



**PEARL EXPLORATION AND
PRODUCTION LTD.**

**NOTICE OF MEETING
AND MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

To be held on May 15, 2008

PEARL EXPLORATION AND PRODUCTION LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS OF PEARL EXPLORATION AND PRODUCTION LTD.

NOTICE IS HEREBY GIVEN THAT an Annual and Special Meeting (the “Meeting”) of holders of common shares of Pearl Exploration and Production Ltd. (the “Corporation”) will be held in the Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time), on Thursday, May 15, 2008, for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fifteen months ended December 31, 2007;
2. to fix the Board of Directors of the Corporation at seven (7) members;
3. to elect the Board of Directors for the ensuing year;
4. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta, as the auditors of the Corporation for the ensuing financial year and to authorize the Board of Directors to fix their remuneration; and
5. to approve and adopt, with or without modification, the ordinary resolution as more particularly set forth in the Management Information Circular, relating to the ratification and confirmation of the Corporation’s Stock Option Plan.
6. to transact such other business as may be properly brought before the Meeting.

DATED at the City of Calgary, in the Province of Alberta, this 26th day of March, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

“signed”

Keith Hill

President and Chief Executive Officer

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited at the office of Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the meeting or any adjournment thereof.

MANAGEMENT INFORMATION CIRCULAR

PURPOSE OF SOLICITATION

This Management Information Circular is provided in connection with the solicitation of proxies by the Board of Directors and the management of Pearl Exploration and Production Ltd. (“Pearl” or the “Corporation”), for use at the Annual and Special Meeting (the “Meeting”) of the holders of common shares (“Common Shares”) of the Corporation, to be held on Thursday, May 15, 2008, at 10:00 a.m. (Calgary time), in the Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“Notice of Meeting”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or personal interview by regular employees of the Corporation, at a nominal cost. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. The costs thereof will be borne by the Corporation.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification, the management designees, if named as proxy, will vote in favour of the matters set out therein.**

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

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed Instrument of Proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. **A shareholder has the right to designate a person, (who need not be a shareholder of the Corporation) other than the management designees, Mr. Keith Hill of Vancouver, British Columbia, President and CEO and a director of the Corporation, and Mr. Randy Neely of Calgary, Alberta, Chief Financial Officer of the Corporation, to attend and represent him or her at the Meeting.** Such right may be exercised by inserting in the blank space provided for that purpose on the Instrument of Proxy the name of the person or persons to be designated and deleting therefrom the names of the management designees or by completing another proper Instrument of Proxy. Such shareholder should notify the nominee of the appointment, obtain a consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such

authorization attached, where an attorney executed the proxy form and delivering same to the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1, no later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays in the Province of Alberta, prior to the Meeting or any adjournment thereof. If the shareholder is a corporation, its name must be completed in the signature section of the proxy and the proxy must be signed by an officer or attorney of the Corporation duly authorized.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A proxy may be revoked by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and by depositing the proxy bearing a later date with the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof at which the proxy is to be used or by depositing the revocation of proxy with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof, or in any other matter permitted by law. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

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

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of

the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

All references to shareholders in this management information circular and the accompanying instrument of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation has authorized capital consisting of an unlimited number of Common Shares, without nominal or par value, of which 189,241,716 Common Shares are issued and outstanding as at the date hereof.

Holders of Common Shares on record at the close of business on March 28, 2008 (the "Record Date") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (i) the holder transfers his or her shares after the close of business on the Record Date, and (ii) such transferee produces properly endorsed share certificates or otherwise establishes his or her ownership of the shares and demands, not later than ten days prior to the Meeting, that his name be included in the list before the Meeting, in which case the transferee may vote those shares.

The By-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders, irrespective of the number of persons actually present at the meeting, if at least two persons are present or represented by proxy, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than 10% of the total number of shares entitled to be voted at the meeting.

To the knowledge of the directors and senior officers of the Corporation, there are no persons who hold, directly or indirectly, or exercise control or direction, over more than 10% of the issued and outstanding Common Shares of the Corporation.

BUSINESS OF THE MEETING

To the knowledge of the Board of Directors of the Corporation (the “Board of Directors”), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Financial Statements

The audited financial statements of the Corporation for the fifteen months ended December 31, 2007, the auditors’ report thereon and management’s discussion and analysis will be tabled at the Meeting. A copy of the audited financial statements, the auditors’ report thereon and management’s discussion and analysis for the fifteen months ended December 31, 2007 are enclosed with this Management Information Circular.

