executive Officer of Progress Energy Ltd. from November 2001 to July 2004 and the President and Chief Executive Officer of Encal Energy Ltd. from July 1994 to April 2001. Mr. Johnson has over 30 years of diverse experience in the oil and gas industry including a background in production, reservoir evaluation and operations.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information of the Corporation in Form 51-101F1 under NI 51-101 and the corresponding report on reserves data in Form 51-101F2 and the report of management and the directors on oil and gas disclosure in Form 51-101F3 for the year ended July 31, 2009 were previously filed in accordance with NI 51-101 and are incorporated by reference into this AIF as well as being available for viewing through the Corporation's profile on SEDAR website at www.sedar.com.

CURRENT DIRECTORS AND OFFICERS OF THE CORPORATION

The Corporation currently has a board of directors consisting of 4 individuals. Five directors were elected to serve at the last annual general meeting. One director has not been replaced by appointment. The name, municipality of residence, and position held with the Corporation of each of the directors and officers of the Corporation are as follows:

Name and Municipality of Residence	Position Held	Date Appointed	Common Shares Beneficially Owned or Controlled
Gus Coolidge ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada	President, Chief Executive Officer, Director	March 24, 2006	213,333 (4.9%)
Gregory Leia ⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Chief Financial Officer, Secretary, Director	March 24, 2006	1,602,935 (36.7%)
Ronald Parsons ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director	July 31, 2006	84,000 (1.9%)
Wilbur Watkins ⁽¹⁾ Missoula, Montana, USA	Director	March 24, 2006	125,000 (2.8%)

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance Committee.
- (3) Member of the Reserves Committee.
- (4) The Corporation does not have an Executive Committee or a Compensation Committee.

As at the date hereof, the directors and officers of the Corporation, and associates and affiliates, as a group own or control, directly or indirectly, 1,973,268 Common Shares or 45.7 % of the issued and outstanding Common Shares.

Profiles of the Corporation's current directors and senior officers and the particulars of their respective principal occupations during the last five years are set forth below.

Gus B. Coolidge

Mr. Coolidge, 72, is a Registered Professional Engineer in the Province of Alberta and the State of Montana. He received a B.Sc. degree in Petroleum Engineering from the Montana College of Mineral Science and Technology. Mr. Coolidge has 49 years of technical and business experience in the oil and gas industry in the United States and Canada, Mr. Coolidge was a director of two public companies in the oil and gas industry, including, Zephyr Resources Ltd. and Clearport Petroleum Ltd. From 1973 to present, Mr. Coolidge was President of Coolidge Engineering Ltd., Calgary, Alberta, serving as an engineering consultant responsible for independent economic evaluation reports for industry clients in Canada and the United States of America. Mr. Coolidge holds 213,333 Common Shares with rights to acquire an additional 68,800 Common Shares upon exercise of stock options.

Gregory J. Leia

Mr. Leia, 52, is a securities lawyer who has practiced with the firm of Wolff Leia since 1990. Mr. Leia received a Bachelor of Commerce degree (1980) and a Bachelor of Laws (1981) from the University of Saskatchewan. Mr. Leia has been a member in good standing with the Law Society of Alberta since 1983. Mr. Leia has acted as counsel for companies in the oil and gas industry. Mr. Leia founded Batoche Energy Corp. which was sold to the Corporation on May 25, 2009. Mr. Leia was also the owner of Batoche Resources Ltd, a private oil and gas corporation. Mr. Leia holds, directly or indirectly, 1,602,935 Common Shares.

Ronald A. Parsons

Mr. Parsons, 69, is the President of Parsons Oilfield Services & Supply Inc. Mr. Parsons has 44 years of experience in the oil and gas industry. Mr. Parsons holds 84,800 Common Shares.

Wilbur V. Watkins

Mr. Watkins, 83, has been part owner and manager of beer and wine distributors in Montana and Idaho through different legal entities. Mr. Watkins has no personal experience in the oil and gas industry other than as an investor. Mr. Watkins holds 125,000 Common Shares and has rights to acquire an additional 113,800 Common Shares upon exercise of stock options and Warrants.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of the Corporation: (i) is, or has been in the last 10 years, a director, Chief Executive Officer or Chief Financial Officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days (an "**order**"), (b) was subject to an order that was issued after the director or officer 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, or (c) 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; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver or receiver manager or trustee appointed to hold his assets; or (iii) 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.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. In particular, certain of the directors and officers of the Corporation are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. See "Current Directors and Officers of the Corporation". Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or

agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Mr. Leia and his immediate family members owned all of the shares of BEC. As a result of the BEC-SPA, Mr. Leia has the following conflicts:

- (a) BEC-SPA Loan: This loan is secured by the assets of the Corporation. This loan is in default. Payment of \$20,000 were to have been made commencing January 2010. Mr. Leia could accelerate the debt and call the loan. Interest is payable at the rate of 4% per annum;
- (b) BEC-SPA Indemnity: Mr. Leia provided an indemnity with respect to a lawsuit commenced in Saskatchewan naming BEC-G and BEC-H as a party. Shares of the Corporation were pledged as security for this indemnity. This lawsuit was settled on April 14, 2010 and the Corporation released Mr., Leia from the indemnity and the pledge agreement;
- (c) BEC-SPA Receivables: Immediately prior to the closing of the BEC-SPA, BEC assigned certain receivables to Mr. Leia. These receivables were purchased on April 14, 2010 for the sum of \$115,000; and
- (d) Mr. Leia owns the shares of Gregory J. Leia Professional Corporation which operates under the trade name Wolff Leia, Barristers and Solicitors. Wolff Leia provides legal services to the Corporation. The Corporation also rents office space, office equipment and office staff from Wolff Leia.

Mr. Coolidge and Mr. Watkins (directly and indirectly through family members) own 5.250% and 19.258% respectively 2,528 net acres as part of the Griffen Lands.

AUDIT COMMITTEE

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the audit committee to maintain a free and open means of communication among the Board, the independent auditors and the senior management of the Corporation.

The full text of the audit committee's charter is attached as Appendix "A" and forms part of this Annual Information Form.

Composition of the Audit Committee

The audit committee consists of Gus B. Coolidge, Ron Parsons and Wilbur Watkins. Gus. B. Coolidge is the chairman of the audit committee. Ron Parsons and Wilbur Watkins would be considered to be independent within the meaning of section 1.4 of NI 52-110. Each of the members is financially literate within the meaning of section 1.6 of NI 52-110.

Relevant Education and Experience

Please refer to the individual biographies for the members of the Audit Committee above under the heading "*Current Directors and Officers of the Corporation*".

Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements for non-audit services provided by the external auditors or their affiliates, together with the estimates fees and potential issues of independence.

External Auditor Service Fees (by Category)

<u>Year Ended</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
July 31, 2009	46,500	10,500	7,700	2,500
July 31, 2008	9,975	4,500	-	-

DESCRIPTION OF SHARE CAPITAL

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the preferred shares of the Corporation ("**Preferred Shares**"). No Preferred Shares are presently issued and outstanding.

Common Shares

The Corporation has an unlimited number of Common Shares authorized for issuance. At April 30, 2010, there were 4,366,934 Common Shares issued and outstanding. All Common Shares have been issued as fully paid and non-assessable. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors, to one vote per Common Share at any meeting of the shareholders of the Corporation and, upon liquidation and subject to the rights of holders of Preferred Shares, to receive all assets of the Corporation as are distributable to the holders of Common Shares.

Preferred Shares

Antler Creek is authorized to issue an unlimited number of Preferred Shares issuable in series, each series consisting of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the board of directors of Antler Creek prior to the issuance thereof. With respect to the payment of dividends to holders of Preferred Shares, the directors shall have the discretion to pay dividends out of any or all profits or surplus available for dividends. On the winding-up of its affairs, subject to any rights, privileges, restrictions and conditions which may have been determined by the directors to attach to any series of Preferred Shares, the holders of all shares shall be entitled to participate *pari passu*. The holders of Preferred Shares do not have a right to receive notice of any general meetings of the shareholders of Corporation nor a vote at any such meeting.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The outstanding Common Shares are listed and posted for trading on the TSXV under the trading symbol "AFE". The following table sets forth the price range and trading volume of the Common Shares as reported by the TSXV for the periods indicated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2008			
July	0.5938	0.4063	0
August	0.5938	0.4063	0
September	0.5938	0.4063	0
October	0.5938	0.4063	0
November	0.5938	0.4063	0
December	0.5938	0.4063	0
2009			
January	0.5938	0.4063	0
February	0.5938	0.4063	0
March	0.5938	0.4063	0
April	0.5938	0.4063	0
May	0.5938	0.4063	0
June	0.45	0.345	2,600
July	0.345	0.345	6,400
August	0.35	0.285	10,100
September	0.305	0.305	6,400
October	0.315	0.31	3,200
November	0.59	0.35	30,900
December	0.55	0.45	7,640
2010			
January	0.45	0.45	18,000
February	0.61	0.275	50,300
March	0.61	0.5	49,100
April	0.74	1.350	444,345

DIVIDENDS

The Corporation has not declared or paid any dividends since its incorporation. Any decision to pay dividends on its shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

ESCROWED SECURITIES

The following table provides a summary of the number of securities of the Corporation held in escrow to the Corporation's knowledge.

Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer		
<u>Designation of Class</u>	<u>Number of Securities Held in Escrow or That Are Subject to a Contractual Restriction on Transfer</u>	<u>Percentage of Class</u>
Common Shares	180,000 ⁽¹⁾	4.12%
Common Shares	750,000 ⁽²⁾	17.17%

Notes:

- (1) Deposited with Valiant Trust Company as "Trustee" pursuant to a CPC Seed Escrow Agreement dated September 11, 2006. The 180,000 Common Shares are to be released in instalments of 36,000 Common Shares beginning on May 25, 2010, followed by November 25, 2010, May 25, 2011, November 25, 2011 and May 25, 2012.

- (2) Deposited with the Trustee pursuant to a Qualifying Transaction Escrow Agreement dated May 25, 2009. The 750,000 Common Shares are to be released in instalments of 150,000 Common Shares beginning on May 25, 2010 followed by November 25, 2010, May 25, 2011, November 25, 2011 and May 25, 2012.

HUMAN RESOURCES

As at April 30, 2010, the Corporation had no full time employees. See "*Current Directors and Officers of the Corporation*".

PRIOR SALES

The following table describes the securities of the Corporation outstanding but not listed or quoted on the Exchange issued during the most recently completed financial year.

<u>Date of Issuance</u>	<u>Number and Type of Securities</u>	<u>Issue Price per Security</u>	<u>Aggregate Funds Received</u>
May 25, 2009	748,334 Warrants ⁽¹⁾	\$0.45	\$366,750
May 25, 2009	200,000 stock options ⁽²⁾	\$0.26	N/A

Notes:

- (1) Each Warrant formed part of a unit, comprised of one Common Share and one Warrant exercisable at any time for 2 years at \$0.60 per Common Share.
- (2) Each stock option vested as to one-third on each anniversary from the date of grant and expires on May 25, 2014.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

At the date of this Annual Information Form and except as disclosed below, there were: (i) no penalties or sanctions imposed against the Corporation or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements the Corporation entered into with a court relating to a securities legislation or with a securities regulatory authority.

The Corporation is named as defendant in a lawsuit in Saskatchewan, which has been commenced by a party which had sold mineral rights to the Corporation and farmout mineral rights to the Corporation. The action seeks a declaration confirming that a consultant of the vendor/farmor ("**Coast Consultant**") did not have a right of first refusal or any rights to the mineral interests sold or farmed out because an agreement with the Coast Consulting (the "**Coast Consultant Agreement**") was terminated. The Coast Consultant filed a defence and counterclaim against the vendor/farmor alleging that the consultant is entitled to a 10% gross working interest in four lease contracts (5% net) in the mineral rights sold to the Corporation and farmed out to the Corporation. The Coast Consultant admitted that the Coast Consulting Agreement was terminated, but notwithstanding claims that the contractual obligation to offer the right of first refusal continued after the termination of the Coast Consulting Agreement. In the alternative, the Coast Consultant claims that the vendor/farmor was in a position of trust and confidence and owed the Coast Consultant a fiduciary duty. In breach of the fiduciary duty, the vendor/farmor entered into specified oil and gas mineral leases.

In the event that the Coast Consultant is successful in the counterclaim, then: (a) the Corporation will likely be required to assign to the Cost Consultant an undivided 10% gross (5% net) working interest in the Bakken formation in the Mississippian period underlying the West 31-8-9 W2M; (b) the Corporation will be required to assign an undivided 10% gross (5% net) working interest in the Bakken formation in the Mississippian period underlying the South 5-9-9 W2M; and (c) the Corporation will likely have to account to the Coast Consultant for any net revenues (net of capital costs advanced) relating to the 10% gross (5% net) working interest.

On April 14, 2010, the Corporation entered into an agreement with the Coast Consultant, wherein the Coast Consultant, agreed not to pursue any claim or any interest in the undivided 10% gross (5% net) working interest in the Bakken formation in the Mississippian period underlying the West 31-8-9 W2M; (b) the 10% gross (5% net)

