

ARRANGEMENT INVOLVING

C&C ENERGIA LTD.

- and -

PACIFIC RUBIALES ENERGY CORP.

– and –

PLATINO ENERGY CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE OF ORIGINATING APPLICATION

INFORMATION CIRCULAR OF C&C ENERGIA LTD.

These materials are important and require immediate attention as they require C&C Energia Shareholders to make important decisions. If as a C&C Energia Shareholder you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. The C&C Energia Board of Directors recommends that C&C Energia Shareholders vote FOR the Arrangement and the other matters to be considered at the Meeting. If you have any questions or need assistance completing your proxy, please contact Kingsdale Shareholder Services Inc. at 1-866-229-8874 or outside North America (collect calls accepted) at 416-867-2272 or by email to contactus@kingsdaleshareholder.com.

November 30, 2012

Neither the Toronto Stock Exchange nor the TSX Venture Exchange nor any securities regulatory authority has in any way passed upon the merits of the plan of arrangement described in this Information Circular.

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November 30, 2012

Dear Shareholders:

The board of directors of C&C Energia Ltd. (the "**Board of Directors**" or "**Board**") invites you to attend a special meeting of holders of common shares ("**C&C Energia Common Shares**") of C&C Energia Ltd. ("**C&C Energia**") to be held at 9:00 a.m. (Calgary time) on December 28, 2012 at the Westwinds Meeting Room, 2nd Floor, 555 – 4th Avenue SW, Calgary, Alberta.

At the special meeting, shareholders will be asked to consider, among other things, and, if deemed advisable, to pass a special resolution approving a statutory arrangement (the "Arrangement") pursuant to Section 193 of the *Business Corporations Act* (Alberta) whereby Pacific Rubiales Energy Corp. ("Pacific Rubiales") will acquire all of the outstanding C&C Energia Common Shares. Under the Arrangement, a holder of C&C Energia Common Shares will receive, in exchange for each C&C Energia Common Share, 0.3528 of a common share of Pacific Rubiales (the "Share Consideration"), cash consideration of Cdn\$0.001 (the "Cash Consideration") and one common share (each, a "Platino Energy Share") in the capital of Platino Energy Corp. ("Platino Energy"), a newly formed company that currently is a wholly-owned subsidiary of C&C Energia (the "Platino Energy Share Consideration").

Platino Energy will provide C&C Energia shareholders with the opportunity to participate directly in a growth-oriented exploration company to be led by certain members of the current C&C Energia management team. C&C Energia believes the creation of Platino Energy provides a platform to unlock the exploration potential of the assets and undeveloped lands to be transferred to Platino Energy through organic growth. Platino Energy will focus its operations on its participating interests in the promising Putumayo-8, Coati and Andaquíes blocks, located in the Putumayo Basin of Colombia and the Morpho block, located in the Middle Magdalena Basin of Colombia. C&C Energia also believes that Platino Energy will begin with a number of strengths as a result of a proven management team with a demonstrated track record of building shareholder value in Colombia.

Following completion of the Arrangement and certain other transactions, Platino Energy will own certain of the exploration assets and properties which are currently owned by C&C Energia (other than the production and exploration assets situated in the Llanos Basin in Colombia, consisting of the Cravoviejo, Cachicamo, Llanos-19 and Pájaro Pinto blocks and the awarded but yet to be assigned LLA-83 block, all of which will be retained by C&C Energia). Platino Energy will be initially capitalized with approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) transferred from C&C Energia resulting in a net cash position of approximately US\$80.0 million on closing of the Arrangement, which will allow for the continued development of such assets and properties.

The Board of Directors and the special committee of the Board of Directors (the "**Special Committee**") have received an opinion (the "**Fairness Opinion**") from FirstEnergy Capital Corp. dated November 30, 2012 to the effect that the aggregate of the Share Consideration, Cash Consideration and Platino Energy Share Consideration to be received by the holders of C&C Energia Common Shares pursuant to the Arrangement is fair, from a financial point of view, to such holders as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein. A copy of the Fairness Opinion is included as Appendix E to the Information Circular and we urge you to read it in its entirety.

After consulting with its financial and legal advisors, and after consideration of, among other things, the unanimous recommendation of the Special Committee and the Fairness Opinion, the Board has determined that the Arrangement is fair to C&C Energia Shareholders, and that the Arrangement is in the best interests of C&C Energia.

THE BOARD OF DIRECTORS RECOMMENDS THAT C&C ENERGIA SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION.

To be effective, the Arrangement must be approved by a resolution passed at the special meeting by not less than two-thirds of the votes validly cast and also by a majority of the votes validly cast by shareholders other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Certain directors and executive officers of C&C Energia, as well as Denham Commodity Partners Fund IV, LP, through its subsidiary C&C Investment Holdings, and ARC Energy Fund 6, two of C&C Energia's largest shareholders, which directors, executive officers and shareholders, together with their associates and affiliates, collectively own or exercise control or direction over approximately 41.0 percent of the issued and outstanding C&C Energia Common Shares on an undiluted basis (approximately 42.7 percent on a fully-diluted basis), have entered into support agreements with Pacific Rubiales agreeing to support and vote in favour of the Arrangement.

It is anticipated that the Arrangement will be completed on or about December 31, 2012 if C&C Energia shareholders approve the Arrangement, subject to obtaining Court approval and the required governmental and regulatory approvals and satisfying or having waived, if applicable, other usual and customary conditions contained in the arrangement agreement dated November 19, 2012 between C&C Energia and Pacific Rubiales.

It is important that your C&C Energia Common Shares be represented at the special meeting. Whether or not you are able to attend, we urge you to complete the enclosed form of proxy and return it to Valiant Trust Company in the envelope provided or to Valiant Trust Company, Attention: Proxy Dept., Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, Fax: (403) 233-2857, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the special meeting or any adjournment or postponement thereof. The time limit for the deposit of proxies may be waived by the Chairman of the Board of Directors in his discretion, without notice.

Included with this letter, in addition to the form of proxy, is a notice of the special meeting and an information circular (the "Information Circular"). The Information Circular contains a detailed description of the Arrangement, as well as detailed information concerning C&C Energia, Pacific Rubiales and Platino Energy. You should consider carefully all of the information in the Information Circular. If you require assistance, consult your financial, legal, tax or other professional advisors.

Also enclosed is a letter of transmittal (on blue paper) containing complete instructions on how registered C&C Energia shareholders may exchange their C&C Energia Common Shares. Registered shareholders will not actually receive their Share Consideration, Cash Consideration and Platino Energy Share Consideration until the Arrangement is completed and they have returned their properly completed documents, including the letter of transmittal and share certificates for their C&C Energia Common Shares.

If you are a holder of C&C Energia Common Shares and have any questions or require more information with regard to voting your C&C Energia Common Shares, please contact C&C Energia's proxy solicitation agent, Kingsdale Shareholder Services Inc., by (a) toll-free telephone in North America at 1 (866) 229-8874, or collect call at (416) 867-2272 or (b) email at contactus@kingsdaleshareholder.com.

On behalf of C&C Energia, I would like to thank all shareholders for their ongoing support as we prepare to take part in this important transaction for C&C Energia.

Yours very truly,

(Signed) "Randy P. McLeod" President and Chief Executive Officer C&C Energia Ltd.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

C&C ENERGIA LTD.

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated November 30, 2012, a special meeting (the "**Meeting**") of the holders (the "**C&C Energia Shareholders**") of common shares ("**C&C Energia Common Shares**") of C&C Energia Ltd. ("**C&C Energia**") will be held at 9:00 a.m. (Calgary time) on December 28, 2012 at the Westwinds Meeting Room, 2nd Floor, 555 – 4th Avenue SW, Calgary, Alberta, for the following purposes:

- 1. for C&C Energia Shareholders to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "Arrangement Resolution"), the full text of which is set forth in Appendix A to the accompanying information circular of C&C Energia (the "Information Circular"), to approve an arrangement (the "Arrangement") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "ABCA") involving C&C Energia, Pacific Rubiales Energy Corp., Platino Energy Corp. ("Platino Energy") and C&C Energia Shareholders;
- 2. for C&C Energia Shareholders to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth under the heading "Other Matter of Special Business Relating to Platino Energy Approval of Platino Energy Stock Option Plan" in the Information Circular, ratifying and approving a stock option plan for Platino Energy; and
- 3. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The completion of the Arrangement is not conditional upon approval of the Platino Energy stock option plan.

The board of directors of C&C Energia has set the close of business on November 28, 2012 as the record date for determining C&C Energia Shareholders who are entitled to receive notice of, and to vote at, the Meeting. Only C&C Energia Shareholders whose names have been entered in the register of C&C Energia Shareholders at the close of business on that date are entitled to receive notice of, and to vote at, the Meeting.

The Arrangement is described in the Information Circular, which forms part of this Notice. The full text of the Arrangement Resolution is set out in Appendix A to the Information Circular.

Pursuant to the Interim Order, registered C&C Energia Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their C&C Energia Common Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order. A registered C&C Energia Shareholder wishing to exercise its right to dissent with respect to the Arrangement must send to C&C Energia a written objection to the Arrangement Resolution and such written objection must be received by C&C Energia c/o its counsel Blake, Cassels & Graydon LLP, 3500, 855 – 2nd Street SW, Calgary, Alberta, T2P 4J8, Attention: Daniel McLeod, by 10:00 a.m. (Calgary time) on December 27, 2012 (or such other date that is two business days immediately preceding the date of the Meeting as it may be adjourned or postponed from time to time). A C&C Energia Shareholder's right to dissent is more particularly described in the Information Circular (see "Dissenting C&C Energia Shareholder Rights") and a copy of the Interim Order and the text of Section 191 of the ABCA are set forth in Appendices B and I, respectively, to the Information Circular.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of C&C Energia Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of C&C Energia Common Shares are entitled to dissent. Accordingly, a beneficial owner of C&C Energia Common Shares desiring to exercise this right must make arrangements for the C&C Energia Common Shares beneficially owned by such C&C Energia Shareholder to be registered in the C&C Energia Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by C&C Energia or, alternatively, make arrangements for the registered holder of such C&C Energia Common Shares to dissent on the C&C Energia Shareholder's behalf. It is strongly suggested that any C&C Energia Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the

provisions of the ABCA, as modified by the Interim Order, may prejudice such C&C Energia Shareholder's right to dissent. C&C Energia Shareholders who have voted in favour of the Arrangement Resolution, in person or by proxy, shall not be accorded the right to dissent.