Number of Directors

For the forthcoming year, it is proposed that the Board of Directors shall consist of seven (7) members. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board of Directors at seven (7) members for the next ensuing year.

Election of Board of Directors

It is the intention of the management designees, if named as proxy, to vote for the election of the following persons to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by him, his province or state and country of residence, principal occupation, business or employment, the period during which he has served as a director, and the number of voting Common Shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised, as of the date hereof.

Name and Province/Country of Residence	Principal Occupation for Past Five Years	Position or Office within Pearl	Year Became a Director	Number of Shares Beneficially owned as at the Record Date ⁽¹⁾
Gary S. Guidry ⁽⁹⁾ Calgary, Alberta, Canada	Mr. Guidry has been the Chairman of Pearl since February 2007 and was the President and Chief Executive Officer of Pearl from October 2005 to February 2007. Currently, Mr. Guidry is the President, CEO and a Director with Tanganyika Oil Company Ltd. since May 2005. From 2003 to 2005, Mr. Guidry was the President and CEO with Calpine Natural Gas Trust.	Chairman and Director	Oct. 2005	0 ⁽²⁾

Name and Province/Country of Residence	Principal Occupation for Past Five Years	Position or Office within Pearl	Year Became a Director	Number of Shares Beneficially owned as at the Record Date (1)
Keith C. Hill West Vancouver, British Columbia, Canada	Mr. Hill has been the President and Chief Executive Officer of Pearl since February 2007. Mr. Hill was President, CEO and a director of Valkyries Petroleum Corp., a publicly traded oil and gas company, from August 2002 to July 2006.	President and CEO, Director	Jan. 2006	941,500 ⁽³⁾
Brian D. Edgar ⁽¹⁰⁾⁽¹¹⁾ Vancouver, British Columbia, Canada	Mr. Edgar is a director of Rand Edgar Investment Corp. and is the President of Dome Ventures Corporation, a junior mineral exploration company.	Director	Feb. 2006	10,000 ⁽⁴⁾
Gordon D. Harris ⁽¹¹⁾⁽¹²⁾ Calgary, Alberta Canada	Mr. Harris has been Sr. Vice President, Chief Operating Officer and a Director of Buffalo Resources Corp. since August 2007. From February 2004 to August 2007, Mr. Harris was the President and CEO of Choice Resources Corp. Prior to Choice Resources Corp., Mr. Harris was President and CEO of Roseland Resources Ltd. from September 1999 to July 2003.	Director	Feb. 2006	3,332 ⁽⁵⁾
John W. Ladd ⁽⁹⁾⁽¹²⁾ Houston, Texas, USA	Mr. Ladd is a self-employed businessman. From September 2002 until November 2007, Mr. Ladd was the President, CEO and a director of ITS Engineered Systems, Inc. From February 1997 to August 2002 Mr. Ladd was Vice-President of Weatherford International.	Director	Feb. 2006	Nil ⁽⁶⁾
Lukas Lundin	Chairman of Lundin Mining Corporation, Denison Mines Corp., Canadian Gold Hunter Corp., Red Back Mining Inc., Vostok Gas Ltd., and Vostok Nafta Investments Ltd.; Director of Lundin Petroleum AB, Pearl Exploration and Production Ltd., Lucara Diamond Corp., Suramina Resources Inc., and Atacama Minerals Corp.	Director	Dec. 2006	11,529,900 ⁽⁷⁾
A. Murray Sinclair ⁽¹⁰⁾⁽¹¹⁾ Vancouver, British Columbia, Canada	Mr. Sinclair has been the Managing Director of Quest Capital Corp. since June 2003; Director of Quest Management Corp. (management company wholly-owned by Quest Capital Corp.) since December 1996.	Director	2005	Nil ⁽⁸⁾

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been provided by the respective directors and is as of the Record Date.
- (2) Does not include: (i) stock options to acquire 25,000 Pearl Shares at a price of \$3.65 per share on or before September 30, 2010 which were granted on October 19, 2005; (ii) stock options to acquire 300,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006; and (iii) stock options to acquire 150,000 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (3) Does not include: (i) stock options to acquire 300,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006; and (ii) stock options to acquire 500,000 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.

