



BLACKPEARL RESOURCES INC.

NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held on May 12, 2010

BLACKPEARL RESOURCES INC.

NOTICE OF ANNUAL GENERAL MEETING OF HOLDERS OF COMMON SHARES OF BLACKPEARL RESOURCES INC.

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**Meeting**") of holders of common shares of BlackPearl Resources Inc. (the "**Corporation**") will be held in the Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 3:00 p.m. (Calgary time), on Wednesday, May 12, 2010, for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2009 and the auditors report thereon;
2. to fix the board of Directors of the Corporation (the "**Board**") at five (5) members;
3. to elect the Board for the ensuing year;
4. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta, as the auditors of the Corporation for the ensuing financial year at a remuneration to be determined by the Board; and
5. 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 25th day of February, 2010.

**BY ORDER OF THE BOARD OF
DIRECTORS**

(Signed) "*John L. Festival*"

John L. Festival
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 (the "**Information Circular**") is provided in connection with the solicitation of proxies by the board of Directors (the "**Board**") and the management of BlackPearl Resources Inc. ("**BlackPearl**" or the "**Corporation**"), for use at the annual general meeting (the "**Meeting**") of the holders of common shares ("**Common Shares**") of the Corporation, to be held on Wednesday, May 12, 2010, at 3:00 p.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 employees of the Corporation, at a nominal cost. In accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. The costs of solicitation will be borne by the Corporation. Unless otherwise indicated, all information in this Information Circular is given as at February 25, 2010.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted, or withheld from voting, (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 proxyholders, if named as proxy, will vote in favour of the matters set out therein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters referred to in the Notice of Meeting and to any other business which may properly come before the Meeting. At the time of printing this Information Circular, management of the Corporation knows of no such amendments, variations or other business to come before the Meeting other than the matters referred to in the Notice of Meeting. **However, if any amendment, variation or other business properly comes before the Meeting, the enclosed form of proxy confers discretionary authority upon the persons named therein to vote on any such amendment, variation or other business in accordance with their best judgment.**

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 or corporation, (who need not be a shareholder of the Corporation) other than the management designees, Mr. John Festival of Calgary, Alberta, President and Chief Executive Officer and a Director of the Corporation, and Mr. Don Cook 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 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.**

Applicable regulatory rules and policies require 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. Often, 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 Voting Instruction Form ("**VIF**") and mails the VIF to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be presented at the Meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned 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 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, of which 262,024,051 Common Shares are issued and outstanding as at the date hereof.

Holders of Common Shares on record at the close of business on March 16, 2010 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

To the knowledge of the Directors and executive officers of the Corporation, as at the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of the voting rights attached to all the issued and outstanding Common Shares.

BUSINESS OF THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Receipt of Annual Financial Statements

The audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2009 and the auditors' report thereon will be tabled at the Meeting. A copy of the audited consolidated financial statements, the auditors' report thereon and management's discussion and analysis for the year ended December 31, 2009 are enclosed with this Information Circular.

Fixing the Number of Directors

The Corporation's articles provide that the minimum number of Directors shall be three (3) and the maximum number of Directors shall be ten (10). There are currently five (5) Directors. The Board has set the number of Directors to be elected at the Meeting at five (5). Management therefore intends to

place before the Meeting, for approval, with or without modification, a resolution fixing the Board at five (5) members for the next ensuing year.

The resolution approving the fixing of the Board at five (5) members for the next ensuing year must be passed by a majority of not less than one-half plus one of the votes cast by Shareholders, other than the Corporation or any of its affiliates, present in person or by proxy at the Meeting.

Election of Board of Directors

The current Directors of the Corporation are Keith C. Hill, John H. Craig, Brian D. Edgar, John L. Festival, and Victor M. Luhowy. Each of the current Directors is proposed to be nominated for re-election at the Meeting. **In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote FOR the election of Messrs. Hill, Craig, Edgar, Festival and Luhowy as Directors of the Corporation.** Each person elected as a Director of the Corporation will hold office until the next annual meeting of the shareholders or until his successor is duly elected or appointed or his office is earlier vacated in accordance with the *Canada Business Corporations Act* (the "CBCA") and the articles and by-laws of the Corporation.

Management of BlackPearl does not contemplate that any of the nominees will be unable to serve as a Director but, if this should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee at their discretion in the absence of a direction to the contrary.

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 Common Shares, options to acquire Common Shares ("Options") and warrants to acquire Common Shares ("Warrants") that he has advised are beneficially owned, or controlled or directed, directly or indirectly, by him as of the date hereof.