THE BOARD OF DIRECTORS RECOMMENDS THAT C&C ENERGIA SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION

Whether or not you intend to attend the Meeting, you are requested to complete, sign, date and return the enclosed form of proxy either to Valiant Trust Company in the enclosed addressed envelope or to Valiant Trust Company, Attention: Proxy Dept., Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, Fax: (403) 233-2857, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting or any adjournment or postponement thereof. The time limit for the deposit of proxies may be waived or extended by the Chairman of the C&C Energia Board of Directors in his discretion, without notice.

If you are a holder of C&C Energia Common Shares and have any questions or require more information with regard to voting your C&C Energia Common Shares, please contact C&C Energia's proxy solicitation agent, Kingsdale Shareholder Services Inc., by (a) toll-free telephone in North America at 1 (866) 229-8874, or collect call at (416) 867-2272 or (b) email at contactus@kingsdaleshareholder.com.

DATED at Calgary, Alberta, this 30th day of November, 2012.

BY ORDER OF THE BOARD OF DIRECTORS OF C&C ENERGIA LTD.

(Signed) "Randy P. McLeod"
President and Chief Executive Officer

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING

C&C ENERGIA LTD., PACIFIC RUBIALES ENERGY CORP., PLATINO ENERGY CORP.

AND

THE SHAREHOLDERS OF C&C ENERGIA LTD.

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an application (the "Application") has been filed with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court") on behalf of C&C Energia Ltd. ("C&C Energia") with respect to a proposed arrangement (the "Arrangement") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "ABCA"), involving C&C Energia, Pacific Rubiales Energy Corp. ("Pacific Rubiales"), Platino Energy Corp. ("Platino Energy"), holders of common shares of C&C Energia ("C&C Energia Shareholders") and holders of share purchase options of C&C Energia (collectively, the "Arrangement Parties"), which Arrangement is described in greater detail in the information circular of C&C Energia dated November 30, 2012, accompanying this Notice of Originating Application.

At the hearing of the Application, C&C Energia intends to seek:

- (a) an Order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;
- (b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair, substantively and procedurally, to the Arrangement Parties;
- (c) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement, become effective in accordance with its terms and will be binding on and after the Effective Time, as defined in the Arrangement; and
- (d) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS HEREBY GIVEN that the Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the *United States Securities Act of 1933*, as provided by 3(a)(10) thereof, with respect to the securities to be issued pursuant to the Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Application was directed to be heard before a Justice of the Court of Queen's Bench of Alberta, Calgary Courts Centre, $601 - 5^{th}$ Street SW, Calgary, Alberta, T2P 5P7, on the 28^{th} of December, 2012 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. Any C&C Energia Shareholder or any other interested party desiring to support or oppose the Application, may appear at the time of the hearing in person or by counsel for that purpose. Any C&C Energia Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary, and serve upon C&C Energia on or before 10:00 a.m. (Calgary time) on December 27, 2012, a notice of intention to appear, including an address for service in the Province of Alberta together with any evidence or materials which are to be presented to the Court. Service on C&C Energia is to be effected by delivery to the solicitors for C&C Energia at the address below. If any C&C Energia Shareholder or any other interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by C&C Energia and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the hearing of the Application shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by Order dated November 30, 2012 (the "**Interim Order**"), has given directions as to the calling and holding of the meeting of C&C Energia Shareholders for the purpose of such holders voting upon the special resolution to approve the Arrangement and certain other business, all as more particularly described in the Information Circular, and has directed that registered C&C Energia Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as amended by the Interim Order.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any C&C Energia Shareholder or other interested party requesting the same by the undermentioned solicitors for C&C Energia upon written request delivered to such solicitors as follows:

Blake, Cassels & Graydon LLP #3500, East Tower, Bankers Hall 855 – 2nd Street SW Calgary, Alberta T2P 4J8 Attention: Melanie R. Gaston

DATED at the City of Calgary, in the Province of Alberta, this 30th day of November, 2012.

BY ORDER OF THE BOARD OF DIRECTORS OF C&C ENERGIA LTD.

(Signed) "Randy P. McLeod"
President and Chief Executive Officer

INFORMATION CIRCULAR

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of C&C Energia for use at the Meeting and any adjournments or postponements thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached to this Information Circular as Appendix D. You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "Glossary of Terms". Information contained in this Information Circular is given as of November 30, 2012 unless otherwise specifically stated.

The information concerning Pacific Rubiales contained in this Information Circular, including the appendices, has been provided by Pacific Rubiales. Although C&C Energia has no knowledge that any statements contained herein taken from or based on such information provided by Pacific Rubiales are untrue or incomplete, C&C Energia assumes no responsibility for the accuracy of such information or for any failure by Pacific Rubiales to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to C&C Energia.

This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase the securities to be issued under or in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Information Circular nor any distribution of the securities to be issued under or in connection with the Arrangement will, under any circumstances, create any implication or be treated as a representation that there has been no change in the information set forth herein since the date of this Information Circular.

THE SECURITIES TO BE ISSUED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES REGULATORY AUTHORITY NOR HAS ANY CANADIAN SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

INFORMATION FOR U.S. SHAREHOLDERS

The issuance of the Platino Energy Shares and the Pacific Rubiales Shares to C&C Energia Shareholders in exchange for their C&C Energia Common Shares pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options) has not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof, on the basis of the approval of the Court. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on November 30, 2012 and, subject to the approval of the Arrangement by the C&C Energia Shareholders, a hearing on the Arrangement will be held on December 28, 2012 at 2:00 p.m. (Calgary Time) at the Calgary Courts Centre, 601 – 5th Street SW, Calgary, Alberta, Canada. All C&C Energia Shareholders and holders of C&C Energia Options are entitled to appear and be heard at this hearing. The Final Order will constitute the basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Platino Energy Shares and the Pacific Rubiales Shares to be issued and exchanged with C&C Energia Shareholders in exchange for their C&C Energia Common Shares pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options). Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See "The Arrangement – Court Approval of the Arrangement and Completion of the Arrangement".

This solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitation and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate Laws and Securities Laws, and this Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. C&C Energia Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

All audited and unaudited financial statements and other financial information included or incorporated by reference in this Information Circular have been prepared in U.S. dollars ("US\$") unless otherwise noted, and in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from the generally accepted accounting principals in the United States ("U.S. GAAP") and United States auditing and auditor independence standards in certain material respects. Consequently, such financial statements and other financial information are not comparable in all respects to financial statements and other financial information prepared in accordance with U.S. GAAP and that are subject to United States auditing and auditor independence standards. Likewise, *pro forma* information concerning the assets of Platino Energy has been prepared in accordance with IFRS and may not be comparable in all respects to similar information for United States companies.

Additionally, oil and gas reserve estimates and other oil and gas information contained or incorporated by reference in this Information Circular has been prepared in accordance with Canadian disclosure standards, which may not be comparable in all respects to United States disclosure standards.

C&C Energia Shareholders should be aware that the acquisition of the Platino Energy Shares and Pacific Rubiales Shares pursuant to the Arrangement described herein may have tax consequences both in the United States and in Canada. See "Certain Canadian Federal Income Tax Considerations" and "Tax Considerations in Other Jurisdictions". C&C Energia Shareholders that are residents or citizens of the United States should consult their own tax advisors with respect to their own particular circumstances.

The enforcement by investors of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that C&C Energia, Pacific Rubiales and Platino Energy are incorporated under the laws of Canada, that their officers and directors are, or will be, residents of countries other than the United States, that certain experts named in this Information Circular are residents of countries other than the United States, and that all or substantial portions of the assets of C&C Energia, Pacific Rubiales, Platino Energy and such other persons are, or will be, located outside the United States. As a result, it may be difficult or impossible for C&C Energia Shareholders in the United States to effect service of process within the United States upon C&C Energia, Pacific Rubiales and Platino Energy and their directors and officers, or to realize against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, C&C Energia Shareholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of any state within the United States.

The Platino Energy Shares and Pacific Rubiales Shares issuable to C&C Energia Shareholders pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options) will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" (as such term is understood under U.S. Securities Laws) of Platino Energy or Pacific Rubiales, as applicable, after the Effective Time, or were "affiliates" of Platino Energy or Pacific Rubiales, as applicable, within 90 days prior to the Effective Time. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Platino Energy Shares and Pacific Rubiales Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. See "The Arrangement – United States Securities Law Matters".

THE SECURITIES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

FORWARD-LOOKING STATEMENTS

This Information Circular, including all documents incorporated by reference herein, contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Securities Laws and U.S. Securities Laws and the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should", "considers", "opportunity", "focused", "potential", "goal", "possible" and variations of such words and similar expressions are intended to identify forward-looking statements. These statements and information are only predictions. Actual events or results may differ materially from the events and results expressed in the forward-looking statements. In addition, this Information Circular may contain forward-looking statements attributed to third-party industry sources. Undue reliance should not be placed on any of these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur.

Specific forward-looking statements contained in this Information Circular include, among others, statements regarding: activities, events or developments that either C&C Energia or Platino Energy expects or anticipates will or may occur in the future, including C&C Energia's assessment of future plans and operations; the potential for further development of certain assets of C&C Energia; statements with respect to the Arrangement; the business of and timing of the Meeting or hearing; the timing of the Final Order and the Effective Date of the Arrangement; considerations of the Court in assessing the application for the Final Order; the listing of Platino Energy Shares and the Pacific Rubiales Shares issued under the Arrangement and the timing of commencement of trading of the Platino Energy Shares and the Pacific Rubiales Shares; the transferability of the Platino Energy Shares and the Pacific Rubiales Shares in Canada and the United States; the estimate of the cash position of Platino Energy will have following the Arrangement; the estimated tax liabilities of C&C Energia; the anticipated tax treatment of the Arrangement for C&C Energia Shareholders; the completion of the Platino Reorganization and the timing thereof; the treatment of C&C Energia Options; compensation to officers under executive employment agreements and other equity compensation plans as a result of a change of control; the delisting of the C&C Energia Common Shares and the timing thereof; the estimated payments to directors and officers in connection with a change of control as a result of consummation of the Arrangement; the anticipated cessation of employment of C&C Energia employees in connection with the Arrangement; the indemnification of C&C Energia's directors and officers following the Arrangement; expectations regarding the incentive and compensation plan of Platino Energy; financial information relating to Platino Energy; fees payable in connection with the Arrangement and the Meeting including, if applicable, the Termination Fee; the timing of commencement of operations of Platino Energy; the timing of filing regulatory applications and the expected results thereof; the impact of governmental controls and regulations on Platino Energy's operations; the timing of receipt of required approvals and permits from regulatory authorities; rights and responsibilities of the Dissenting C&C Energia Shareholders; statements regarding the Platino Energy Stock Option Plan; Platino Energy's assets, liabilities, financial resources, financial position and growth prospects; any anticipated amendments to the capital structure of Platino Energy; and the anticipated benefits from the Arrangement.