- (4) Does not include: (i) stock options to acquire 75,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006; and (iii) stock options to acquire 37,500 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (5) Does not include: (i) stock options to acquire 16,667 Pearl Shares at a price of \$6.00 per share on or before April 28, 2008 which were granted on April 28, 2006; (iii) 33,333 Pearl Shares at a price of \$3.00 per share on or before April 28, 2008 which were granted on April 28, 2006; (iv) stock options to acquire 75,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006; and (v) stock options to acquire 37,500 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (6) Does not include: (i) stock options to acquire 75,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006; and (iii) stock options to acquire 37,500 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (7) Does not include (i) stock options to acquire 75,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006 and (ii) stock options to acquire 37,500 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (8) Does not include: (i) stock options to acquire 25,000 Pearl Shares at a price of \$3.65 per share on or before September 30, 2010 which were granted on October 19, 2005; (ii) stock options to acquire 75,000 Pearl Shares at a price of \$5.15 per share on or before December 23, 2011 which were granted on December 23, 2006 and (iii) stock options to acquire 37,500 Pearl Shares at a price of \$2.53 per share on or before December 23, 2012 which were granted on December 23, 2007.
- (9) Member of the Reserves Committee.
- (10) Member of the Audit Committee.
- (11) Member of the Corporate Governance Committee.
- (12) Member of the Compensation Committee.

Corporate Cease Trade Orders or Bankruptcies

In the 10 years preceding the date of this Management Information Circular, none of the directors, officers, or insiders of the Corporation are or have been a director or officer of any other issuer that, while acting in such capacity, was subject to any corporate cease trade order or bankruptcies except as disclosed below.

Mr. Brian Edgar is currently and was a director of New West Energy Services Inc. (TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

On February 25, 2002, Katanga Mining Limited (formerly Balloch Resources Ltd. and New Inca Gold Ltd.) (“Katanga”), a company in which A. Murray Sinclair has been a director since 1997, was issued a cease trade order from the British Columbia Securities Commission (the “BCSC”) for failure to file financial statements within the prescribed time and pay the filing fees. Katanga has since filed the financial statements and paid the filing fees as required by those securities commissions. Effective October 21, 2003, trading of the securities of Katanga resumed. The Alberta Order was rescinded on October 23, 2003 and the Ontario Order was rescinded on March 6, 2003 and the British Columbia Order was rescinded on October 21, 2003.

On February 27, 2002 the British Columbia Securities Commission (“BCSC”) issued an order regarding a private placement of PetroFalcon Corporation to Quest Ventures Ltd., a private company in which A. Murray Sinclair was a director. The BCSC considered it to be in the public interest to remove the applicability of certain exemptions from the prospectus and registration requirements of the Securities Act (British Columbia) for PetroFalcon Corporation until a shareholders meeting of PetroFalcon Corporation was held. In addition, the BCSC removed the applicability of the same exemptions for Quest Ventures Ltd. in respect of the common shares received pursuant to the private placement. Approval of shareholders was received on May 23, 2002 and the BCSC reinstated the applicability of the exemptions from the prospectus and registration requirements for both companies shortly thereafter.

Appointment of Auditors

It is proposed that PricewaterhouseCoopers LLP, Chartered Accountants, be appointed as the auditors of the Corporation to hold office until the next annual meeting of Shareholders. PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed as auditors of the Corporation on January 19, 2006.

The management nominees named in the accompanying Instrument of Proxy (if named and absent contrary directions) intend to have nominated and to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation at a remuneration to be approved by the Board, upon recommendation from the Audit Committee, at its discretion from time to time.

Confirmation of Stock Option Plan

The policies of the TSX Venture Exchange (the “Exchange”) require all incentive stock option grants to be made pursuant to an approved stock option plan. Currently, the Corporation has a “rolling” stock option plan which was approved by the Shareholders at the Corporation’s annual general meeting held February 24, 2006. Pursuant to the policies of the Exchange, the plan requires annual reconfirmation by the Shareholders.