working interest in the Bakken formation in the Mississippian period underlying the South 5-9-9 W2M; and (c) not to claim any compensation for any net revenues (net of capital costs advanced) relating to the 10 % gross (5% net) working interest in either property. The Corporation entered into two trust agreements with the vendor/farmer to hold the 5% working interests in trust pending settlement of that part of the lawsuit which dealt with Bakken formation in the Mississippian period under the two parcels. As a result of the settlement, the Corporation has transferred a gross 4.5% (net 2.25%) working interest in the Bakken formation in the Mississippian period underlying the West 31-8-9 W2M to the vendor/farmer. The Corporation retains a gross 5.5% (net 2.75%) working interest in the Bakken formation in the Mississippian period underlying the West 31-8-9-W2M. The Corporation retain a 10% gross (net 5%) working interest in the Bakken formation in the Mississippian period under South 5-9-9-W2M. As a result, as at the date hereof, the Corporation will no longer be a party to the lawsuit. The trust agreement in relation to the South 5-9-9-W2M will be terminated without any further accounting to the vendor/farmer. The Corporation and the vendor/farmer will have to agree on the final accounting in relation to the accounts relating to the gross 4.5% (net 2.25%) (West 31-8-9-W2M). The Corporation is of the view that no funds are or will be owing to the vendor/farmer.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of directors or officers of the Corporation, of any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial that has materially affected or would materially affect the Corporation.

1. As part of the Qualifying Transaction, the Corporation received a loan from a director and officer in the amount of \$1,100,000. Further details in respect of the loan (the "**Loan**") are found in Item 3 in the Section entitled "Material Contracts" below. As at April 30, 2010, there is a balance owing of \$776,018. The Loan is currently in default.
2. Gregory J. Leia Professional Corporation (operating as Wolff Leia) provides legal service to the Corporation. A corporation under the control of Gregory J. Leia leases office space and office equipment to the Corporation.
3. Joint Operating Agreement for Griffen Lands. Two directors hold a combined 24.5% working interest in the Griffen Lands.

MATERIAL CONTRACTS

Except as disclosed herein, the Corporation has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect.

1. The Capitalization Agreement.
2. Batoche SPA dated April 30, 2009 (as amended) among the shareholders of BEC: The price would be payable by: (a) payment of cash \$550,000; (b) carried debt \$1,100,000 (secured by a general security agreement over all of the assets of Batoche and its subsidiaries; and (c) \$450,000 by issuance of 1,000,000 Common Shares at a price of \$0.45 per share. Pursuant to the BEC SPA Agreement:
 - (a) BEC assigned the rights to certain receivables to the shareholders of BEC; and
 - (b) The BEC Shareholders pledged shares to secure an indemnity in favour of the Corporation.
3. Loan Agreement with Mr. Greg Leia (the "**Loan Agreement**"): Secures all of the assets of the Corporation and bears interest at 4.0% per annum and shall be due in 48 months. The Loan shall be repaid from cash flow from all operations at the rate of 75% of gross monthly cash flow, provided if cash flow is withheld by

operators to pay capital AFE's or operational AFE's then the non-payment of the loan payment shall not be considered as an event of default. Commencing January 1, 2010, there shall be a minimum monthly payment of \$20,000 per month from all sources. The debt shall be secured by a general security agreement being a first charge on all assets of Antler Creek, Batoche and the subsidiaries of Batoche. The shareholders, as creditors, shall be entitled to advance further funds to support the operations of the company. New advances will earn interest at 7% per annum. If the Capitalization Transaction closes, part of the proceeds will be used to repay the Loan whereupon the security against the asset of the Corporation will be discharged.

4. Purchase of receivables: Pursuant to the Batoche SPA, prior to closing BEC assigned to the Batoche shareholders the following receivables: (a) debts owing by Aldon to BEC upon collection of any monies due by SEM Canada. The recovery was \$8,000 (4% of a gross claim of \$196,000; (b) any credits/adjustments arising in favor of BEC with respect to unauthorized/improper capital or operating charges of two operators; and (c) 50% of any credit adjustments arising in favour of BEC arising from the sale of oil in storage as of January 31, 2009 or accounting for sales of petroleum substances prior to January 31, 2009 but not reported to or accounted to BEC in reports dated prior to January 31, 2009 (collectively the "**January 31, 2009 BEC Receivables**"). Because the Corporation is indebted to the operators, the sums as they are being collected are being offset against the debts of the Corporation and are not being paid to the BEC Shareholders. As part of the Capitalization Transaction, the Corporation agreed to purchase the January 31, 2009 BEC Receivables from the Batoche shareholders for \$115,000.
5. Release of indemnity: Pursuant to the Batoche SPA, the Batoche shareholders had warranted the title to the mineral interest subject to a lawsuit. The Batoche shareholders pledged common shares of Batoche pending resolution of the lawsuit. Upon settlement of the part of the lawsuit dealing with 10% gross (5% net) working interest in the Bakken formation in the Mississippian period, Batoche released the Batoche shareholder of the indemnity provisions and released the shares pledged as security for breach of the title warranty.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates

over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Corporation may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas prices may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions in the United States and Canada, the actions of OPEC, governmental regulation, political stability in the Middle-East and elsewhere, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of

oil and gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Project Risks

The Corporation manages a variety of small projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- (i) the availability of processing capacity;
- (ii) the availability and proximity of pipeline capacity;
- (iii) the availability of storage capacity;
- (iv) the supply of and demand for oil and natural gas;
- (v) the availability of alternative fuel sources;
- (vi) the effects of inclement weather;
- (vii) the availability of drilling and related equipment;
- (viii) unexpected cost increases;
- (ix) accidental events;
- (x) currency fluctuations;
- (xi) changes in regulations;
- (xii) the availability and productivity of skilled labour; and
- (xiii) the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "*Industry Conditions*". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting

the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. There has been much public debate with respect to Canada's ability to meet these targets and the government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Kyoto Protocol or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Corporation. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Corporation and its operations and financial condition. See "*Industry Conditions – Environmental Regulation*".

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. As a result, the Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others therefore depends upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Substantial Capital Requirements

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in the Corporation's reserves since that date.

Additional Funding Requirements

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to the Corporation. Continued uncertainty in domestic and international credit markets could materially affect the Corporation's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on the Corporation's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

Third Party Credit Risk

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse

effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

Kyoto Protocol

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". The Corporation's exploration and production facilities and other operations and activities emit greenhouse gases which will require the Corporation to comply with the new regulatory framework announced on March 10, 2008 by the Federal Government which is intended to force large industries to reduce emissions of greenhouse gases, in addition to the proposed *Clean Air Act* (Canada) of 2006 and Alberta's recently enacted *Climate Change and Emissions Management Act* and *Specified Gas Emitters Regulation*. The direct or indirect costs of these regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "*Industry Conditions – Environmental Regulation*".

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore effected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact the Corporation's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of the Corporation's reserves as determined by independent evaluators.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time, could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

At this time the Corporation has no hedging contract but from time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases and the Corporation may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the fluctuating exchange rate.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Insurance

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Geo-Political Risks

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle-East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Corporation's net production revenue.

In addition, the Corporation's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of the Corporation's properties, wells or facilities are the subject of terrorist attack, it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation will not have insurance to protect against the risk from terrorism.

Dilution

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Expiration of Licences and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Dividends

The Corporation has not paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations as the board of directors of the Corporation considers relevant.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. The Corporation is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

Conflicts of Interest

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "*Directors and Officers – Conflicts of Interest*".

Reliance on Key Personnel

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation does not have any key person insurance in effect for the Corporation. The contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Reliance on Operators – Enforcement of Operating Agreements

To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependant on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. Operations of the wells located on properties not operated by the Corporation are generally governed by operating agreement that typically require the operator to conduct the operations in good and workmanlike manner. Operating agreements generally provide, however, that the operator, will have no liability to such other non operator working interest owners for losses sustained or liabilities incurred, except as may result from gross negligence or wilful misconduct. In addition, third party operators are generally not fiduciaries with respect to the Corporation. The Corporation, as owner of working interest in properties not operated by it, will generally have a cause of action for damages arising from a breach of such duty. Typical agreements which incorporate Canadian Association of Petroleum Landman (CAPL) Operating Provisions' and Accounting Provisions do not contain adequate enforcement provisions to guard against non compliance with accounting rules and as such lead to abuses in relation to non-arms length charges.

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada and Alberta, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the Corporation's operations in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing - Oil and Natural Gas

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to the markets, the value of refined products, the supply/demand balance and other contractual terms. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "NEB"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such licence requires a public hearing and the approval of the Governor in Council.

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m³/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such licence requires a public hearing and the approval of the Governor in Council.

The Government of Alberta also regulates the volume of natural gas that may be removed from the province for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

Pipeline Capacity

Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market natural gas production. In addition, the pro-rationing of capacity on the inter-provincial pipeline systems also continues to affect the ability to export oil and natural gas.

The North American Free Trade Agreement

NAFTA among the governments of Canada, United States of America, and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada United States Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period); (ii) impose an export price higher than the domestic price subject to an exception with respect to certain voluntary measures which only restrict the volume of exports; and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum or maximum export or import price requirements, provided, in the case of export price requirements, any prohibition in any circumstances in which any other form of quantitative restriction is prohibited, and in the case of import-price requirements, such requirements do not apply with respect to enforcement of countervailing and anti-dumping orders and undertakings.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector by 2010 and prohibits discriminatory border restrictions and export taxes. NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, which is important for Canadian natural gas exports.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits, and are generally introduced when commodity prices are low. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and gas producers to the provincial governments and would increase the net income and funds from operations of such producers. However, the trend in recent years has been for provincial governments to eliminate, amend or allow such incentive programs to expire without renewal, and consequently few such incentive programs are currently operative.