Name and Province/Country of Residence	Principal Occupation for Past Five Years	Position or Office within BlackPearl	Date Became a Director	Number of Shares, Options and Warrants Beneficially owned as at the Record Date ⁽⁸⁾
Keith C. Hill ⁽¹⁾ West Vancouver, British Columbia, Canada	Mr. Hill is President and Chief Executive Officer of Africa Oil Corp. He was the President and Chief Executive Officer of BlackPearl from February 2007 to January 8, 2009. Mr. Hill was President, CEO and a Director of Valkyries Petroleum Corp. from August 2002 to July 2006.	Chairman and Director	January 5, 2006	578,400 ⁽²⁾ 1,400,000 ⁽³⁾
John H. Craig ⁽⁴⁾⁽⁵⁾⁽⁶⁾ Toronto, Ontario, Canada	Mr. Craig is a lawyer and partner of Cassels Brock & Blackwell LLP.	Director	May 6, 2009	75,000 ⁽²⁾ 300,000 ⁽³⁾
Brian D. Edgar ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Vancouver, British Columbia, Canada	Mr. Edgar is President, Chief Executive Officer and Director of Dome Ventures Corporation.	Director	February 24, 2006	412,500 ⁽³⁾

<u>Name and Province/Country of Residence</u>	<u>Principal Occupation for Past Five Years</u>	<u>Position or Office within BlackPearl</u>	<u>Date Became a Director</u>	<u>Number of Shares, Options and Warrants Beneficially owned as at the Record Date⁽⁸⁾</u>
John L. Festival Calgary, Alberta, Canada	Mr. Festival is President and Chief Executive Officer of BlackPearl since January 8, 2009. From October 2007 to January 2009, he was President of BlackCore Resources Inc. From January 2001 to June 2006, Mr. Festival was President and a Director of BlackRock Ventures Inc.	President, Chief Executive Officer and Director	January 8, 2009	5,825,000 ⁽²⁾ 1,250,000 ⁽³⁾ 2,411,299 ⁽⁷⁾
Victor M. Luhowy ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Calgary, Alberta, Canada	Mr. Luhowy is President, BelAir Petroleum Management Ltd. From February 2004 to June 2009, Mr. Luhowy was President and Chief Executive Officer of Mystique Energy Inc.	Director	January 8, 2009	50,000 ⁽²⁾ 300,000 ⁽³⁾

Notes:

- (1) Member of Reserves Committee
- (2) Common Shares
- (3) Options
- (4) Member of Audit Committee
- (5) Member of Corporate Governance and Nominating Committee
- (6) Member of Compensation Committee
- (7) Warrants
- (8) The information as to the Common Shares, *Options and Warrants* beneficially owned or controlled by the proposed Directors, not being within the knowledge of the Corporation, has been furnished by the Directors of the Corporation individually.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, no proposed Director of the Corporation (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a Director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the proposed Director was acting in the capacity as Director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed Director ceased to be a Director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as Director, chief executive officer or chief financial officer, (b) is, as at the date hereof, or has been within 10 years before the date hereof, a Director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee, except for:

Mr. Brian D. 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.

Mr. Victor Luhowy was formerly President and Chief Executive Officer of Mystique Energy Inc., which on April 24, 2007 filed for and obtained protection from its creditors under the *Companies Creditors Arrangement Act*.

Appointment of Auditors

PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta, has served as the auditor of the Corporation since January 19, 2006. At the Meeting, management proposes to nominate PricewaterhouseCoopers LLP for appointment as the auditor of the Corporation for the ensuing year at a remuneration to be determined by the Board.

From June 2002 until January 2006, the auditor of the Corporation was Mintz & Partners LLP.

Additional information relating to the auditors of the Corporation, required to be disclosed pursuant to National Instrument Form 52-110F1 *Audit Committee Information Required in an AIF*, can be found under the heading of "Audit Committee Information" in the Annual Information Form of the Corporation dated February 25, 2010 ("**AIF**").

In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby 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.

The resolution approving the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation at a remuneration to be approved by the Board must be passed by a majority of not less than one-half plus one of the votes cast by Shareholders, other than the Corporation or any of its affiliates, present in person or by proxy at the Meeting.

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.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

BlackPearl's executive compensation program is administered by the Compensation Committee of the Board (the "**Compensation Committee**"). The Compensation Committee is comprised of John H. Craig, Brian D. Edgar and Victor M. Luhowy, each of whom is a current Director of the Corporation. All of the members of the Compensation Committee are independent Directors. The Compensation Committee's mandate includes reviewing and making recommendations to the Board in respect of

compensation matters relating to the "Named Executive Officers" which are identified in the "Summary Compensation Table" below.

The Corporation's executive compensation program has been designed to attract highly qualified and motivated individuals, and to provide fair and competitive compensation in accordance with industry standards and with the individual's expertise and experience. The compensation program consists of three components: (i) base salaries; (ii) annual bonuses; and (iii) stock options. Compensation is more heavily weighted towards long-term compensation through the granting of stock options in order to align the interests of officers and employees with the performance of the Corporation and with the interests of shareholders. The Compensation Committee reviews the various aspects of this policy from time to time to ensure the effectiveness of the programs and whether they adequately reflect the Corporation's business objectives.

The Chief Executive Officer is responsible for making recommendations to the Compensation Committee with respect to compensation for the executive officers of the Corporation, other than the Chief Executive Officer. Upon the receipt of the recommendations from the Chief Executive Officer, the Compensation Committee reviews the recommendations and determines whether to accept the recommendation or make any changes. Recommendations for executive compensation are then made by the Compensation Committee to the full Board for approval.