Accordingly, Shareholders are being asked to re-approve the current “rolling” plan dated May 9, 2005 (the “Stock Option Plan”) in accordance with Policy 4.4 of the Exchange. Some of the key provisions of the Stock Option Plan are as follows:

- The Stock Option Plan reserves a rolling maximum of 10% of the issued shares of the Company at the time of a stock option grant.
- The aggregate number of common shares of the Corporation reserved for issuance to any one person in a 12 month period cannot exceed 5% of the number of issued and outstanding common shares of the Corporation, unless the Corporation meets applicable requirements of the Exchange and has obtained the necessary disinterested shareholder approval.
- The aggregate number of common shares of the Corporation reserved to any one consultant in a 12 month period cannot exceed 2% of the number of issued and outstanding common shares of the Corporation.
- Options granted pursuant to the Plan are exercisable at a price which shall be determined by the board of directors subject to the policies and approval of the Exchange, on the date of the grant of the option. The minimum exercise price of an option granted under the Plan must not be less than the exercise price permitted by the Exchange.
- Options under the Plan must be granted for a term not to exceed the maximum term permitted by the Exchange, subject to such earlier termination, as provided in the Plan, in the event of death of an optionee or in the event an optionee ceases to be a director, officer, employee or consultant of the Corporation.
- Subject to certain exceptions in the Plan relating to death of the optionee, the options will be non-assignable and non-transferable.

A copy of the Stock Option Plan is available on request from the Company.

Shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving the Corporation's stock option plan. In order to be effective an ordinary resolution must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In the absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which management intends to place before the Meeting of Common Shareholders for approval, ratification and confirmation of the Plan is as follows:

“Be it resolved as an ordinary resolution of the Corporation that:

the Stock Option Plan of the Corporation dated May 9, 2005 be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the Policies of the Exchange, as the directors of the Corporation may deem necessary or advisable.”

OTHER BUSINESS

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

GENERAL

All matters to be brought before the meeting require, for the passing of same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. If a majority of the Common Shares represented at the meeting should be voted against the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation, the Board of Directors will appoint another firm of chartered accountants based on the recommendation of the audit committee, which appointment for any period subsequent to the Meeting shall be subject to approval by the shareholders.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation of Executive Officers

1. Summary of Compensation

The following table sets forth, in accordance with National Instrument 51-102, *Continuous Disclosure Obligations* (“NI 51-102”), a summary of the annual and long term compensation for services paid for the three most recently completed financial years to the extent required by NI 51-102, to individuals who served as or were acting in a capacity similar to a Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Corporation and the three most highly compensated executive officers whose compensation was greater than \$150,000 (the “Named Executive Officers”).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended Dec. 31	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/SARs Granted	Restricted Shares or Restricted Share Units	LTIP Payouts (\$)	
Keith Hill ⁽¹⁾ President and CEO	2007	288,000	nil	nil	500,000	nil	nil	nil
	2006	n/a	n/a	n/a	600,000	nil	nil	n/a
	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Randy Neely ⁽²⁾ CFO	2007	82,372	56,100	0	500,000	nil	nil	nil
	2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gary Guidry, Chairman (Former President and CEO) ⁽³⁾	2007	nil	nil	nil	150,000	nil	nil	nil
	2006	120,000 ⁽⁶⁾	nil	nil	600,000	nil	nil	nil
	2005	n/a	n/a	n/a	25,000	n/a	n/a	n/a
Arlene Weatherdon, (Former CFO) ⁽⁴⁾	2007	150,000	nil	13,413	nil	nil	nil	nil
	2006	93,750 ⁽⁶⁾	nil	nil	60,000	nil	nil	nil
	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gary Hyde ⁽⁵⁾ (Former COO)	2007	200,000	45,000	3,500	150,000	nil	nil	nil
	2006	190,000	nil	nil	300,000	nil	nil	nil
	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

- (1) Keith Hill was appointed as President and Chief Executive Officer effective February 1, 2007
- (2) Randy Neely was appointed Chief Financial Officer effective September 4, 2007
- (3) Gary Guidry was appointed as President and Chief Executive Officer on October 26, 2005 and resigned as President and Chief Executive Officer effective January 31, 2007.
- (4) Arlene Weatherdon was appointed as CFO on February 7, 2006 and resigned effective August 31, 2007.
- (5) Gary Hyde was appointed as COO on January 5, 2006 and resigned effective March 10, 2008. Dean Tucker was appointed Vice President, Operations effective March 10, 2008.
- (6) Represents Pearl's portion of the salary costs for Gary Guidry and Arlene Weatherdon, which were shared as to 50% with Tanganyika Oil Company Ltd.