Saskatchewan

In Saskatchewan, the amount payable as a royalty in respect of oil depends on the type and vintage of oil, the quantity of oil produced in a month, the value of the oil produced and specified adjustment factors determined monthly by the provincial government. For Crown royalty and freehold production tax purposes, conventional oil is classified as "heavy oil", "southwest designated oil" or "non-heavy oil other than southwest designated oil". The conventional royalty and production tax classifications ("fourth tier oil", "third tier oil", "new- oil" and "old oil") depend on the finished drilling date of a well and are applied to each of the three crude oil types slightly differently. Heavy oil is classified as third tier oil (having a finished drilling date on or after January 1, 1994 and before October 1, 2004), fourth tier oil (having a finished drilling date on or after October 1, 2002) or new oil (not classified as either third tier oil or fourth tier oil). Southwest designated oil uses the same definitions of third and fourth tier oil but new oil is defined as conventional oil produced from a horizontal well having a finished drilling date on or after February 9, 1998 and before October 1, 2002. For non-heavy oil other than southwest designated oil, the same classification is used but new oil is defined as conventional oil produced from a vertical well completed after 1973 and having a finished drilling date prior to 1994, whereas old oil is defined as conventional oil not classified as third or fourth tier oil or new oil.

Base prices are used to establish lower limits in the price-sensitive royalty structure for conventional oil. Where average wellhead prices are below the established base prices of \$100 per cubic metre for third and fourth tier oil and \$50 per cubic metre for new oil and old oil, base royalty rates are applied. Base royalty rates are 5% for all fourth tier oil, 10% for heavy oil that is third tier oil or new oil, 12.5% for southwest designated oil that is third tier oil or new oil, 15% for non-heavy oil other than southwest designated oil that is third tier or new oil, and 20% for old oil. Where average wellhead prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base oil price. Marginal royalty rates are 30% for all fourth tier oil, 25% for heavy oil that is third tier oil or new oil, 35% for southwest designated oil that is third tier oil or new oil, 35% for non-heavy oil other than southwest designated oil that is third tier or new oil and 45% for old oil.

The amount payable as a royalty in respect of natural gas production is determined by a sliding scale based on a reference price (which is the greater of the amount obtained by the producer and a prescribed minimum price), the quantity produced in a given month, the type of natural gas and the vintage of the natural gas. Like conventional oil, natural gas is classified as "non-associated gas" or "associated gas" and royalty rates are determined according to the finished drilling date of the respective well. As an incentive for the production and marketing of natural gas which may have been flared, the royalty rate on natural gas produced in association with oil is less than on non-associated natural gas. Non-associated gas is classified as new gas (having a finished drilling date before February 9, 1998 with a first production date on or after October 1, 1976), third tier gas (having a finished drilling date on or after February 9, 1998 and before October 1, 2002), fourth tier gas (having a finished drilling date on or after October 1, 2002) and old gas (not classified as either third tier, fourth tier or new gas). A similar classification is used for associated gas except that the classification of old gas is not used, the definition of fourth tier gas also includes production from oil wells with a finished drilling date prior to October 1, 2002, where the individual oil well has a gas-oil production ratio in any month of more than 3,500 cubic metres of gas for every cubic metre of oil, and new gas is defined as oil produced from a well with a finished drilling date before February 9, 1998 that received special approval, prior to October 1, 2002, to produce oil and gas concurrently without gas-oil ratio penalties.

As with conventional oil production, base prices are used to establish lower limits in the price-sensitive royalty structure for natural gas. Where average field-gate prices are below the established base prices of \$50 per thousand cubic metres for third and fourth tier gas and \$35 per thousand cubic metres for new gas and old gas, base royalty rates are applied. Base royalty rates are 5% for all fourth tier gas, 15% for third tier or new gas and 20% for old gas.

Where average wellhead prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base gas price. Marginal royalty rates are 30% for all fourth tier gas, 35% for third tier and new gas and 45% for old gas.