Each element of the Corporation's executive compensation program is described in more detail below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. The annual base salaries for the President and the other executive officers of the Corporation are intended to be comparable to amounts paid to similar executives of companies of similar size in the oil and gas industry in Canada. Salary increases for each executive are established based upon the performance of the executive and their competitiveness with the market. This is typically determined by periodically participating in third party salary surveys as well as by reviewing other external market data.

Annual Bonuses

The Company may award discretionary cash bonuses to executive officers and employees of BlackPearl. The amount of the bonus that each individual may be eligible for is not set in relation to any formula or specific criteria but will be the result of a subjective determination of the Corporation's performance, overall industry conditions, as well as the individual's performance and their contribution to overall corporate goals. Some of the elements that may be considered in establishing bonuses include production levels, reserve additions, finding and development costs, share price performance, safety record and performance, capital, operating and administrative cost efficiencies, cash flow, and net asset value per share, among other items.

Stock Options

The Corporation's long-term incentive program involves the granting of stock options to the executive officers as well as all employees of the Corporation. The granting of stock options is intended to align individual and shareholder interests by creating a relationship between compensation and shareholder return.

Individual stock options are granted by the Board on the recommendation of senior management, in the case of employees, and by the Compensation Committee, in the case of executive officers including the Chief Executive Officer. Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically.

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 other executive officers whose compensation was greater than \$150,000 during the year ended December 31, 2009 (the "**Named Executive Officers**").

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-based awards	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value	All other compensation	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Festival ⁽²⁾ President and CEO	2009	196,282	–	82,500	–	–	–	–	278,782
	2008	n/a	–	366,115	–	–	n/a	n/a	366,115
	2007	n/a	–	n/a	–	–	n/a	n/a	n/a
Don Cook ⁽²⁾ CFO	2009	196,282	–	82,500	–	–	–	–	278,782
	2008	n/a	–	366,115	–	–	n/a	n/a	366,115
	2007	n/a	–	n/a	–	–	n/a	n/a	n/a
Chris Hogue ⁽²⁾ Vice President Operations	2009	196,282	–	82,500	–	–	–	–	278,782
	2008	n/a	–	366,115	–	–	n/a	n/a	366,115
	2007	n/a	–	n/a	–	–	n/a	n/a	n/a
Edward Sobel ⁽²⁾ Vice President Exploration	2009	196,282	–	82,500	–	–	–	–	278,782
	2008	n/a	–	366,115	–	–	n/a	n/a	366,115
	2007	n/a	–	n/a	–	–	n/a	n/a	n/a
Keith Hill ⁽³⁾ (former President and CEO)	2009	8,076	–	33,000	–	–	–	–	41,076
	2008	350,000	–	201,145	129,200	–	–	–	680,345
	2007	288,000	–	538,323	–	–	–	–	826,323
Randy Neely ⁽⁴⁾ (former CFO)	2009	5,769	–	–	250,000	–	–	291,829 ⁽⁵⁾	547,598
	2008	250,000	–	298,286	–	–	–	–	548,286
	2007	82,372	–	676,023	56,100	–	–	–	814,495

Notes:

- (1) The value of the option-based awards is calculated using the Black Scholes Option pricing methodology.
- (2) Each of John Festival, Don Cook, Chris Hogue and Edward Sobel were appointed to their respective positions effective January 8, 2009.
- (3) Keith Hill was appointed as President and Chief Executive Officer effective February 1, 2007 and resigned effective January 8, 2009.
- (4) Randy Neely was appointed Chief Financial Officer effective September 4, 2007 and resigned effective January 8, 2009.
- (5) This amount includes severance payments and vacation pay.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each Named Executive Officer, all option-based awards that were outstanding at December 31, 2009.

Name and Title	Option-based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)
John Festival	1,000,000	0.70	17-Dec-2013	1,840,000
President and CEO	250,000	2.21	19-Nov-2014	82,500
Don Cook, CFO	1,000,000	0.70	17-Dec-2013	1,840,000
	250,000	2.21	19-Nov-2014	82,500
Chris Hogue, Vice President Operations	1,000,000	0.70	17-Dec-2013	1,840,000
	250,000	2.21	19-Nov-2014	82,500
Edward Sobel, Vice President Exploration	1,000,000	0.70	17-Dec-2013	1,840,000
	250,000	2.21	19-Nov-2014	82,500
Keith Hill	100,000	2.21	19-Nov-2014	33,000
(former President & CEO)	500,000	0.77	19-Dec-2013	885,000
	500,000	2.53	23-Dec-2012	5,000
	300,000	5.15	23-Dec-2011	–
Randy Neely, (former CFO)	250,000	0.77	19-Dec-2013	442,750

Note: (1) The value of the option-based awards is calculated using the Black Scholes Option pricing methodology.

Incentive Plan Awards – Value Vested or Earned During 2009

The following table sets forth, for each Named Executive Officer, the value vested or earned on all option-based awards, share-based awards and non-equity incentive plan compensation during the fiscal year-ended December 31, 2009.