Statements relating to "reserves" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future.

With respect to forward-looking statements contained in this Information Circular, C&C Energia made assumptions regarding, among other things: the expected costs of potential projects; the plans of counterparties, including Pacific Rubiales; future crude oil and natural gas prices; C&C Energia's and Platino Energy's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet their demands; the regulatory framework with respect to royalties, taxes, environmental matters, resource recovery and securities matters in which C&C Energia conducts and Platino Energy

will conduct its business; timing and progress of work relating to C&C Energia's assets; future production levels; future capital expenditures; future sources of funding for C&C Energia's and Platino Energy's capital program; future debt levels; future business plans of Platino Energy; C&C Energia's geological and engineering estimates; the geography of the areas in which C&C Energia is and Platino Energy will be exploring; the impact of increasing competition; Platino Energy's ability to obtain financing on acceptable terms; the risk around change to scope; the sufficiency of budgeted capital expenditures in carrying out planned activities; that Platino Energy will be able to assume C&C Energia's role with respect to the Platino Energy Assets; the receipt, in a timely manner, of regulatory, Court, C&C Energia Shareholder and third party approvals in respect of the Arrangement; costs associated with C&C Energia and Platino Energy operations; and the expected costs, fees and expenses of the Arrangement. These assumptions are based on certain factors and events that are not within the control of C&C Energia and there is no assurance they will prove to be correct.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied in the forwardlooking statements. Such risks, uncertainties and factors include, among others: the impact of competition; the need to obtain required approvals and permits from regulatory authorities; liabilities as a result of accidental damage to the Environment; compliance with and liabilities under environmental laws and regulations; the volatility of crude oil and natural gas prices and of the differential between heavy and light crude oil prices; changes in the foreign exchange rate amount between the Canadian dollar, the U.S. dollar and the Colombian peso; risks that financial counterparties (including Pacific Rubiales) may not fulfill financial obligations due to C&C Energia and Platino Energy; liquidity and capital market constraints on C&C Energia and Platino Energy; general economic conditions in Canada, the United States, Colombia and global markets; failure to obtain industry partners and other third-party consents and approvals when required; the impact of amendments to applicable tax legislation, including the Tax Act, on C&C Energia and Platino Energy; changes in or the introduction of new government regulations, in particular related to carbon dioxide relating to C&C Energia's and Platino Energy's business; the uncertainty of C&C Energia's and Platino Energy's ability to attract capital for both debt and equity when necessary; risks relating to the early stage of development of the Platino Energy Assets and the nature of the exploration and development activities on such assets; the risk that a claim will be made by C&C Energia in respect of an indemnity obligation of Platino Energy pursuant to the Platino Reorganization; consummation of the Arrangement being dependent on the satisfaction of customary closing conditions, the approval of C&C Energia's Shareholders and the approval of the Court; and the risk of termination of the Arrangement Agreement.

The estimated cash position of Platino Energy upon completion of the Arrangement is inherently difficult to calculate and dependent upon assumptions such as future results of C&C Energia operations up to the date of calculation, costs of the Arrangement, estimated tax liabilities of C&C Energia and other factors. The actual cash position amount prior to the close of the Arrangement may be materially different than the current estimate and such a difference could have a material adverse effect on the financial position of Platino Energy.

Readers are cautioned that the foregoing lists are not exhaustive. The information contained in this Information Circular, including the information provided under the heading "Risk Factors" herein, under the heading "Risk Factors" in Appendix F – Information Concerning Platino Energy Corp. to this Information Circular and in the documents incorporated by reference herein discusses certain of the items identified above and their impact more fully and identifies additional factors and uncertainties that could affect the performance and operating results of C&C Energia and Platino Energy. Readers are urged to carefully consider those factors and the other information contained or incorporated by reference in this Information Circular. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on the assessment of all information at that time.

C&C Management has included the above summary of assumptions and risks related to forward-looking statements provided in this Information Circular in order to provide C&C Energia Shareholders with a more complete perspective on C&C Energia's current and future operations and the future operations of Platino Energy and such information may not be appropriate for other purposes. C&C Energia's and Platino Energy's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, the benefits that C&C Energia or Platino Energy will derive therefrom.

Neither C&C Energia nor Platino Energy give any assurance nor make any representations or warranties that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, readers should not place undue reliance on

forward-looking statements in this Information Circular, nor in the documents incorporated by reference herein. All of the forward-looking statements made in this Information Circular and in the documents incorporated by reference herein are qualified by these cautionary statements. The forward-looking statements included herein are made as of the date of this Information Circular and C&C Energia undertakes no obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by applicable Securities Laws.

See also Appendix F – Information Concerning Platino Energy Corp. – "Forward-Looking Statements".

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

SUMMARY

The following is a summary of certain information contained in this Information Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, contained elsewhere in this Information Circular and the attached Appendices or incorporated by reference herein, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the "Glossary of Terms" or elsewhere in this Information Circular.

The Arrangement

Holders of issued and outstanding C&C Energia Common Shares (other than C&C Energia Common Shares held by Dissenting C&C Energia Shareholders) will receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share pursuant to a series of transactions as set out in the Plan of Arrangement, which includes the following steps:

- each C&C Energia Common Share held by a Dissenting C&C Energia Shareholder shall be, and shall be deemed
 to be, surrendered to C&C Energia for cancellation on the Effective Date by the holder thereof and thereupon each
 Dissenting C&C Energia Shareholder shall cease to have any rights as a holder of such C&C Energia Common
 Shares other than the rights set out in the ABCA (as modified in the Interim Order) and the name of such
 Dissenting C&C Energia Shareholder shall be removed from the register of holders of C&C Energia Common
 Shares;
- each of the Exercised C&C Energia Options shall be, and shall be deemed to be, exercised and C&C Energia shall, and shall be deemed to, issue to the holder of such Exercised C&C Energia Options that number of C&C Energia Common Shares issuable pursuant to the terms of such Exercised C&C Energia Options;
- all remaining outstanding C&C Energia Options shall be terminated without payment or compensation therefor;
 and
- each C&C Energia Common Share, will, through a series of steps and exchanges, be exchanged for (a) 0.3528 of a Pacific Rubiales Share, (b) Cdn\$0.001 and (c) one Platino Energy Share.

The Arrangement will be implemented by way of a Court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement.

The Arrangement Agreement is attached to this Information Circular as Appendix C. C&C Energia encourages you to read the Arrangement Agreement as it is the agreement among Pacific Rubiales and C&C Energia that governs the Arrangement. See "The Arrangement – The Arrangement Agreement". The Plan of Arrangement is attached to this Information Circular as Appendix D. C&C Energia also encourages you to read the Plan of Arrangement. The foregoing description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement. See "The Arrangement – Arrangement Mechanics".

What C&C Energia Shareholders are to Receive Under the Arrangement

Under the Arrangement, a C&C Energia Shareholder (other than a C&C Energia Shareholder who validly exercises his, her or its Dissent Rights) will receive, in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share.

Date, Place, Record Date and Purpose of the Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on December 28, 2012 at the Westwinds Meeting Room, 2nd Floor, 555 – 4th Avenue SW, Calgary, Alberta.

The C&C Energia Shareholders entitled to vote at the Meeting are those holders of record of C&C Energia Common Shares as of the close of business on November 28, 2012. See "Information Concerning the Meeting – Voting Shares and Principal Holders Thereof".

The primary purpose of the Meeting is for C&C Energia Shareholders to consider and, if deemed advisable, approve the Arrangement Resolution. See "Information Concerning the Meeting – Purpose of the Meeting".

In addition, at the Meeting C&C Energia Shareholders will also consider and, if deemed advisable, approve the Platino Energy Stock Option Plan. The completion of the Arrangement is not conditional upon the approval of the Platino Energy Stock Option Plan at the Meeting. See "Other Matter of Special Business Relating to Platino Energy".

The Companies

C&C Energia

C&C Energia was incorporated as 1155275 Alberta Ltd. under the ABCA on February 28, 2005. On March 8, 2005, C&C Energia amended its articles to change its name to "C&C Energy Canada Ltd." On September 27, 2006, C&C Energia amended and restated its articles by removing preferred shares from the authorized capital structure of C&C Energia. On April 5, 2007, C&C Energia amended and restated its articles to add certain share transfer restrictions on the C&C Energia Common Shares, including the requirement of the C&C Energia Board of Directors' approval for such transfers.

On May 24, 2010, in preparation for the C&C IPO, C&C Energia amended its articles to change the name of the Corporation from "C&C Energy Canada Ltd." to "C&C Energia Ltd.", create a new class of preferred shares and remove provisions of the articles that required the approval of the C&C Energia Board of Directors for any share transfer and required share transfers to be in accordance with the provisions of an investor agreement among the shareholders of C&C Barbados. On May 24, 2010, C&C Energia also amended and restated its articles to give effect to a consolidation of its shares on a one-for-two basis. On May 25, 2010, C&C Energia amended its articles to give effect to a split of its shares on the basis of one Common Share being split into 1.01974861 Common Shares.

C&C Energia's registered office is located at 3500, $855 - 2^{nd}$ Street SW, Calgary, Alberta, T2P 4J8. C&C Energia's primary head office in Canada is located at Suite 1250, $555 - 4^{th}$ Avenue SW, Calgary, Alberta, T2P 3E7. C&C Energia conducts its operations in Colombia through Grupo C&C's Colombian office located at Carrera 4 No. 72-35, Suite 800, Bogotá, Colombia.

See "Information Concerning C&C Energia" included in this Information Circular.

Platino Energy

Platino Energy is a corporation incorporated under the ABCA. The principal business office of Platino Energy is located at Suite 1250, $555 - 4^{th}$ Avenue SW, Calgary, Alberta, T2P 3E7 and the registered office of Platino Energy is located at Suite 3500, $855 - 2^{nd}$ Street SW, Calgary, Alberta, T2P 4J8.

Platino Energy was incorporated on November 16, 2012 for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. C&C Energia presently owns all of the issued and outstanding shares of Platino Energy. Platino Energy does not currently have any subsidiaries.

Immediately following completion of the Arrangement, Platino Energy will carry on the business currently carried on by C&C Energia in respect of the Platino Energy Assets and it is currently estimated that Platino Energy will receive approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) from C&C Energia upon closing of the Arrangement, resulting in a net cash position of approximately US\$80.0 million. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate.