There were no other executive officers at the end of the most recently completed financial year whose salaries and bonuses exceeded \$150,000 per year.

2. Summary of Stock Options

The following table set forth, in accordance with NI 51-102 information in respect of all stock options granted to the Named Executive Officers of the Corporation during the fiscal year ended December 31, 2007.

OPTIONS/SAR GRANTS DURING THE YEAR ENDED DECEMBER 31, 2007

Name and Title	Securities Under Options/SARs granted (#)	% of Total Options/SARs granted to employees in financial year	Exercise or base price (\$/Security)	Market Value of securities underlying Options/SARs on the date of grant (\$/Security)	Expiration Date
Keith Hill President and CEO	500,000	17.7%	2.53	2.53	December 23, 2012
Randy Neely, CFO	250,000 250,000	8.1% 8.1%	3.75 2.53	3.66 2.53	September 5, 2012 December 23, 2012
Gary Guidry, Chairman (Former President and CEO)	150,000	4.7%	2.53	2.53	December 23, 2012
Gary Hyde (Former COO)	75,000 75,000	2.3% 2.3%	4.65 2.53	4.37 2.53	August 10, 2012 ⁽¹⁾ December 23, 2012 ⁽¹⁾
Arlene Weatherdon (Former CFO)	Nil	Nil	Nil	Nil	n/a

(1) Gary Hyde resigned effective March 10, 2008. These options will expire on September 8, 2008.

The following table sets forth, in accordance with NI 51-102, information in respect of options exercised by the Named Executive Officers during the Corporation's fiscal year ended December 31, 2007 and the financial year-end value of unexercised options.

AGGREGATED OPTION/SAR EXERCISES DURING THE YEAR ENDED DECEMBER 31, 2007 AND FINANCIAL YEAR-END OPTION/SAR VALUES

Name and Title	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options/SARs at December 31, 2007 Exercisable/Unexercisable	Value of Unexercised in-the-Money" Options/SARs at December 31, 2007 ⁽¹⁾ Exercisable/Unexercisable (\$)
Keith Hill President and CEO	Nil	Nil	400,000 / 700,000	0 / 35,000
Randy Neely, CFO	Nil	n/a	0 / 500,000	0 / 17,500
Gary Guidry, Chairman (Former President and CEO)	Nil	n/a	425,000 / 350,000	0 / 10,500
Gary Hyde (Former COO)	Nil	n/a	200,000 / 250,000	0 / 5,250
Arlene Weatherdon (Former CFO)	30,000	16,800	0 / 0	0 / 0

Notes:

(1) "In-the-Money Options/SARS" are those where the market value of the underlying securities as at the most recent fiscal year-end exceeds the options exercise price. The closing price of the Pearl Shares on December 31, 2007 was \$2.60.

3. Long-Term Incentive Plans and LTIP Awards

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Corporation's incentive stock option plan.

4. Stock Appreciation Rights and Restricted Shares

No stock appreciation rights or restricted shares were granted by the Corporation to the Named Executive Officers of the Corporation during the last fiscal year ended December 31, 2007. Furthermore, no stock appreciation rights were exercised.

5. Stock Option and SAR Repricing

No repricing took place during the last fiscal year ended December 31, 2007 with respect to stock options and stock appreciation rights.

6. Defined Benefit or Actuarial Plans

The Corporation currently has no defined benefit or actuarial plans.

7. Employment and Management Contracts

The Corporation has entered into an executive employment agreement with Keith Hill dated January 1, 2008, for an indefinite term, whereby the Corporation has engaged the services of Mr. Hill to act as President and Chief Executive Officer of the Corporation at an annual base salary of \$350,000, subject to annual review, plus any discretionary bonuses as approved by the Board of Directors from time to time. Upon a change of control, Mr. Hill is entitled to a severance payment equivalent to two times his annual salary.

Pearl has entered into an executive employment agreement with Randy Neely dated September 1, 2007, for an indefinite term, whereby the Corporation has engaged the services of Mr. Neely to act as Chief Financial Officer of the Corporation at an annual base salary of \$250,000, subject to annual review, plus any discretionary bonuses approved by the Board from time to time. Upon a change of control, Mr. Neely is entitled to a severance payment equivalent to two times his annual salary.