Name and Title	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Festival President and CEO	563,333	–	–
Don Cook, CFO	563,333	–	–
Chris Hogue, Vice President Operations	563,333	–	–
Edward Sobel, Vice President Exploration	563,333	–	–
Keith Hill (former President and CEO)	288,334	–	–

Note: (1) The value of the option-based awards is calculated using the Black Scholes Option pricing methodology.

Stock Options

No repricing took place during the fiscal year ended December 31, 2009 with respect to stock options rights. There are no SARs outstanding.

Stock Option Plan

The Corporation has a stock option plan (the "**Stock Option Plan**") which permits the granting of Options to purchase Common Shares to Directors, officers, employees and consultants ("**Participants**") of the Corporation and its subsidiaries and affiliates (collectively, the "**Corporate Group**") from time to time.

Options may be granted to any Participants of the Corporate Group. The Stock Option Plan shall be administered by the Board or a committee thereof. The Stock Option Plan currently limits the number of Common Shares that may be issued on exercise of the Options to a number not exceeding 10% of the number of Common Shares which are issued and outstanding from time to time. Pursuant to TSX rules, shareholder approval with respect to all unallocated Options under the Stock Option Plan will be required to be sought by the Corporation every three years following the initial adoption of the Stock Option Plan. As the adoption of the Stock Option Plan was approved by shareholders on May 6, 2009, shareholder approval will next be sought in 2012. The number of Common Shares reserved for issuance pursuant to Options granted to insiders (as such term is referred to the policies of the TSX) under the Stock Option Plan and all other security-based compensation arrangements of the Corporate Group shall not, in the aggregate, exceed 10% of the number of Common Shares outstanding. In addition, the aggregate number of Common Shares issued to insiders pursuant to Options, within a one-year period, shall not exceed 10% of the number of Common Shares outstanding immediately prior to such issuance. The Stock Option Plan also permits the President of the Corporation, at his sole discretion, to grant to new employees of the Corporate Group (other than insiders of the Corporation), Options to purchase up to a maximum of 100,000 Common Shares, provided that: (i) the granting of such Options does not result in the aggregate number of Common Shares issuable upon the exercise of Options outstanding exceeding 10% of the number of Common Shares outstanding; and (ii) the aggregate number of Options granted by the President in any one calendar year does not exceed 250,000 Options.

The exercise price of Options granted under the Stock Option Plan shall not be lower than the five-day volume weighted average trading price of the Common Shares traded through the facilities of the TSX immediately preceding the grant date. In the event the Common Shares are not then traded through the facilities of the TSX, the exercise price shall not be lower than the five-day volume weighted average trading price of the Common Shares on such other stock exchange as the Common Shares may then be traded on the trading day immediately preceding the grant date. In the event the Common Shares are not traded on any stock exchange, the exercise price shall be equal to an amount determined by the Board in its sole discretion, acting reasonably.

Unless otherwise determined by the Board, Options granted under the Stock Option Plan may be exercised for a term not exceeding ten years from the date of grant. Upon expiration, unexercised Options become null and void. The Board sets the vesting schedule of Options.

If a holder of Options ceases to be a Participants to at least one member of the Corporate Group by reason of death or long-term disability, all outstanding unvested Options will immediately terminate other than those Options that would have vested within one year following the date of ceasing to be a Participants (which rights shall immediately vest). If a holder of Options ceases to be a Participants to at least one member of the Corporate Group for any reason other than death or long-term disability, all outstanding unvested Options will, unless otherwise provided, immediately terminate, and any

outstanding vested Options must be exercised on or before the earlier of: (i) 90 days following the date of ceasing to be a Participants; and (ii) the expiry date for such vested Options. Options are not assignable, other than for normal estate settlement purposes.

In the event of a change of control of the Corporation, all outstanding Options shall vest and be immediately exercisable and each holder shall have the right to exercise such rights at any time up to and including (but not after) the earlier of: (i) 90 days following the date of such change of control; and (ii) the expiry date of the Options. A change of control occurs upon the happening of any of the following: (i) the acceptance by shareholders, representing more than 50% of the outstanding Common Shares, of any offer for any or all of the Common Shares; (ii) the acquisition by whatever means by a person or persons acting jointly or in concert, directly or indirectly, of ownership of, or control or direction over, more than 50% of the outstanding Common Shares (other than pursuant to a bona fide reorganization); (iii) the passing of a resolution by the Board or the shareholders to substantially liquidate the assets or rearrange the affairs of the Corporation (other than pursuant to a bona fide reorganization); (iv) the sale by the Corporation of all or substantially all of its assets (other than to an affiliate of the Corporation); (v) individuals who were proposed as nominees to become Directors of the Corporation immediately prior to a meeting of shareholders involving a contest for, or an item of business relating to the election of Directors, not constituting a majority of the Directors following such election; or (vi) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Corporation. In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a change of control, the Board may at its discretion resolve to permit holders of Options to exercise all unexercised vested and unvested Options, conditional upon the occurrence of the change of control, for the purpose of, as applicable, tendering the underlying Common Shares to the take-over bid or voting such Common Shares in respect of the resolution(s) pertaining to the transaction that would give rise to the change of control.