See "Information Concerning Platino Energy" included in this Information Circular and Appendix F – Information Concerning Platino Energy Corp. to this Information Circular.

Pacific Rubiales

The information concerning Pacific Rubiales and its subsidiaries contained in this Information Circular has been provided by Pacific Rubiales. Although C&C Energia has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by Pacific Rubiales are untrue or incomplete, C&C Energia assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by Pacific Rubiales to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to C&C Energia. See Appendix H – Information Concerning Pacific Rubiales Energy Corp. to this Information Circular.

Pacific Rubiales was incorporated under the laws of the Province of British Columbia on April 10, 1985 under the name Agincourt Explorations Inc. On September 13, 1995, Pacific Rubiales changed its name to AGX Resources Corp. Pacific Rubiales was continued as a corporation of the Yukon Territories on May 22, 1996. On November 26, 1999, Pacific Rubiales changed its name to Consolidated AGX Resources Corp. Pacific Rubiales was continued back into the Province of British Columbia on July 9, 2007.

On July 13, 2007 in conjunction with Pacific Rubiales' acquisition of a 75 percent share interest in Rubiales Holdings Corp. completed on the same date, Pacific Rubiales changed its name to Petro Rubiales Energy Corp. Pacific Rubiales subsequently acquired the remaining 25 percent interest in Rubiales Holdings Corp. in November 2007.

On January 23, 2008, Pacific Rubiales completed the acquisition of Pacific Stratus Energy Corp. and, in conjunction therewith, Pacific Rubiales changed its name to Pacific Rubiales Energy Corp.

On May 9, 2008, Pacific Rubiales consolidated its shares on a 1:6 basis by issuing one Pacific Rubiales Share for every six Pacific Rubiales Shares then outstanding.

See "Information Concerning Pacific Rubiales" included in this Information Circular and Appendix H – Information Concerning Pacific Rubiales Energy Corp. – to this Information Circular.

Platino Reorganization

The completion of the Arrangement is conditional upon C&C Energia and Platino Energy completing the Platino Reorganization whereby C&C Energia will transfer all of the Platino Energy Assets to Platino Energy and/or its subsidiaries and Platino Energy and/or its subsidiaries will assume the related liabilities, on or prior to the Effective Date.

See "The Arrangement – The Platino Reorganization".

Background and Reasons for the Arrangement

The background to the Arrangement, as well as the reasons of the C&C Energia Board of Directors for its recommendation of the Arrangement, is set forth in this Information Circular. See "The Arrangement – Background and Reasons for the Arrangement" included in this Information Circular.

Recommendation of the Special Committee

The C&C Energia Board of Directors formed the Special Committee on November 13, 2012 to assist the C&C Energia Board of Directors in considering and evaluating the Arrangement. The Special Committee was comprised of James Bertram, Andrew Evans, Larry G. Evans, D. Michael G. Stewart and Carl Tricoli, none of whom are current or former members of C&C Management. D. Michael G. Stewart, the Chair of C&C Energia's Audit Committee and Corporate Governance Committee, served as Chair of the Special Committee.

The Special Committee oversaw the process of the negotiation of the Arrangement Agreement by C&C Management. On November 18, 2012 and November 19, 2012, the Special Committee received reports from C&C Management, as well as FirstEnergy and C&C Energia's legal advisors. After carefully considering the effect of the Arrangement on C&C Energia and the Securityholders, the Special Committee unanimously approved the Arrangement and recommended to the C&C Energia Board of Directors that it approve the Arrangement and the Arrangement Agreement.

Approval and Recommendation of the C&C Energia Board of Directors

The C&C Energia Board of Directors has considered the recommendation of the Special Committee and has reviewed the terms of the Arrangement Agreement and has determined that the Arrangement is in the best interests of C&C Energia and has, based upon, among other things, the Fairness Opinion, determined that the Arrangement is fair to C&C Energia Shareholders. Accordingly, the C&C Energia Board of Directors has approved the Arrangement and recommends that C&C Energia Shareholders vote for the Arrangement Resolution. See "The Arrangement – Approval and Recommendation of the C&C Energia Board of Directors".

Support Agreements

The Locked-Up Directors and Officers and the Major Shareholders have each entered into Support Agreements with Pacific Rubiales pursuant to which they have agreed, among other things, to support the Arrangement and vote their C&C Energia Common Shares in favour of the Arrangement Resolution. As of November 19, 2012, these directors, executive officers, and the Major Shareholders (together with their associates and affiliates) collectively owned or exercised control or direction over an aggregate of 26,202,958 C&C Energia Common Shares, representing approximately 41.0 percent of the issued and outstanding C&C Energia Common Shares on an undiluted basis (and an aggregate of 29,598,476 C&C Energia Common Shares, representing approximately 42.7 percent of the issued and outstanding C&C Energia Common Shares on a fully-diluted basis). The terms of the Support Agreements include a covenant of the Locked-Up Directors and Officers and the Major Shareholders to not acquire, directly or indirectly, shares in the capital or debt of Pacific Rubiales for a period of two years following the successful completion of the Arrangement.

See "The Arrangement – Support Agreements".

Opinion of FirstEnergy

In deciding to recommend the Arrangement for approval, the Special Committee and the C&C Energia Board of Directors considered, among other things, the Fairness Opinion. The C&C Energia Board of Directors received the Fairness Opinion which states that, as of the date of the Fairness Opinion and subject to and based on the various assumptions, limitations and qualifications referred to in the Fairness Opinion, the aggregate consideration to be received by C&C Energia Shareholders pursuant to the Arrangement is fair, from a financial point of view, to C&C Energia Shareholders. This summary is qualified in its entirety by reference to the full text of the Fairness Opinion. The Fairness Opinion is attached to this Information Circular as Appendix E. C&C Energia encourages you to read the Fairness Opinion in its entirety.

FirstEnergy provided the Fairness Opinion for the information and assistance of the Special Committee and the C&C Energia Board of Directors in connection with their consideration of the Arrangement and the Fairness Opinion may not be relied upon by any other person. The Fairness Opinion is not a recommendation as to how any C&C Energia Shareholder should vote with respect to the Arrangement or any other matter.

See "The Arrangement – Opinion of FirstEnergy".

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by the C&C Energia Shareholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) the Platino Reorganization must be completed and all other conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- (d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

(e) the Certificate of Arrangement giving effect to the Arrangement must be issued.

See "The Arrangement – Arrangement Mechanics".

Shareholder Approval

Approval of the Arrangement Resolution requires the affirmative vote of: (i) not less than two-thirds (66% percent) of the votes validly cast on the Arrangement Resolution, and (ii) a majority of the votes validly cast on the Arrangement Resolution other than those required to be excluded in determining such approval pursuant to MI 61-101, in each case by C&C Energia Shareholders present in person or represented by proxy at the Meeting. See "The Arrangement – Shareholder Approval of the Arrangement" and "The Arrangement – Minority Approval".

Approval of the Platino Energy Stock Option Plan requires the affirmative vote of a majority of the votes validly cast on the resolution relating thereto at the Meeting by C&C Energia Shareholders present in person or represented by proxy at the Meeting. See "Other Matter of Special Business Relating to Platino Energy".

Court Approval

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. See "The Arrangement – Court Approval of the Arrangement and Completion of the Arrangement". An application for the Final Order approving the Arrangement is expected to be made on December 28, 2012 at 2:00 p.m. (Calgary time) (or as soon thereafter as counsel may be heard) at the Calgary Courts Centre, $601 - 5^{th}$ Street SW, Calgary, Alberta. On the application for the Final Order, the Court will consider, among other things, the procedural and substantive fairness of the Arrangement. See "The Arrangement – Court Approval of the Arrangement".

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of C&C Energia and Pacific Rubiales on or before the Effective Date. See "The Arrangement – The Arrangement Agreement – Conditions Precedent".

Effective Time

It is anticipated that the Arrangement will become effective on or around December 31, 2012 after the required C&C Energia Shareholder approval, Final Order and Regulatory Approvals have been obtained and are final and all other conditions to closing have been satisfied or waived. See "The Arrangement – The Arrangement Agreement – Effective Date of the Arrangement".

Regulatory Matters

In addition to the approval of C&C Energia Shareholders and the Court, it is a condition to the implementation of the Arrangement that all of the requisite Regulatory Approvals be obtained. See "The Arrangement – Regulatory Matters".

Neither Pacific Rubiales nor C&C Energia is aware of any material approval or other action by any Governmental Entity that would be required to be obtained prior to the Effective Date, except as described below. If any additional filings or consents are required, such filings or consents will be sought but these additional filings or consents could delay the Effective Date or prevent the completion of the Arrangement.

Stock Exchange Matters

It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that the TSXV or any other exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on the TSXV or any other stock exchange.

Investment Canada Act

Under the *Investment Canada Act*, the acquisition by a non-Canadian of control of a Canadian business, the value of which exceeds certain monetary thresholds, is reviewable and subject to approval by the federal Minister responsible for the Investment Canada Act (the "Minister"). Approval of such an acquisition is to be granted where the Minister is satisfied that the acquisition is likely to be of net benefit to Canada. For the purposes of the *Investment Canada Act*, Pacific Rubiales is considered to be a non-Canadian; accordingly, the Arrangement would result in an acquisition by a non-Canadian of control of C&C Energia and is therefore subject to review under the *Investment Canada Act*. As such, the Arrangement cannot be completed until the Minister has approved the Arrangement. On November 21, 2012, Pacific Rubiales filed an application for review of the Arrangement under the Investment Canada Act. The Minister has 45 days from the date of receipt by the Investment Review Division of a completed application to decide whether the Arrangement is likely to be of net benefit to Canada. The 45-day period may be extended by the Minister for a further 30 days, or may be extended for such longer period as may be agreed upon between the applicant, in this case Pacific Rubiales, and the Minister. If no notice is sent by the Minister to the applicant within the 45-day period or the extended period, as the case may be, that the Minister is satisfied the investment is likely to be of net benefit to Canada, then the Arrangement is deemed to be approved. It is a condition of closing that the Minister has approved the Arrangement.

Colombian Competition Legislation

A notice is required under Colombian competition legislation in order to inform the Colombian authorities of the Arrangement, which notice will be made prior to the Effective Time. Although Pacific Rubiales and C&C Energia believe that no competition or antitrust filings will be required in any other jurisdiction (including Canada), and that the Arrangement will not violate any applicable competition or antitrust laws, there is no assurance that a challenge to the Arrangement on competition or antitrust grounds will not be made in one or more jurisdictions before or after the Effective Date, nor is there any assurance as to the result of any such challenge.