Pearl has entered into an executive employment agreement with Dean Tucker dated January 1, 2008, for an indefinite term, whereby the Corporation has engaged the services of Mr. Tucker to act as Vice President, Operations of the Corporation at an annual base salary of \$250,000, subject to annual review, plus any discretionary bonuses approved by the Board from time to time. Upon a change of control, Mr. Tucker is entitled to a severance payment equivalent to two times his annual salary.

Compensation of Directors

During the fiscal year ended December 31, 2007, the Corporation paid no cash compensation to the directors for services rendered in their capacity as directors. Executive officers of the Corporation who also act as directors of the Corporation, do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. See "Compensation of Executive Officers".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities, remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	7,786,357	3.97	11,137,815
Equity compensation plans not approved by securityholders	0	0	0
Total	7,786,357	0	11,137,815

Note:

(1) Represents 10% of the issued and outstanding share capital of the Corporation at December 31, 2007.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of Pearl have been indebted to Pearl at any time since the beginning of the last completed fiscal year of Pearl.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTION

Pearl is not aware of any material interest, direct or indirect, of any “informed person” of Pearl, any proposed director of Pearl or any associate or affiliate of any of the foregoing in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

AUDIT COMMITTEE

The Audit Committee’s Charter

The Corporation’s audit committee charter is attached hereto as Exhibit “T”.

Composition of the Audit Committee

The audit committee is comprised as follows:

	Independent ⁽¹⁾	Financially literate ⁽¹⁾	Relevant Education and Experience
Brian Edgar	Yes	Yes	Law degree with 16 year practice as a corporate/securities lawyer. Extensive experience with management of public companies.
A. Murray Sinclair	Yes	Yes	Bachelor of Commerce degree. Extensive experience with management of public companies.
Lloyd Arnason ⁽²⁾	Yes	Yes	Extensive experience with management of public companies.

Notes:

- (1) As defined by Multilateral Instrument 52-110 (“MI 52-110”).
- (2) Mr. Arnason will retire from Pearl’s Board of Directors at the next AGM.

Relevant Education and Experience

See above table under “Composition of the Audit Committee”.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The audit committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “Accounting Systems, Internal Control and Procedures” in Exhibit “I”.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation’s external auditors during the last two financial years are approximately as follows:

Financial Year	Audit Related Fees	Tax Fees	All Other Fees
2007 ⁽¹⁾	\$209,701	\$156,228	\$256,629
2006	\$117,899	\$12,600	\$36,390

Note:

- (1) Payments are for the 15 month period ended December 31, 2007

CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices in accordance with Form 58-101F2, *Corporate Governance Disclosure*.

1. **Board of Directors (the “Board”)** - The Board considers that Gary Guidry, Brian Edgar, Gordon Harris, John Ladd, Lukas Lundin and Murray Sinclair, are independent according to the definition of “independence” set out in MI 52-110 as it applies to the Board. The Board considers that Keith Hill, the current President and CEO is not independent.

The Board facilitates its exercise of independent supervision over management by having more than half of the Board members consist of individuals who are independent of the Corporation, as defined in MI 52-110.

2. **Directorships** - The following directors of the Corporation are presently directors of the following other issuers that are reporting issuers, or the equivalent, in a Canadian jurisdiction or a foreign jurisdiction:

<i>Gary S. Guidry</i>	<i>Tanganyika Oil Company Ltd. Bayou Bend Petroleum Ltd.</i>	
<i>Keith C. Hill</i>	<i>Africa Oil Corp. Bayou Bend Petroleum Ltd. Petrovista Energy Corp. Tanganyika Oil Company Ltd.</i>	
<i>Brian Edgar</i>	<i>Bayou Bend Petroleum Ltd. Denison Mines Corp. Dome Ventures Corporation Lucara Diamond Corp.</i>	<i>Lundin Mining Corporation New West Energy Services Inc. Red Back Mining Inc.</i>
<i>Gordon Harris</i>	<i>Blue Parrot Energy Inc. Buffalo Resources Corp Torque Energy Inc.</i>	<i>Caspian Energy Inc. Primera Energy Resources Ltd.</i>
<i>John Ladd</i>	<i>None</i>	
<i>Lukas Lundin</i>	<i>Atacama Minerals Corp. Canadian Gold Hunter Corp Denison Mines Corp. Lucara Diamond Corp. Lundin Mining Corporation Lundin Petroleum AB</i>	<i>Red Back Mining Inc. Suramina Resources Inc. Tanganyika Oil Company Ltd. Vostok Gas Ltd. Vostok Nafta Investment Ltd.</i>
<i>A. Murray Sinclair</i>	<i>Arapaho Capital Corp Breakwater Resources Ltd. Buffalo Resource Corp. COSTA Energy Inc. Gabriel Resources Ltd. GTO Resources Inc. Jura Energy Corporation</i>	<i>Lucara Diamond Corp. Marimba Capital Corp. Merc International Minerals Inc. Premier Gold Mines Limited Quest Capital Corp. Sprott Resources Corp. Xcite Energy Limited</i>