The Stock Option Plan specifically prohibits financial assistance of any kind being provided to participants for the purpose of exercising any Options. The Stock Option Plan does, however, provide for a cashless exercise of Options, where the holder may elect, at their option, to receive either a cash payment equal to the in-the-money value of the Option, or Common Shares issued from treasury equal to the in-the-money value of the Option. The Corporation has the sole discretion to consent to or disapprove of the election by a holder to exercise Options for a cash amount or number of Common Shares equal to the in-the-money value of an Option, in which case the holder may re-elect to exercise in the normal course, or retract the request to exercise the Option.

In the event of: (i) the acquisition by any person or group of persons acting jointly or in concert, directly or indirectly, of such number of Common Shares as entitle such person(s) to acquire pursuant to the compulsory purchase provisions of the Canada Business Corporations Act or such other comparable legislation applicable to the Corporation, all remaining Common Shares not already acquired by the person(s); or (ii) the receipt of all required shareholder, regulatory and court approvals for an amalgamation, arrangement, consolidation, merger or other business combination pursuant to which one or more persons will, directly or indirectly, acquire all of the issued and outstanding Common Shares, the Corporation may at its election, effective on the sending of notice to the remaining holders of Options, terminate such Options for their in-the-money value, payable in Common Shares.

In the event that: (i) an Option expires during the period which the holder is prohibited from exercising an Option due to trading restrictions imposed by the Corporation on such holder (the "**Blackout Period**"); or (ii) within 10 business days after the expiry of the Blackout Period, then the expiry date for that Option will be the date that is 10 business days after the expiry of the Blackout Period.

The Stock Option Plan specifies which amendments to the plan do not require shareholder approval, including amendments: (i) for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the plan that is inconsistent with any other provision of the plan; (ii) necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed; (iii) to the Stock Option Plan respecting administration or eligibility for participation under the plan; (iv) of a "housekeeping" nature; (v) changing the terms and conditions on which the Options may be or have been granted pursuant to the Stock Option Plan, including a change to vesting provisions; and (vi) changing termination provisions of Options or the Stock Option Plan which do not specify extension beyond the original expiry date. The Stock Option Plan also specifies amendments that require shareholder approval, such as: (i) increasing the maximum number of Common Shares reserved for issuance pursuant to the Stock Option Plan; (ii) modifying or amending terms of Options including the repricing or extension of exercise periods; (iii) modifying or amending the Stock Option Plan to permit Options to be transferable or assignable, other than for normal estate settlement purposes; (iv) changes to eligible participants under the Stock Option Plan which would broaden insider participation; (v) the addition of financial assistance; and (vi) amendments to the amendment provisions of the Stock Option Plan. Subject to the above, the Board may add to, delete from, alter or otherwise amend the provisions of the Stock Option Plan or any options granted thereunder or terminate the Stock Option Plan, provided that no amendment may change the determination of the exercise price of the Options, increase the maximum number of Common Shares reserved for issuance pursuant to the Stock Option Plan or, without the consent of the holder, adversely impair, alter or amend any right previously granted.

The Corporation has 262,024,051 Common Shares issued and outstanding as of February 25, 2010. There are 13,390,999 Options currently outstanding in accordance with the Stock Option Plan (representing 5% of the outstanding Common Shares) and 12,811,406 Options remain issuable thereunder (representing approximately 5% of the outstanding Common Shares).

Pension Plan Benefits

The Corporation currently has no defined benefit plans, defined contribution plans or deferred compensation plans.

Employment and Management Contracts

The Corporation entered into an executive employment agreement with Keith Hill dated January 1, 2008, for an indefinite term, whereby the Corporation 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 from time to time. Upon a change of control, Mr. Hill was entitled to a severance payment equivalent to two times his annual salary. Upon his resignation on January 8, 2009, Mr. Hill was paid a retention bonus of \$87,500.

BlackPearl entered into an executive employment agreement with Randy Neely dated September 1, 2007, for an indefinite term, whereby the Corporation 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 was entitled to a severance payment equivalent to two times his annual salary. Upon his resignation on January 8, 2009, Mr. Neely was paid a bonus of \$250,000, a severance payment of \$250,000 and a retention bonus of \$31,250. The Company has entered into a consulting agreement with Mr. Neely which expires September 30, 2010.

The Corporation entered into an executive employment agreement with John Festival dated January 8, 2009, for an indefinite term, whereby the Corporation has engaged the services of Mr. Festival to act as President and Chief Executive Officer of the Corporation at an annual base salary of \$200,000, subject to periodic review, plus any discretionary annual performance bonuses as approved by the Board. Upon a change of control, Mr. Festival is entitled to a severance payment equivalent to 24 months' salary plus a payment equal to his average annual bonus during the last two years.

The Corporation entered into an executive employment agreement with Don Cook dated January 8, 2009, for an indefinite term, whereby the Corporation has engaged the services of Mr. Cook to act as Chief Financial Officer of the Corporation at an annual base salary of \$200,000, subject to periodic review, plus any discretionary annual performance bonuses as approved by the Board. Upon a change of control, Mr. Cook is entitled to a severance payment equivalent to 24 months' salary plus a payment equal to his average annual bonus during the last two years.