ANH

Under the E&P Contracts for each of the Spin-Off Properties, a merger, spin-off, amalgamation or other corporate reorganization involving parties to such E&P Contracts requires that notification be given to the ANH. Therefore, notice of the Platino Reorganization must be given to the ANH, which notice will include a request for an amendment of the relevant E&P Contracts to reflect the new entity as holder and, where applicable, operator of the Spin-Off Properties. The ANH has the right to evaluate the legal, financial and technical capacity of Platino Energy or its subsidiaries to operate the Spin-Off Properties. As a result of such evaluation, the ANH can require additional guarantees from other entities.

The Parties expect that the ANH will not object to Platino Energy becoming a party to the E&P Contracts and the operator of the relevant Spin-Off Properties, as C&C Energia or Grupo C&C, as applicable, will continue to guarantee compliance in respect of obligations related to the Spin-Off Properties owed by Platino Energy or Platino Energy's subsidiary holding the Spin-Off Properties until Platino Energy or such subsidiary, as the case may be, is qualified to act as operator of such properties without any such guarantees. However, the Parties have agreed that if operation of the Spin-Off Properties by Platino Energy or its subsidiaries is objected to by the ANH, Grupo C&C will continue to operate the Spin-Off Properties: (a) until the ANH no longer objects to Platino Energy or its subsidiaries operating the Spin-Off Properties on terms satisfactory to both Parties; (b) if such objections cannot be overcome within a reasonable period of time after the Effective Time, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement; or (c) until other arrangements are made to the mutual satisfaction of Platino Energy and Pacific Rubiales. There is no assurance that Platino Energy or a subsidiary thereof will be able to operate the Spin-Off Properties independently of Pacific Rubiales or Grupo C&C within a reasonable period of time after the Effective Time.

Non-Solicitation Provisions and Right to Match

In the Arrangement Agreement, C&C Energia has agreed not to, directly or indirectly, solicit or participate in any discussions or negotiations with any person (other than Pacific Rubiales) regarding an Acquisition Proposal. Nonetheless, the C&C Energia Board of Directors is permitted to consider and accept a Superior Proposal under certain conditions. Pacific Rubiales is entitled to a minimum five business day period within which it may make adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement to enable C&C Energia to proceed with the Arrangement as amended rather than the Superior Proposal. If C&C Energia enters into an agreement regarding a Superior Proposal (or

certain other events occur), C&C Energia will be required to pay to Pacific Rubiales the Termination Fee. See "The Arrangement – The Arrangement – Covenants – Non-Solicitation Covenants of C&C Energia".

Termination of Arrangement Agreement

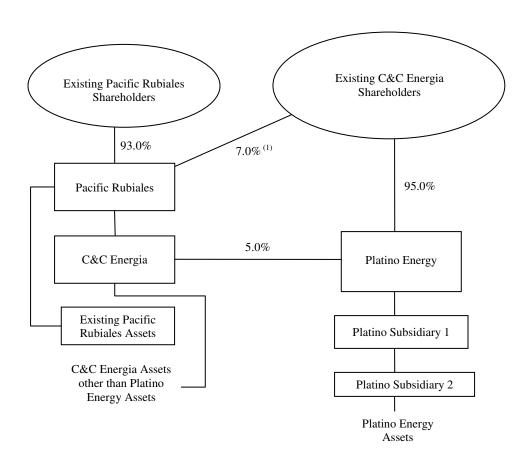
C&C Energia and Pacific Rubiales may agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time. In addition, either C&C Energia or Pacific Rubiales may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time if certain specified events occur. See "The Arrangement – The Arrangement Agreement – Termination of Arrangement Agreement".

Termination Fees and Expenses

The Arrangement Agreement requires that C&C Energia pay the Termination Fee in certain circumstances, including if the Arrangement is not completed for certain reasons. See "The Arrangement – The Arrangement Agreement – Damages". If the Arrangement is not consummated and the Termination Fee is not payable pursuant to the Arrangement Agreement, each of C&C Energia and Pacific Rubiales have agreed to bear its own costs and expenses in connection with the transactions contemplated by the Arrangement Agreement. See "The Arrangement – The Arrangement Agreement – Reimbursement Agreement".

The Post-Arrangement Structure

The following chart shows, in a simplified manner, the relationship between C&C Energia, Platino Energy, Platino Subsidiary 1, Platino Subsidiary 2, Pacific Rubiales and the former C&C Energia Shareholders immediately following completion of the Platino Reorganization and the Arrangement.



Note:

(1) Approximate and assuming that there are no Dissenting C&C Energia Shareholders and that all of the in-the-money C&C Energia Options are exercised prior to the Arrangement (with the in-the-money determination made on the assumption that the "Market Price" of the C&C Energia Common Shares (as defined in C&C Energia's stock option plan) is the same on the Effective Date as it is on the record date (Cdn\$8.50) per share)). Immediately following completion of the Plan of Arrangement, Pacific Rubiales will indirectly hold its post-Arrangement interest in Platino Energy through C&C Energia.

Procedures for Exchange of Share Certificates

Enclosed with this Information Circular is a Letter of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing C&C Energia Common Shares and all other required documents, will enable each C&C Energia Shareholder (other than Dissenting C&C Energia Shareholders) to receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share that such holder is entitled to receive under and following the completion of the Arrangement. Only registered C&C Energia Shareholders are required to submit a Letter of Transmittal. The Letter of Transmittal will contain instructions on how to exchange C&C Energia Common Shares. See "The Arrangement – Procedure for Exchange of Share Certificates by C&C Energia Shareholders" and "The Arrangement – Arrangement Mechanics".

Beneficial C&C Energia Shareholders whose C&C Energia Common Shares are registered in the name of an intermediary (a bank, trust company, securities broker, trustee or other) should contact that intermediary for instructions and assistance in delivering share certificates representing those C&C Energia Common Shares.

Arrangements Respecting C&C Energia Options, C&C Energia SARs and Executive Employment Agreements

The Arrangement will result in a "change of control" for purposes of the C&C Energia Option Plan, the C&C Energia SAR Plan, as well as C&C Energia's executive employment agreements. Upon the consummation of the Arrangement all of the C&C Energia Options and C&C Energia SARs not previously exercised will become exercisable in full at the time of the change of control of C&C Energia.

Pursuant to the Arrangement Agreement, the Parties acknowledged that all awards under the C&C Energia Option Plan and the C&C Energia SAR Plan shall be accelerated thereunder and that upon approval of the Arrangement by the C&C Energia Shareholders, C&C Energia will cause all outstanding C&C Energia Options and C&C Energia SARs to vest. All C&C Energia Options and C&C Energia SARs must be exercised, terminated or surrendered such that no C&C Energia Options or C&C Energia SARs to purchase or receive C&C Energia Common Shares will remain outstanding as of the Effective Date.

In order to facilitate the exercise of all C&C Energia Options and C&C Energia SARs prior to the Arrangement becoming effective, the authorized committee of the C&C Energia Board of Directors has approved the vesting of all outstanding C&C Energia Options and C&C Energia SARs, conditional upon the Effective Time occurring, in order that all outstanding C&C Energia Options and C&C Energia SARs shall be fully vested and may be exercised in connection with the Arrangement.

Under the Arrangement Agreement it is a condition precedent to the Arrangement in favour of Pacific Rubiales that each of the directors and officers of C&C Energia and all of its subsidiaries shall have provided his or her written resignation as a director or officer of such entity effective on or before the Effective Date, together with a mutual release. It is also anticipated that all employees of C&C Energia will cease to be employees of C&C Energia in connection with the Arrangement.

Pursuant to the Plan of Arrangement, all C&C Energia Options that have not been exercised prior to the Effective Time shall be cancelled and be of no further force and effect.

See "The Arrangement – Arrangements Respecting C&C Energia Options, C&C Energia SARs and Executive Employment Agreements" and "The Arrangement – Interests of Certain Persons in the Arrangement".

C&C Energia Warrants

Prior to the C&C IPO, C&C Barbados issued warrants to certain members of C&C Management or persons associated therewith which were exchanged in connection with the C&C IPO for the C&C Energia Warrants, which now allow those

persons to purchase an aggregate of 399,467 C&C Energia Common Shares at an exercise price of Cdn\$6.04 per C&C Energia Common Share, expiring April 27, 2013. All C&C Energia Warrants are now fully vested and may be exercised at any time.

It is a condition to the completion of the Arrangement that prior to the Effective Time all the outstanding C&C Energia Warrants must have been exercised, cancelled or surrendered. All of the holders of the C&C Energia Warrants have entered into agreements with C&C Energia pursuant to which such holders have agreed that to the extent they have not exercised their C&C Energia Warrants prior to the Effective Time, the C&C Energia Warrants held by such holder will be deemed to be exercised effective immediately prior to the Effective Time.

Dissent Rights

Registered C&C Energia Shareholders are entitled to exercise Dissent Rights in accordance with the provisions of the ABCA as modified by the Interim Order. If a registered C&C Energia Shareholder dissents, and the Arrangement is completed, each C&C Energia Common Share held by a Dissenting C&C Energia Shareholder shall be, and shall be deemed to be, transferred to C&C Energia for cancellation on the Effective Date and each Dissenting C&C Energia Shareholder shall cease to have any rights as a holder of such C&C Common Shares other than the right to be paid the "fair value" of its C&C Energia Common Shares as of the close of business on the last business day before the day on which the Arrangement is approved at the Meeting. This amount may be the same as, more than or less than the consideration offered under the Arrangement. Completion of the Arrangement is conditional on Dissent Rights not having been exercised by the holders of more than five percent of the outstanding C&C Energia Common Shares.

A registered C&C Energia Shareholder who wishes to dissent must provide a dissent notice to C&C Energia by 10:00 a.m. (Calgary time) on December 27, 2012 as more particularly described in the Information Circular (or such other date that is two business days immediately preceding the date of the Meeting, as it may be adjourned or postponed from time to time). It is important that C&C Energia Shareholders who wish to dissent comply strictly with the dissent procedures described in this Information Circular, which are different from the statutory dissent procedures of the ABCA. See "Dissenting C&C Energia Shareholder Rights".

Stock Exchange Listings

C&C Energia Common Shares

The C&C Energia Common Shares are listed on the TSX. The C&C Energia Common Shares will be delisted from the TSX after the Effective Date.

Platino Energy Shares

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee any stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on a stock exchange.

Pacific Rubiales Shares

Pacific Rubiales has received conditional listing approval to list the Pacific Rubiales Shares issuable pursuant to the Arrangement on the TSX. Listing is subject to Pacific Rubiales fulfilling all of the requirements of the TSX.

