

**COSTA ENERGY INC.
PROXY**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
OCTOBER 20, 2008
THIS PROXY IS SOLICITED BY THE MANAGEMENT OF
COSTA ENERGY INC.**

The undersigned shareholder of COSTA Energy Inc. (the "**Company**") hereby appoints Terry D. Brooker, President, Chief Executive Officer and a Director of the Company, or failing him, David F. Campbell, Chief Financial Officer of the Company, or instead of either of them _____, as proxyholder for the undersigned, with power of substitution, to attend, act and vote for and on behalf of the undersigned at the annual and special meeting of shareholders of the Company to be held on October 20, 2008 and at any adjournment or adjournments thereof, in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or any adjournment or adjournments thereof and, without limiting the general authorization given, the person above named is specifically directed to vote on behalf of the undersigned in the following manner:

1. On the election of directors, for the nominees as set forth in the Information Circular of the Company dated September 22, 2008:

VOTE FOR _____ **or WITHHOLD VOTE** _____
(and, if no specification is made, to vote FOR)

2. On the appointment of KPMG LLP as auditors of the Company:

VOTE FOR _____ **or WITHHOLD VOTE** _____
(and, if no specification is made, to vote FOR)

3. On the approval of the stock option plan of the Company as required annually by the policies of the TSX Venture Exchange and as set forth in the Information Circular of the Company dated September 22, 2008:

VOTE FOR _____ **or VOTE AGAINST** _____
(and, if no specification is made, to vote FOR)

4. On the approval of the consolidation of the Company's common shares as set forth in the Information Circular of the Company dated September 22, 2008:

VOTE FOR _____ **or VOTE AGAINST** _____
(and, if no specification is made, to vote FOR)

5. On the approval of the sale of COSTA Resources Ltd. as set forth in the Information Circular of the Company dated September 22, 2008:

VOTE FOR _____ **or VOTE AGAINST** _____
(and, if no specification is made, to vote FOR)

and conferring discretionary authority to vote on amendments or variations to the matters identified in the Notice of Meeting and on all other matters that may properly come before the meeting or any adjournment thereof in such manner as the person above named may see fit. The common shares of the Company represented by the proxy will be voted or withheld from voting in accordance with the instructions of such shareholder on any ballot that may be called for.

The undersigned hereby revokes any instrument of proxy previously given and does hereby further ratify all the said proxy may lawfully do in the premises.

DATED this _____ day of _____, 2008.

Signature of Shareholder

Name of Shareholder (Please Print)

SEE IMPORTANT INFORMATION ATTACHED TO THIS PROXY IN THE "NOTE".

NOTE:

1. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT ON THE SHAREHOLDER'S BEHALF AT THE ANNUAL AND SPECIAL MEETING OTHER THAN THE PERSONS DESIGNATED IN THIS FORM OF PROXY. THIS RIGHT MAY BE EXERCISED BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, BY DELIVERING THE COMPLETED FORM OF PROXY TO THE COMPANY AS INDICATED BELOW.**
2. This form of proxy must be dated and must be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized. A copy of such authorization should accompany this form of proxy. Persons signing as executors, administrators, trustees, etc. should so indicate.
3. In order for this form of proxy to be effective at the meeting or any adjournment thereof, it must be signed and deposited with the Company at its office at 303, 1235 - 17th Avenue S.W., Calgary, Alberta, T2T 0C2 or c/o Proxy Dept., CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the Meeting or any adjournment thereof.
4. A registered shareholder who wishes to attend the meeting and vote on the resolutions in person may simply register with the scrutineers before the meeting begins.