The Corporation entered into an executive employment agreement with Edward Sobel dated January 8, 2009, for an indefinite term, whereby the Corporation has engaged the services of Mr. Sobel to act as Vice President Exploration of the Corporation at an annual base salary of \$200,000, subject to periodic review, plus any discretionary annual performance bonuses as approved by the Board. Upon a change of control, Mr. Sobel is entitled to a severance payment equivalent to 24 months' salary plus a payment equal to his average annual bonus during the last two years.

The Corporation entered into an executive employment agreement with Chris Hogue dated January 8, 2009, for an indefinite term, whereby the Corporation has engaged the services of Mr. Hogue to act as Vice President Operations of the Corporation at an annual base salary of \$200,000, subject to periodic review, plus any discretionary annual performance bonuses as approved by the Board. Upon a change of control, Mr. Hogue is entitled to a severance payment equivalent to 24 months' salary plus a payment equal to his average annual bonus during the last two years.

Directors' and Officers' Liability Insurance

The Corporation maintains insurance for the benefit of its Directors and officers and the Directors and officers of its subsidiaries, as a group, in respect of the performance by them of the duties of their offices. The total amount of insurance coverage available is up to \$20 million, depending on the type of claim, with a deductible of up to \$50,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.

Compensation of Directors

During the fiscal year ended December 31, 2009, 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. There is no formal policy for the granting of Options to Directors. Options may be granted from time to time upon the recommendation of the Compensation Committee.

Effective January 1, 2010, non-executive Directors will receive a retainer of \$25,000 per year.

The following table details the compensation provided to those Directors that served on the Board during 2009.

Name	Fees earned	Share-based awards	Option-based awards ⁽²⁾	Non-equity incentive plan compensation	Pension Value	All other compensation	Total
Brian Edgar	–	–	\$33,000	–	–	–	\$33,000
Victor Luhowy	–	–	\$415,000	–	–	–	\$415,000
John Craig	–	–	\$267,000	–	–	–	\$267,000

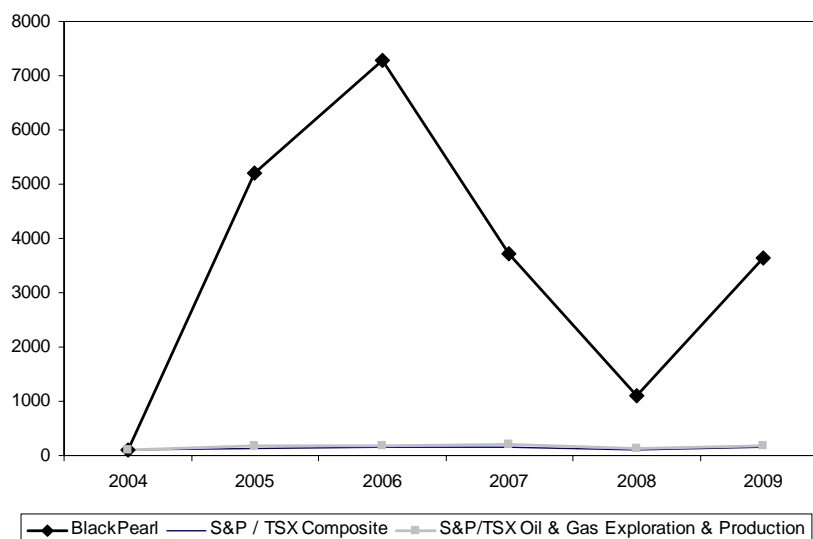
Note

- (1) Details of compensation for John Festival and Keith Hill are included under "Summary of Compensation – Summary Compensation Table".
- (2) The value of the option-based awards is calculated using the Black Scholes Option pricing methodology.

Performance Graph

The following graph shows the total cumulative return on a \$100 investment on December 31, 2004 in Common Shares with the cumulative total return of the S&P/Oil & Gas Exploration & Production Index and the S&P/TSX Composite Index over the five year period ending December 31, 2009, assuming reinvestment of all dividends.

The Corporation's trend in executive compensation peaked in 2006 and has declined over time, reflecting business performance and general economic conditions. As a significant portion of the Named Executive Officers' compensation is in the form of Options, as the share price has declined, so has the value of any Options which impacts the total compensation amount payable to each Named Executive Officer.