Certain Canadian Federal Income Tax Considerations

Residents of Canada

Generally, a C&C Energia Shareholder who is resident in Canada for purposes of the Tax Act and who holds his, her or its C&C Energia Common Shares as capital property and disposes of such shares under the Arrangement for Platino Energy Shares, the Share Consideration and the Cash Consideration will ultimately realize a capital gain (or capital loss) in an amount equal to the amount by which the aggregate fair market value of the consideration received by the C&C Energia

Shareholder under the Arrangement, net of any reasonable costs of disposition, exceeds (or is exceeded by) the adjusted cost base to the C&C Energia Shareholder of the C&C Energia Common Shares.

Non-Residents of Canada

Generally, a C&C Energia Shareholder who is not resident in Canada for purposes of the Tax Act will not be subject to tax under the Tax Act on any capital gain realized on a disposition of C&C Energia Common Shares under the Arrangement unless the shares are "taxable Canadian property" (as defined in the Tax Act) to the C&C Energia Shareholder and the gain is not otherwise exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty.

Eligible Holders

A C&C Energia Shareholder who is an Eligible Holder and who receives consideration that includes the Share Consideration pursuant to the Arrangement will be entitled to make a Joint Tax Election under Section 85 of the Tax Act to defer all or a portion of the capital gain that would otherwise be realized.

See "Certain Canadian Federal Income Tax Considerations" in this Information Circular. The foregoing is a brief summary of Canadian federal income tax consequences only. C&C Energia Shareholders should review the more detailed information under the above-noted heading and consult with their own tax advisors regarding their particular circumstances.

Other Matter of Special Business relating to Platino Energy

Approval of the Platino Energy Stock Option Plan

At the Meeting, C&C Energia Shareholders will be asked to consider and, if deemed advisable, ratify and approve the adoption by Platino Energy of the Platino Energy Stock Option Plan which will authorize the Platino Energy Board of Directors to issue stock options to directors, executive officers, employees and consultants of Platino Energy and its subsidiaries. To be adopted, the ordinary resolution must be approved by a simple majority of votes cast at the Meeting by C&C Energia Shareholders. Shareholder approval of the Platino Energy Stock Option Plan is expected to be required in connection with the possible listing of the Platino Energy Shares. In the event that the Platino Energy Stock Option Plan is not approved at the Meeting, it is expected that Platino Energy would consider the provision of comparable compensation to its directors, executive officers, employees and consultants in the form of cash or other appropriate arrangements. A copy of the Platino Energy Stock Option Plan is set out in Appendix G to this Information Circular. See "Other Matter of Special Business Relating to Platino Energy – Approval of the Platino Energy Stock Option Plan".

Risk Factors

C&C Energia Shareholders should understand that if the Arrangement is approved at the Meeting, C&C Energia Shareholders (other than Dissenting C&C Energia Shareholders) will receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share pursuant to a series of transactions as set out in the Plan of Arrangement. Accordingly, a former C&C Energia Shareholder will become a shareholder of each of Pacific Rubiales and Platino Energy and will be subject to all of the risks associated with the business and operations of each of Pacific Rubiales and Platino Energy and the industry in which such corporations currently or will operate. Those risks include the factors affecting forward-looking statements, described in this Information Circular, including the risk factors set forth under the headings "Forward-Looking Statements" and "Risk Factors" in this Information Circular, the risk factors relating to Pacific Rubiales included under the headings "Forward-Looking Information" and "Risk Factors" in the Pacific Rubiales AIF, incorporated by reference in this Information Circular, and set forth in Appendix H – Information Concerning Pacific Rubiales Energy Corp. to this Information Circular under the headings "Forward-Looking Statements" and "Risk Factors", the risk factors relating to Platino Energy set forth in Appendix F – Information Concerning Platino Energy Corp. to this Information Circular, under the headings "Forward-Looking Statements" and "Risk Factors".

In assessing the Arrangement, C&C Energia Shareholders should carefully consider the risks described in the Pacific Rubiales AIF, Appendix H – Information Concerning Pacific Rubiales Energy Corp. and the C&C Energia AIF, together with other information contained or incorporated by reference in this Information Circular, including the disclosure relating to Platino Energy set forth in Appendix F – Information Concerning Platino Energy Corp. and under the headings "Forward-Looking Statements" and "Risk Factors". Additional risks and uncertainties, including those currently unknown

to or considered immaterial by C&C Energia may also adversely affect the business of C&C Energia, Pacific Rubiales and Platino Energy going forward.
Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances, in which case the

Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances, in which case the market price for C&C Energia Common Shares may be adversely affected, that the closing of the Arrangement is conditional on, among other things, the receipt of all Regulatory Approvals, which could delay completion of the Arrangement, that Platino Energy may fail to become listed and that the cash position of Platino Energy may be materially different than estimated.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Information Circular the following terms shall have the meanings set forth below. Further, capitalized terms used herein that are not defined in this Information Circular have the meanings given to them in the Arrangement Agreement, a copy of which is attached hereto as Appendix C.

"ABCA" means the Business Corporations Act, R.S.A. 2000, c. B 9;

"Acquisition Proposal" means any inquiry or the making of any offer or proposal, whether or not in writing, from any person or group of persons, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) any direct or indirect sale, issuance or acquisition of any of the securities of C&C Energia (other than on exercise of currently outstanding C&C Energia Options and C&C Energia Warrants) that, when taken together with the securities of C&C Energia held by the proposed acquiror, and any person acting jointly or in concert with the acquiror, would constitute 20 percent or more of the voting securities of C&C Energia or its subsidiaries; (ii) any direct or indirect acquisition of a substantial amount of the assets of C&C Energia or its subsidiaries; (iii) an amalgamation, arrangement, merger, combination, consolidation or similar transaction involving C&C Energia or its subsidiaries; (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving C&C Energia or its subsidiaries; or (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Pacific Rubiales under the Arrangement Agreement or the Arrangement; except that for the purpose of the definition of "Superior Proposal", the references in the definition of "Acquisition Proposal" to "20 percent or more of the voting securities" shall be deemed to be references to "50 percent or more of the voting securities", and the references to "a substantial amount of assets" shall be deemed to be references to "all or substantially all of the assets";

"affiliate" has the meaning ascribed thereto in the Securities Act;

"ANH" means Agencia Nacional de Hidrocarburos, or National Hydrocarbons Agency, an agency of the Colombian government and the Colombian hydrocarbons regulator;

"ARC Energy Fund 6" means collectively, ARC Energy Fund 6 Canadian Limited Partnership, ARC Energy Fund 6 United States Limited Partnership, ARC Energy Fund 6 International Limited Partnership and ARC Capital 6 Limited Partnership;

"Arrangement" means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement;

"Arrangement Agreement" means the agreement dated November 19, 2012 between Pacific Rubiales and C&C Energia, as amended and restated on November 30, 2012, with respect to the Arrangement together with all amendments thereto, in the form attached to this Information Circular as Appendix C;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered at the Meeting in the form attached to this Information Circular as Appendix A;

"Articles of Arrangement" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted;

"Beneficial C&C Energia Shareholder" means C&C Energia Shareholders who hold their C&C Energia Common Shares through an intermediary such as a bank, trust company, securities broker or trustee or who otherwise do not hold their C&C Energia Common Shares in their own name;

"business day" means any day, other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta, Toronto, Ontario or Bogota, Colombia;

- "Cash Consideration" means the cash portion of the consideration payable for the C&C Energia Common Shares under the Arrangement, being Cdn\$0.001 in cash for each C&C Energia Class A Share;
- "C&C Barbados" means C&C Energy (Barbados) Ltd., a company formed under the laws of Barbados that was a wholly-owned subsidiary of C&C Energia and which was dissolved into C&C Energia pursuant to the Reorganization Transactions (as defined in the C&C Energia AIF);
- "C&C Energia" means C&C Energia Ltd.;
- "C&C Energia AIF" means the amended and restated annual information form of C&C Energia for the year ended December 31, 2011 of C&C Energia dated March 12, 2012;
- "C&C Energia Board of Directors" means the board of directors of C&C Energia as it may be comprised from time to time;
- "C&C Energia Class A Shares" means the Class A Shares in the capital of C&C Energia, which will be issued in accordance with the Plan of Arrangement to holders of C&C Energia Common Shares pursuant to a reorganization of the capital of C&C Energia;
- "C&C Energia Common Shares" means the common shares in the capital of C&C Energia;
- "C&C Energia Llanos" means Grupo C&C Energia Llanos Ltd. (Bermuda), a company formed under the laws of Barbados that is a wholly owned subsidiary of Grupo C&C;
- "C&C Energia Option Plan" means the stock option plan of C&C Energia effective May 25, 2010;
- "C&C Energia Optionholders" means the holders from time to time of C&C Energia Options, collectively or individually, as the context requires;
- "C&C Energia Options" means the outstanding stock options, whether or not vested, to acquire C&C Energia Common Shares granted pursuant to the C&C Energia Option Plan;
- "C&C Energia SARs" means outstanding share appreciation rights granted pursuant to the C&C Energia SAR Plan;
- "C&C Energia SAR Plan" means the share appreciation rights plan of C&C Energia effective August 30, 2012, as amended from time to time:
- "C&C Energia Shareholders" means the holders from time to time of C&C Energia Common Shares, collectively or individually, as the context requires;
- "C&C Energia Warrants" means the outstanding share purchase warrants to acquire C&C Energia Common Shares;
- "C&C Holdings" means C&C Energia Holding SRL, a company formed under the laws of Barbados that is a direct subsidiary of C&C Energia that holds all of the outstanding shares of Grupo C&C;
- "C&C IPO" means the initial public offering of 7,647,059 C&C Energia Common Shares and a secondary offering by C&C Investment Holdings of 4,117,647 C&C Energia Common Shares completed on May 25, 2010 for gross proceeds of approximately Cdn\$65.0 million to C&C Energia and Cdn\$35.0 million to C&C Investment Holdings, plus the sale of an additional 1,764,706 C&C Energia Common Shares by C&C Investment Holdings, pursuant to the over-allotment option for additional gross proceeds to C&C Investment Holdings of Cdn\$15.0 million;
- "C&C Investment Holdings" means C&C Investment Holdings LLC, a Delaware limited company that is a wholly-owned subsidiary of Denham Commodity Partners Fund IV LP;

"C&C Management" means the senior officers of C&C Energia;

"Certificate of Arrangement" means the certificate of arrangement to be issued by the Registrar pursuant to subsection 193(11) of the ABCA in respect of the Articles of Arrangement and giving effect to the Arrangement;

"Court" means the Court of Queen's Bench of Alberta;