3. **Orientation and Continuing Education** - Under the Mandate of the Corporate Governance and Nominating Committee, the Committee is responsible for developing, with the assistance of management, an orientation and education program for new recruits to the Board of Directors. The Corporate Governance and Nominating Committee comprises Messrs. Sinclair, Edgar and Harris all of whom are considered to be unrelated and independent directors.

4. **Ethical Business Conduct** - The Board has adopted a Code of Business Conduct and Ethics which is available on SEDAR at www.sedar.com. In addition, the Board has adopted a Whistleblower Policy, whereby complaints will be received by the Chairman of the Audit Committee.
5. **Nomination of Directors** – Under the Mandate of the Corporate Governance and Nominating Committee, the Committee is responsible for proposing new nominees, when deemed appropriate, for appointment or election to the Board and recommending the new Board nominees at the next annual meeting of shareholders.
6. **Compensation** - The Board provides approval for determining compensation for directors and the Chief Executive Officer. The Corporation reimburses its directors for reasonable expenses incurred by them in the exercise of their duties. More information pertaining to compensation can be found under the heading “Compensation of Directors and Executive Officers”.
7. **Other Board Committees** - the standing committees of the Board are the Audit Committee, the Compensation Committee, the Reserves Committee and the Corporate Governance and Nominating Committee.
8. **Assessments** - Under the Mandate of the Corporate Governance and Nominating Committee, the Committee is responsible for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors on a periodic basis, which includes monitoring the quality of the relationship between management and the Board and recommending any improvements, if necessary.

ADDITIONAL INFORMATION

Information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation to request copies of the Corporation’s financial statements and management’s discussion and analysis.

Financial information is provided in the Corporation’s consolidated financial statements and management’s discussion and analysis for the most recently completed financial year. Shareholders may request a copy of the financial statements and management's discussion and analysis by contacting the Corporate Secretary, 700, 444 – 7 Avenue S.W., Calgary, Alberta, Canada, T2P 0X8.

APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of the Corporation has approved the contents and the sending of this Management Information Circular to the shareholders, directors and auditors of the Corporation.

“signed”

Keith Hill
President and Chief Executive Officer

March 26, 2008

**EXHIBIT I
TO THE MANAGEMENT INFORMATION CIRCULAR OF
PEARL EXPLORATION AND PRODUCTION LTD.**

**Audit Committee (the “Audit Committee”)
of the Board of Directors**

CHARTER

A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of the Board of Directors, a majority of whom are independent. An independent director, as defined in *Multilateral Instrument 52-110, Audit Committees*, (“MI 52-110”) is a director who has no direct or indirect material relationship which could, in the view of the Corporation’s board of directors, be reasonably expected to interfere with the exercise of a members independent judgement or as otherwise determined to be independent in accordance with MI 52-110.
2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation’s financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. The Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.

9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

B. Authority

1. Appointed by the Board of Directors pursuant to provisions of the *Canada Business Corporations Act* and the bylaws of the Corporation.
2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

C. Relationship with External Auditors

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor at least annually in the absence of management.

D. Accounting Systems, Internal Controls and Procedures

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
 - (i) recommend to the Board of Directors the external auditor to be nominated; and
 - (ii) recommend to the Board of Directors the compensation of the external auditor's engagement;
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

E. Statutory and Regulatory Responsibilities

1. Annual Financial Information - review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report - review the management discussion and analysis (“MD &A”) section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements - review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.
5. Review the Corporation’s financial statements, MD & A and earnings press releases before the Corporation publicly discloses this information.

F. Reporting

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee’s responsibilities and how it has discharged them.
3. Review the Audit Committee’s Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

G. Other Responsibilities

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.