	31 Dec 04	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09
BlackPearl (PXX)	100	5,200	7,286	3,714	1,114	3,629
S&P/TSX Composite	100	124	146	160	107	145
S&P/TSX Oil & Gas Exploration & Production Sub-Index	100	174	176	194	134	191
Closing Price of BlackPearl (PXX)	\$0.07	\$3.64	\$5.10	\$2.60	\$0.78	\$2.54

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the compensation plan of BlackPearl under which Common Shares are authorized for issuance as at December 31, 2009:

<u>Plan Category⁽¹⁾</u>	<u>Number of securities to be issued upon exercise of outstanding options (a)</u>	<u>Weighted-average exercise price of outstanding options (b)</u>	<u>Number of securities, remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽²⁾ (c)</u>
Equity compensation plans approved by securityholders	13,454,333	1.60	12,741,739
Equity compensation plans not approved by securityholders	-	-	-
Total	13,454,333	1.60	12,741,739

Notes:

- (1) The only compensation plan under which equity securities are authorized for issuance is the Stock Option Plan, see "Executive Compensation – Stock Option Plan".
- (2) Based on 10% of the issued and outstanding share capital of the Corporation as at December 31, 2009.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No Directors or executive officers of the Corporation, or any of their associates or affiliates are indebted to the Corporation since the commencement of the last completed fiscal year of the Corporation and no indebtedness of any of the foregoing to another entity is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries since the commencement of the last completed fiscal year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No Director or executive officer of BlackPearl or a subsidiary of BlackPearl and no person who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares (collectively, an "**Informed Person**") and no nominee for Director of BlackPearl, or any associate or affiliate of any Informed Person or nominee for Director of BlackPearl, has or has had any material interest, direct or indirect, in any transaction since January 1, 2009 or in any proposed transaction which has materially affected or would affect BlackPearl or any of its subsidiaries.

CORPORATE GOVERNANCE

1. **Board of Directors** - The Board considers that Brian Edgar, John Craig and Victor Luhowy, are independent according to the definition of "independent" set out in National Instrument 52-110 *Audit Committees* ("**NI 52-110**") as it applies to the Board. The Board considers that John Festival, President and CEO and Keith Hill, the former President and CEO are 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 NI 52-110.

Keith Hill is the Chairman of the Board, but is not considered to be an independent Director as he is the former President and CEO of the Corporation. As Keith Hill is not an independent director, the Board has appointed John Craig as Lead Director of the Board of Directors.

The Board has adopted formal terms of reference setting out the Board's stewardship responsibilities. In carrying out its mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. The Board participates with management in the development and approval of the Corporation's strategic plan, which takes into account the Corporation's opportunities and risks associated with its business. The Board also approves all overall plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. At regularly scheduled meetings, members of the Board and management discuss a broad range of issues relevant to the Corporation's strategy. At the end of each meeting of the Board, the members of management of the Corporation who are present at such meeting may be asked to leave the meeting in order for the independent Directors to meet.

A summary of attendance for the Board and committee members during fiscal 2009 is set out below:

Name	Board Meetings Attended	Audit Committee Meetings Attended	Compensation and Corporate Governance & Nominating Committee Meetings Attended	Reserves Committee Attended
Keith C. Hill	6/6	-	-	2/2
Brian D. Edgar	5/6	3/4	1/2	2/2
Victor Luhowy	6/6	4/4	2/2	2/2
John Craig ⁽¹⁾	2/2	4/4	1/1	-
John Festival	6/6	-	-	-

Note:

(1) John Craig was elected a Director on May 6, 2009.

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:

Keith C. Hill	- Africa Oil Corp. ShaMaran Petroleum Corp.	- Petro Vista Energy Corp. Tyner Resources Ltd.
Brian Edgar	- ShaMaran Petroleum Corp. Denison Mines Corp. Dome Ventures Corporation	- Lucara Diamond Corp. Lundin Mining Corporation Red Back Mining Inc.
John Craig	- Africa Oil Corp. Atacama Minerals Corp. Consolidated HCI Holdings Corp. Denison Mines Corp.	- Etrion Corporation Lundin Mining Corporation NGEX Resources Inc.
Victor Luhowy	- None	
John Festival	- None	

3. **Position Descriptions** – The Board has developed position descriptions for each of the Chairman, the President and Chief Executive Officer and board committee Chairs.
4. **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. Upon joining BlackPearl’s board, a new Director is provided with a Directors’ information binder which contains a copy of all board and committee mandates, corporate policies, relevant position descriptions, organizational structure, company by-laws and the structure of the Board and its committees. The Board receives regular management reports with respect to our operations. The Board encourages continuing education for the Corporation's employees, management and Directors. In order to ensure Directors exercise independent judgment, Directors are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, to attend related industry seminars and to visit the Corporation's operations. Members of the Board have full access to the Corporation's records.
5. **Ethical Business Conduct** – The Board has adopted a Code of Business Conduct and Ethics which is available on the System for Electronic Document Analysis and Retrieval ("**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. It is through this whistleblowing avenue that the Board monitors compliance with the Code of Business Conduct and Ethics. The Board expects Directors and employees to act ethically at all time and to acknowledge their adherence to the policies comprising the Code of Business Conduct and Ethics.

The Corporation intends to resolve all conflicts of interest in accordance with the provisions of the CBCA in order to ensure Directors exercise independent judgment in considering transactions and agreements in which a Director or officer has a material interest.

The CBCA provides that a Director or officer shall disclose the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, if the Director or officer:

- is a party to the contract or transaction,
- is a Director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or
- has a material interest in a party to the contract or transaction,

and shall refrain from voting on any matter in respect of such contract or transaction unless otherwise provided under the CBCA.