"**Depositary**" means Valiant Trust Company;

"Dissent Rights" means the rights of dissent in respect of the Arrangement provided to registered C&C Energia Shareholders pursuant to the ABCA, as modified by the Interim Order or the Final Order;

"Dissenting C&C Energia Shares" means C&C Energia Common Shares held by Dissenting C&C Energia Shareholders;

"Dissenting C&C Energia Shareholders" means registered C&C Energia Shareholders who validly exercise their rights of dissent pursuant to the procedure set out in Section 191 of the ABCA, as modified by the Interim Order or the Final Order;

"Effective Date" means the date the Arrangement becomes effective pursuant to the ABCA;

"**Effective Time**" means 12:01 a.m. (Calgary time) or such other time on the Effective Date as may be agreed to in writing by C&C Energia and Pacific Rubiales;

"Eligible Holder" has the meaning ascribed to it under the Plan of Arrangement;

"Environment" means the natural environment (including soil, land surface or subsurface strata), surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems;

"E&P Contract" means an exploration and production contract used in Colombia established by the ANH;

"Exercised C&C Energia Option" means a C&C Energia Option for which a C&C Energia Optionholder has entered into an Option Election Agreement with C&C Energia and in respect of which the C&C Energia Optionholder has, prior to the Effective Time, paid to C&C Energia the aggregate of the exercise price of such C&C Energia Option, or effected a cashless exercise of such C&C Energia Option in accordance with the terms of the C&C Energia Options, and has paid to C&C Energia the amount of all taxes required to be remitted by C&C Energia in connection with the exercise thereof (or otherwise made arrangements satisfactory to Pacific Rubiales to satisfy the remittance obligation of C&C Energia from amounts otherwise owing to the C&C Energia Optionholders by C&C Energia);

"Fairness Opinion" means the opinion from FirstEnergy to the C&C Energia Board of Directors as to the fairness, from a financial point of view, to the C&C Energia Shareholders, of the consideration to be received by C&C Energia Shareholders under the Arrangement;

"Final Order" means the final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by the Court;

"FirstEnergy" means FirstEnergy Capital Corp., C&C Energia's financial advisor with respect to the Arrangement;

"GMP" means GMP Securities L.P., Pacific Rubiales' financial advisor with respect to the Arrangement;

"Governmental Entity" means any (i) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign;

(ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX and the TSXV), regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Grupo C&C**" means Grupo C&C Energia (Barbados) Ltd., a company formed under the laws of Barbados, which is an indirect wholly-owned subsidiary of C&C Energia (and which includes any predecessors thereof and Grupo C&C Energia (Barbados) Sucursal Colombia, a branch established under the laws of the Republic of Colombia);

"IFRS" means the International Financial Reporting Standards;

"Information Circular" means this information circular of C&C Energia, together with all appendices hereto and the accompanying Notice of Special Meeting of Shareholders, to be mailed or otherwise distributed by C&C Energia to the C&C Energia Shareholders or the Securityholders as may be required pursuant to the Interim Order in connection with the Meeting;

"Interim Order" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by the Court;

"Joint Tax Election" has the meaning ascribed to it under the section "Certain Canadian Federal Income Tax Considerations";

"Law" or "Laws" means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and "Laws" includes Environmental Laws;

"Letter of Transmittal" means the letter of transmittal accompanying this Information Circular sent to C&C Energia Shareholders in respect of the exchange of their C&C Energia Common Shares;

"Locked-Up Directors and Officers" means, collectively, James V. Bertram, Andrew L. Evans, Larry G. Evans, D. Michael G. Stewart, Dr. Richard A. Walls (and the private investment company of Dr. Walls, RAW Energy Ltd.), Randy McLeod, Kenneth D. Hillier and Tomas Villamil;

"Lonquist" means Lonquist & Co., LLC, qualified, independent petroleum engineers and energy advisors of Austin, Texas:

"**Lonquist Reserve Report**" means the independent engineering evaluation of C&C Energia's crude oil reserves in Colombia, effective December 31, 2011, prepared by Lonquist, dated February 28, 2012;

"Major Shareholders" means collectively, C&C Investment Holdings LLC and ARC Energy Fund 6 and "Major Shareholder" means either of them;

"Material Adverse Effect" means, with respect to any Party, a fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), operations or affairs of such Party and its subsidiaries, taken as a whole, except for any such fact, state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (i) any change in Canadian GAAP or changes in regulatory accounting requirements applicable to the oil and gas industry; (ii) any adoption, proposal, implementation or change in applicable Law or interpretations thereof by any Governmental Entity; (iii) any change in global, national or regional political conditions (including

the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (iv) any change generally affecting the oil and gas industry in which the Party operates; (v) the execution, announcement or performance of the Arrangement Agreement or consummation of the transactions contemplated in the Arrangement Agreement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of such Party or any of its subsidiaries with any of their customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers arising as a direct consequence of same; (vi) any natural disaster; (vii) any change in the market price or trading volume of the securities of such Party (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally on any securities exchange on which the securities of such Party trade; (viii) any actions taken (or omitted to be taken) at the written request or with the written consent of the other Party; (ix) any action taken by such Party or any of its subsidiaries which is required pursuant to the Arrangement Agreement; or (x) any matter that has been publicly disclosed or has been communicated in writing to the other Party prior to the execution of the Arrangement Agreement; provided, however, that with respect to clauses (i), (ii), (iii), (iv) and (vi), such matter does not have a materially disproportionate effect on such Party and its subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the oil and gas industry;

"Meeting" means the special meeting of C&C Energia Shareholders to be held at 9:00 a.m. (Calgary time) on December 28, 2012 in the Westwinds Meeting Room, 2nd Floor, 555 – 4th Avenue SW, Calgary, Alberta, to consider, among other things the Arrangement Resolution, and any adjournment(s) or postponement(s) thereof held in accordance with the Arrangement Agreement and the Interim Order;

"MI 61-101" means Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions of the securities regulatory authorities of Ontario and Quebec;

"Option Election Agreement" means those agreements entered into between C&C Energia and each C&C Energia Optionholder pursuant to which such C&C Energia Optionholder elects to: (i) conditionally exercise the holder's C&C Energia Options, effective as of the Effective Time, at the applicable exercise prices in accordance with the C&C Energia Option Plan; (ii) conditionally exercise the holder's C&C Energia Options on a cashless basis, effective as of the Effective Time, in accordance with the C&C Energia Option Plan; or (iii) any combination of the above elections, whereafter such C&C Energia Options shall be terminated;

"Outside Date" means March 31, 2013, subject to the right of Pacific Rubiales or C&C Energia to postpone the Outside Date for up to an additional 90 days (in 30-day increments) if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by Pacific Rubiales and C&C Energia; provided that notwithstanding the foregoing, Pacific Rubiales or C&C Energia shall not be permitted to postpone the Outside Date if the failure to obtain a Regulatory Approval primarily results from the Party seeking to postpone the Outside Date failing to cooperate in accordance with the provisions of the Arrangement Agreement (including subsection 3.4(c) therein) in obtaining such Regulatory Approval;

"Pacific Rubiales" means Pacific Rubiales Energy Corp.;

"Pacific Rubiales AIF" means the annual information form of Pacific Rubiales dated March 14, 2012 for the year ended December 31, 2011;

"Pacific Rubiales Shares" means common shares in the capital of Pacific Rubiales;

"Participating Interest" means with respect to any party to an E&P Contract or a TEA, the undivided interest of such party (expressed as a percentage of the total interests of all parties in the contract) in the rights and obligations derived from such contract which interest has been recognized by the ANH;

"Parties" means, collectively, Pacific Rubiales and C&C Energia, and "Party" means any one of them;

"person" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement" means the plan of arrangement substantially in the form attached as Appendix D to this Information Circular as amended or supplemented from time to time in accordance with the terms of the Plan of Arrangement and the Arrangement Agreement;

"Platino Energy" means Platino Energy Corp., a wholly-owned subsidiary of C&C Energia as at the date of this Information Circular:

"Platino Energy Assets" means, collectively, the assets held directly or indirectly by C&C Energia as at the date hereof to be transferred directly or indirectly by C&C Energia to Platino Energy or a direct or indirect wholly-owned subsidiary thereof in connection with the Platino Reorganization, including the Spin-Off Properties, cash in the amount of US\$88.5 million (subject to certain expense reimbursement obligations and working capital adjustments) and certain corporate assets associated with C&C Energia's offices in Calgary, Alberta and Bogota, Colombia;

"Platino Energy Board of Directors" means the board of directors of Platino Energy as it may be comprised from time to time;

"Platino Energy Shares" means the common shares in the capital of Platino Energy;

"Platino Energy Stock Option Plan" means the proposed stock option plan of Platino Energy providing for the issuance of up to ten percent of the Platino Energy Shares issued and outstanding from time to time, substantially in the form attached to this Information Circular as Appendix G;

"Platino Energy Stock Option Plan Resolution" has the meaning set out in "Other Matter of Special Business Relating to Platino Energy";

"Platino Reorganization" means the reorganization transactions involving C&C Energia, Platino Energy and their respective subsidiaries to occur prior to the Effective Time pursuant to which C&C Energia will indirectly transfer the Platino Energy Assets to Platino Energy and Platino Energy will indirectly assume the liabilities associated therewith;

"Platino Subsidiary 1" means Platino Energy Holdings Corp., an international business corporation formed under the laws of Barbados in connection with the Platino Reorganization to hold all the shares of Platino Subsidiary 2;

"Platino Subsidiary 2" means Platino Energia (Barbados) Corp., an international business corporation formed under the laws of Barbados in connection with the Platino Reorganization to hold the Platino Energy Assets in Colombia through its Colombian branch.