The Government of Saskatchewan currently provides a number of targeted incentive programs. These include both royalty reduction and incentive volume programs, including the following:

Royalty Tax Incentive Volumes for Vertical Oil Wells Drilled on or after October 1, 2002 providing reduced Crown royalty and freehold tax rates on incentive volumes of 8,000 cubic metres for deep development vertical oil wells, 4,000 cubic metres for non-deep exploratory vertical oil wells and 16,000 cubic metres for deep exploratory vertical oil wells (more than 1,700 metres or within certain formations),

Royalty Tax Incentive Volumes for Exploratory Gas Wells Drilled on or after October 1, 2002 providing reduced Crown royalty and freehold tax rates on incentive volumes of 25,000,000 cubic metres for qualifying exploratory gas wells;

Royalty/Tax Incentive Volumes for Horizontal Oil Wells Drilled on or after October 1, 2002 providing reduced Crown royalty and freehold tax rates on incentive volumes of 6,000 cubic metres for non-deep horizontal oil wells and 16,000 cubic metres for deep horizontal oil wells (more than 1,700 metres or within certain formations);

Royalty/Tax Regime for Incremental Oil Produced from New or Expanded Waterflood Projects Implemented on or after October 1, 2002 treating incremental production from waterflood projects as fourth tier oil for the purposes of royalty calculation;

Royalty/Tax Regime, for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing prior to April 1, 2005 providing Crown royalty and freehold tax determinations based in part on the profitability of enhanced recovery projects pre- and post-payout; and

Royalty/Tax Regime for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing on or after April 1, 2005 providing a Crown royalty of 1% of gross revenues on enhanced oil recovery projects pre-payout and 20% post-payout and a freehold production tax of 0% on operating income from enhanced oil recovery projects pre-payout and 8% post-payout.

In 1975, the Government of Saskatchewan introduced a Royalty Tax Rebate ("**RTR**") as a response to the Government of Canada disallowing crown royalties and similar taxes as a deductible business expense for income tax purposes. As of January 1, 2007, the remaining balance of any unused RTR will be limited in its carry forward to seven years since the Government of Canada's initiative to reintroduce the full deduction of provincial resource royalties from federal and provincial taxable income. Saskatchewan's RTR will be wound down as a result of the Government of Canada's plan to reintroduce full deductibility of provincial resource royalties for corporate income tax purposes.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms from two years and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation

requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties.

In December 2002, the Government of Canada ratified the Kyoto Protocol. The Kyoto Protocol calls for Canada to reduce its greenhouse gas emissions to 6% below 1990 "business-as-usual" levels between 2008 and 2012. Given revised estimates of Canada's normal emissions levels, this target translates into an approximately 40% gross reduction in Canada's current emissions. It is questionable, based on the Updated Action Plan announced by the Federal Government (see below), that the Kyoto Protocol target of 6% below 1990 emission levels will be enforced in Canada. Bill C-288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "**Action Plan**"), also known as ecoACTION, which includes the regulatory framework for air emissions. This Action Plan covers not only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy using products.

The Government of Canada and the Province of Alberta released on January 31, 2008 the final report of the Canada-Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (ii) allocating new funding into projects through competitive process; and (iii) targeting research to lower the cost of technology.

In order to strengthen the Action Plan, on March 10, 2008, the Government of Canada released "Turning the Corner – Taking Action to Fight Climate Change" (the "**Updated Action Plan**") which provides some additional guidance with respect to the Canadian Government's plan to reduce greenhouse gas emissions by 20% by 2020 and by 60% to 70% by 2050.

The Updated Action Plan is primarily directed towards industrial emissions from certain specified industries including the oil sands, oil and gas and refining. The Updated Action Plan is intended to create a carbon emissions trading market, including an offset system, to provide incentive to reduce greenhouse gas emission and establish a market price for carbon. There are mandatory reductions of 18% from the 2006 baseline starting in 2010 and an additional 2% in subsequent years for existing facilities. This target will be applied to regulated sectors on a facility-specific, sector-wide or corporate basis; in the case of oil sands production, petroleum refining, natural gas pipelines and upstream oil and gas the target will be considered facility-specific (sectors in which the facilities are complex and diverse, or where emissions are affected by factors beyond the control of the facility operator). Emissions from new facilities, which are those built between 2004 and 2011, will be based on a cleaner fuel standard to encourage continuous emissions intensity reductions over time, and will be granted a three year grace period during which no emissions intensity targets will apply. Targets will begin to apply on the fourth year of commercial operation and the baseline will be the third year's emissions intensity, with a 2% continuous annual emission intensity improvement required. The definition of new facility also includes greenfield facilities, major expansions constituting more than a 25% increase in a facility's physical capacity, as well as transformations to a facility that involve significant changes to its processes. For upstream oil and gas and natural gas pipelines, it will be applied using a sector-specific approach. For the oil sands, its application will be process-specific, oil sands plants built in 2012 and later, those which use heavier hydrocarbons, up-graders and *in-situ* production will have mandatory standards in 2018 that will be based on carbon capture and storage.