6. **Nomination of Directors** – Under the mandate of the Corporate Governance and Nominating Committee, the Corporate Governance and Nominating Committee, which is comprised solely of independent Directors, shall identify and review possible candidates for Board membership consistent with criteria approved by the Board, and annually recommend qualified candidates for a slate of nominees to be proposed for election to the Board at the annual meeting of the Corporation's shareholders. The Corporate Governance and Nominating Committee shall consider the appropriate size of the Board with a view to facilitating effective decision making. In the event of a vacancy on the Board between annual meetings of the Corporation's

shareholders, the Corporate Governance and Nominating Committee may identify, review and recommend qualified candidates for Board of Director membership to the Board for consideration to fill such vacancies, if the Board determines that such vacancies will be filled.

When formulating these recommendations, the Corporate Governance and Nominating Committee shall seek and consider advice and recommendations from management, and may seek or consider advice and recommendations from consultants, outside counsel, accountants, or other advisors as it or the Board may deem appropriate. See also "Other Board Committees – Corporate Governance and Nominating Committee."

7. Compensation – The Board has a Compensation Committee comprised solely of independent Directors. The Board provides approval for determining compensation for Directors and the Chief Executive Officer based on recommendations by the Compensation Committee. The Compensation Committee is responsible for the Corporation's executive compensation policies, including among other things:

- reviewing the compensation of the President and Chief Executive Officer of the Corporation, including annual, long-term and other compensation;
- reviewing and approve corporate goals and objectives relevant to the President and Chief Executive Officer's compensation and evaluate the President and Chief Executive Officer's performance in light of these corporate goals and objectives;
- reviewing the compensation of senior management, other executive officers and key employees of the Corporation, including annual, long-term and other compensation; and
- reviewing the compensation of Directors in light of risks and responsibilities.

The Corporation reimburses its Directors for reasonable expenses incurred by them in the exercise of their duties. See also "Compensation of Directors".

8. Other Board Committees – The standing committees of the Board of the Directors are the Audit Committee, the Compensation Committee, the Reserves Committee and the Corporate Governance and Nominating.

Corporate Governance and Nominating Committee – The members of the Corporate Governance and Nominating Committee composed of solely independent Directors. Under its mandate, the Corporate Governance and Nominating Committee is responsible for proposing new nominees, when deemed appropriate, for appointment or election to the Board and recommending the new Board of Director nominees at the next annual meeting of shareholders. As well, the Corporate Governance and Nominating Committee has the responsibility in general for developing and monitoring the Corporation's approach to corporate governance issues such as:

- developing a code of ethical business conduct;
- the Corporation's response to applicable rules, policies and guidelines respecting corporate governance matters;
- 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 will include monitoring

the quality of the relationship between management and the Board and recommending any improvements, if necessary;

- ensuring that, where necessary, appropriate structures and procedures are in place to ensure that the Board can function independently of management;
- periodically examining the size of the Board, with a view to determining the impact of the number of Directors upon effectiveness, and making recommendations where appropriate to the Board as to any programs the Corporate Governance and Nominating Committee determines to be appropriate to reduce or increase the number of Directors to a number which facilitates more effective decision making;
- taking responsibility for the development, adoption and enforcement of the Code of Business Conduct and Ethics by the Board, and filing the same on SEDAR; and
- proposing new nominees, when deemed appropriate, for appointment or election to the Board and recommending the new Board of Director nominees at the next annual meeting of shareholders.

Reserves Committee – a majority of the members of the Reserves Committee are independent. The Reserves Committee has the responsibility in general for developing the Corporation's approach to the reporting of oil and gas reserves and the valuation of those reserves. Its responsibilities include:

- the Corporation's response to applicable rules, policies and guidelines respecting the reporting of oil and gas reserves and the valuation of such reserves;
- reviewing and approving the selection of the independent evaluator by management of the Corporation;
- reviewing the Corporation's procedures for providing information to the independent evaluator;
- meeting with the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the reserves data;
- reviewing the reconciliation of changes in reserves and future net revenue;
- reviewing with management and the independent evaluator, and approving, the reserves data; and
- reviewing procedures for reporting other information associated with oil and gas producing activities.

Audit Committee – all of the members of the Audit Committee are independent and financially literate for purposes of NI 52-110. Further details including the specific responsibilities, power and operation of the Audit Committee are set out in the Audit Committee Charter, a copy of which is included in the Corporation's AIF which has been filed on SEDAR at www.sedar.com. This committee is primarily responsible for overseeing the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the

financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

9. **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. As there was a significant change in the members of the Board in 2009, no formal assessment was performed in 2009.

SHAREHOLDER PROPOSALS

The final date by which BlackPearl must receive shareholder proposals for the annual meeting of shareholders of BlackPearl to be held in 2011 is November 25, 2010. All proposals should be sent by registered mail to the Corporate Secretary, BlackPearl Resources Inc., 700, 444 – 7th Avenue S.W., Calgary, Alberta, T2P 0X8.

ADDITIONAL INFORMATION

Additional 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 has approved the contents and the sending of this Information Circular to the shareholders, Directors and auditors of the Corporation.

(signed) "John L. Festival"

John L. Festival
President and Chief Executive Officer

February 25, 2010