In the following regulated sectors, the Updated Action Plan will apply only to facilities exceeding a minimum annual emissions threshold: (i) 50,000 tonnes of CO₂ equivalent per year for natural gas pipelines; (ii) 3,000 tonnes of CO₂ equivalent per upstream oil and gas facility; and (iii) 10,000 Boe/d/company. These proposed thresholds are significantly stricter than the current Alberta regulatory threshold of 100,000 tonnes of CO₂ equivalent per year per facility.

Four separate compliance mechanisms are provided in respect of the above targets: Technology Fund contributions, offset credits, clean development credits and credits for early action. The most significant of these compliance mechanisms, at least initially, will be the Technology Fund and for which regulated entities will be able to contribute in order to comply with emissions intensity reductions. The contribution rate will increase over time,

beginning at \$15 per tonne for the 2010-12 period, rising to \$20 per tonne in 2013, and thereafter increasing at the nominal rate of GDP growth. Contribution limits will correspondingly decline from 70% in 2010 to 0% in 2018. Monies raised through contributions to the Technology Fund will be used to invest in technology to reduce greenhouse gas emissions. Alternatively, regulated entities may be able to receive credits for investing in large-scale and transformative projects at the same contribution rate and under similar requirements as mentioned above.

The offset system is intended to encourage emissions reductions from activities outside of the regulated sphere, allowing non-regulated entities to participate in and benefit from emissions reduction activities. In order to generate offset credits, project proponents must propose and receive approval for emissions reduction activities that will be verified before offset credits will be issued to the project proponent. Those credits can then be sold to regulated entities for use in compliance or non-regulated purchasers that wish to either cancel the offset credits or bank them for future use or sale.

Under the Updated Action Plan, regulated entities will also be able to purchase credits created through the Clean Development Mechanism of the Kyoto Protocol. The purchase of such Emissions Reduction Credits will be restricted to 10% of each firm's regulatory obligation, with the added restriction that credits generated through forest sink projects will not be available for use in complying with the Canadian regulations.

Finally, a one-time credit of up to 15 million tonnes worth of emissions credits will be awarded to regulated entities for emissions reduction activities undertaken between 1992 and 2006. These credits will be both tradable and bankable.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on the Corporation and its operations and financial condition at this time.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are Buchanan Barry LLP, Chartered Accountants,

Valiant Trust Company, at its principal offices in Calgary, Alberta, is the registrar and transfer agent for the Common Shares.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than Paddock Lindstrom & Associates Ltd. , the independent reserve evaluator, and Buchanan Barry LLP, the Corporation's auditors. None of the principals of Paddock Lindstrom & Associates Ltd had any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of the Corporation's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. Buchanan Barry LLP is independent in accordance with the auditors' rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided for in our financial statements and management's discussion and analysis for the year ended July 31, 2009.

APPENDIX "A"

AUDIT COMMITTEE MANDATE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Antler Creek Energy Corp ("**Antler Creek**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of Corporation or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("**MI 52-110**") unless the Board determines that the exemption contained in MI 52-110 is available and determines to rely thereon.
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.
3. All of the members of the Committee must be "financially literate" (as defined in MI 52-110) unless the Board determines that an exemption under MI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting;
2. Satisfy itself on behalf of the Board with respect to Corporation's internal control systems:
 - (a) identifying, monitoring and mitigating business risks; and
 - (b) ensuring compliance with legal, ethical and regulatory requirements.

3. Review the annual and interim financial statements of Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
 - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) ascertaining compliance with covenants under loan agreements;
 - (e) reviewing disclosure requirements for commitments and contingencies;
 - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (g) reviewing unresolved differences between management and the external auditors; and
 - (h) obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Corporation's disclosure of all other financial information and will periodically access the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board:
 - (a) recommend to the Board the external auditors to be nominated;
 - (b) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
 - (c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
 - (d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - (e) review and pre-approve any non-audit services to be provided to Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of Antler Creek, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Antler Creek and its subsidiaries.

7. Review risk management policies and procedures of Antler Creek (i.e. hedging, litigation and insurance).
8. Establish a procedure for:
 - (a) the receipt, retention and treatment of complaints received by Antler Creek regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of Antler Creek of concerns regarding questionable accounting or auditing matters.
9. Review and approve Antler Creek's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of Antler Creek.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Antler Creek. All employees of Antler Creek are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at such compensation as established by the Committee and at the expense of Antler Creek without any further approval of the Board.

Meetings and Administrative Matters

At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.

The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.

A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.

Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the

Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.