"Registrar" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;

"Regulation S" means Regulation S promulgated under the U.S. Securities Act;

"Regulatory Approvals" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made), waivers, early terminations, authorizations, clearances, or written confirmations of no intention to initiate legal proceedings from Governmental Entities, in each case required to consummate the transactions contemplated by the Arrangement Agreement (including, without limitation, the ability of Platino Energy to operate in Colombia);

"Reimbursement Agreement" means the agreement to be entered into between Platino Energy and C&C Energia on the Effective Date substantially in the form set forth as Schedule "D" to the Arrangement Agreement, subject to such changes as the Parties may mutually agree;

"Required Vote" means approval of the Arrangement Resolution by (i) 66% percent of the votes validly cast on the Arrangement Resolution by the C&C Energia Shareholders, and (ii) a majority of the votes validly cast on the Arrangement Resolution by C&C Energia Shareholders other than those required to be excluded in determining such approval pursuant to MI 61-101, in each case present in person or represented by proxy at the Meeting;

"Section 85 Election Period" has the meaning set out in "Certain Canadian Federal Income Tax Considerations – Joint Tax Election":

"Securities Act" means the *Securities Act*, R.S.A. 2000, c. S-4 and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"Securities Authorities" means the TSX, the TSXV and the securities commissions and other securities regulatory authorities in each of the provinces and territories of Canada;

"Securities Laws" means the Securities Act, all other applicable Canadian securities laws, rules and regulations and published policies thereunder;

"Securityholder" means a holder of one or more C&C Energia Common Shares, C&C Energia Options or C&C Energia Warrants;

"Share Consideration" means 0.3528 of a Pacific Rubiales Share;

"Special Committee" means the special committee of the C&C Energia Board of Directors formed on November 13, 2012 to assist the C&C Energia Board of Directors in evaluating the Arrangement;

"Spin-Off Properties" means the Participating Interests of Grupo C&C in each of the Morpho Block, the Coati Block, the Andaquíes Block and the Putumayo-8 Block;

"subsidiary" means, with respect to a specified person, any person of which at least 50 percent of the voting power ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified person and shall include any person over which such specified person exercises direction or control or which is in a like relation to a subsidiary;

"Superior Proposal" means a written bona fide Acquisition Proposal: (1) that did not result from a breach of the Arrangement Agreement; (2) that is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the C&C Energia Board of Directors, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (3) that the C&C Energia Board of Directors determines in good faith after consultation with its financial advisor(s), would if consummated in accordance with its terms, result in a transaction financially superior for the C&C Energia Shareholders compared to the transaction contemplated by the Arrangement Agreement; (4) that the C&C Energia Board of Directors determines in good faith after consultation with its financial advisor(s) and outside legal counsel, is reasonably likely to be consummated without undue delay within the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (5) in respect of which the C&C Energia Board of Directors determines in good faith, as reflected in minutes of the C&C Energia Board of Directors, after receiving the advice of outside legal counsel, that the taking of such action is necessary for the C&C Energia Board of Directors to act in a manner consistent with its fiduciary duties under applicable Laws;

"Support Agreements" means the support agreements, effective November 19, 2012, between Pacific Rubiales and the Locked-Up Directors and Officers as well as the Major Shareholders, pursuant to which the Locked-Up

Directors and Officers as well as the Major Shareholders have agreed, among other things, to vote in favour of the Arrangement Resolution;

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"TEA" means a short-term contract between an exploration company and the ANH to analyze existing data and acquire new information to evaluate an area of interest:

"Termination Fee" means the amount of Cdn\$15.0 million;

"Transaction Expenses" means all costs, fees and expenses incurred or suffered by C&C Energia in connection with the Transaction, including but not limited to, financial advisory fees, management compensation and change of control payments, fees of outside legal counsel, auditors and technical experts, printing and mailing costs, and all other general fees, costs and expenses incurred by C&C Energia in connection with the Transaction;

"TSX" means the Toronto Stock Exchange;

"TSXV" means the TSX Venture Exchange;

"United States" or "U.S." means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"U.S. Exchange Act" means the *United States Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder;

"U.S. Securities Act" means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder; and

"U.S. Securities Laws" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical consolidated financial statements of, and the summaries of historical financial information concerning C&C Energia, Platino Energy, Pacific Rubiales and the Platino Energy Assets contained or incorporated by reference in this Information Circular are reported in U.S. dollars and have been prepared in accordance with IFRS.

CANADIAN / U.S. EXCHANGE RATES

In this Information Circular, dollar amounts are expressed either in Canadian dollars (Cdn\$) or U.S. dollars (US\$), unless otherwise indicated. The following table sets forth, for each period indicated, the high and low exchange rates for one U.S. dollar expressed in Canadian dollars, the average of such exchange rates during such periods, and the exchange rate at the end of the period, in each case, based upon the Bank of Canada noon spot rate of exchange.

		Yea	Year Ended December 31		
	Nine Months Ended September 30, 2012	2011	2010	2009	
High	1.0418	1.0604	1.0778	1.3000	
Low	0.9710	0.9449	0.9946	1.0292	
Average ⁽¹⁾	1.0003	0.9857	1.0299	1.1420	
Period End	0.9837	1.0170	0.9946	1.0466	

Note:

(1) Determined by averaging the rates on the first business day of each month during the respective period.

On November 29, 2012, the exchange rate for one U.S. dollar expressed in Canadian dollars was Cdn\$0.9930 based upon the Bank of Canada noon spot rate of exchange.

CONVERSIONS

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<u>To</u>	Multiply By
cubic metres	0.159
metres	0.305
feet	3.281
kilometres	1.609
miles	0.621
hectares	0.405
acres	2.471
cubic metres	0.028
	cubic metres metres feet kilometres miles hectares acres

THE ARRANGEMENT

Background and Reasons for the Arrangement

Background to the Arrangement

The C&C Energia Board of Directors, with the assistance of C&C Management, continually reviews options available to C&C Energia to ensure that the C&C Energia Shareholders' value is maximized. As part of this ongoing process, C&C Management has investigated business development opportunities that could build C&C Energia's exploration and production portfolio and create positive value for C&C Energia.

Through the second half of 2011 and into 2012, C&C Energia spoke to numerous potential counterparties regarding various business development opportunities. These opportunities included potential farm-in and farm-out transactions, strategic asset dispositions and exchanges, and sales and business combination transactions. In some cases there were initial conceptual discussions and in other cases C&C Energia and/or the applicable counterparty conducted due diligence and had more detailed discussions regarding the parameters of a possible transaction. In certain cases where the transaction would be more significant to C&C Energia's business, C&C Energia engaged financial advisors, including FirstEnergy and TD Securities Inc., to assist it evaluating the opportunities. Certain of the discussions relating to these alternative business transactions were ongoing in October 2012 and early November 2012.

Throughout the periods described above, C&C Management kept the C&C Energia Board of Directors informed regarding the various business development transactions through separate strategy sessions between the C&C Energia Board of Directors and C&C Management and received advice and direction from the C&C Energia Board of Directors regarding the alternatives available to C&C Energia.

On October 11, 2012, the C&C Energia Board of Directors held a strategic planning session to consider the overall strategic direction and priorities of C&C Energia. In advance of the session, C&C Energia's management: (a) conducted a detailed analysis of the opportunities and risks of operating a mid-sized listed oil exploration and production company in Colombia, (b) summarized the business development activities to date and considered other counterparties that could be available, as well as the strategic fit of C&C Energia with the other parties, and (c) conducted an overall evaluation of the broader strategic alternatives open to C&C Energia. C&C Management provided an update regarding the business development initiatives it was pursuing at the time and presented its evaluation and recommendation to the C&C Energia Board of Directors at the strategy session. Among the alternatives discussed at the strategy session was the possibility of a separation of C&C Energia's producing properties, which C&C Management felt were well valued in the market and would be of interest to counterparties, from the company's exploration properties, which C&C Management and the C&C Energia Board of Directors felt had potential value and upside for C&C Energia Shareholders.

On October 26, 2012, Randy McLeod, C&C Energia's President and Chief Executive Officer, was contacted by GMP on behalf of Pacific Rubiales. GMP advised that Pacific Rubiales wanted to discuss the possibility of a business combination transaction involving C&C Energia and Pacific Rubiales. Mr. McLeod arranged to meet with Serafino Iacono, Pacific Rubiales' Co-Chairman, and a representative of GMP on November 2, 2012 in Toronto. At the meeting, Mr. Iacono indicated that Pacific Rubiales wished to begin negotiations on the terms of its acquisition of C&C Energia. Mr. McLeod and Mr. Iacono discussed possible transaction structures and terms, and determined to speak further regarding the transaction. Following the discussion, C&C Energia engaged FirstEnergy to act as its financial advisor in respect of a possible transaction with Pacific Rubiales.

On November 6, 2012, Pacific Rubiales delivered a proposal letter to the C&C Energia Board of Directors regarding a potential transaction and the C&C Energia Board of Directors added discussion regarding the transaction to the agenda for the November 8, 2012 board meeting.

At the November 8, 2012 board meeting, FirstEnergy provided an evaluation of the financial aspects of the proposed transaction and C&C Management described the transaction in detail. The C&C Energia Board of Directors discussed the proposed transaction at length, and considered whether it would be beneficial to open a public auction

process with respect to an acquisition of C&C Energia. Among the considerations which were discussed in that regard were: (a) the fact that C&C Energia had been in discussions at various times with most of the other potential counterparties for an acquisition transaction and that acceptable terms were not reached; (b) that Pacific Rubiales had indicated that it would withdraw its proposal and not participate in a public auction; (c) that the proposal represented a significant premium to the then trading price of the C&C Energia Common Shares; and (d) that the proposal provided a transaction structure that was consistent with the strategic separation of C&C Energia's exploration properties discussed at the October 11, 2012 strategy session. Based in part on the advice of FirstEnergy regarding its evaluation of the proposal, the C&C Energia Board of Directors (other than Mr. Isaac Yanovich who abstained from voting on matters relating to the proposed transaction at this and subsequent meetings of the C&C Energia Board of Directors) directed C&C Management to continue discussing the potential transaction with Pacific Rubiales.

On November 12 and 13, 2012, representatives of C&C Management, along with C&C Energia's legal advisors and FirstEnergy, met with representatives of Pacific Rubiales, along with Pacific Rubiales' legal advisors and GMP, in Toronto. The Parties worked towards the execution of a letter of intent which would form the basis of the negotiation of a definitive arrangement agreement. On November 13, 2012, the C&C Energia Board of Directors met to receive an update regarding the status of negotiations. At the November 13, 2012 meeting, the C&C Energia Board of Directors unanimously (other than Mr. Yanovich, who abstained from voting) authorized C&C Energia to execute the letter of intent (subject to negotiation of certain final terms in the discretion of the Chief Executive Officer) and directed C&C Energia's management to continue to negotiate towards a transaction as described in the draft letter of intent. The C&C Energia Board of Directors also established the Special Committee to assist it in evaluating the final terms of the transaction on behalf of the C&C Energia Board of Directors.

On November 13, 2012, the Parties entered into a mutual confidentiality agreement and commenced their mutual due diligence. On November 14, 2012, the Parties continued negotiations regarding the letter of intent and also began negotiating the terms of the Arrangement Agreement. The Parties settled the terms of the non-binding letter of intent on November 14, 2012. The Parties continued negotiations on the terms of the Arrangement Agreement between November 14, 2012 and November 18, 2012. On the afternoon of November 18, 2012, the Special Committee met to receive an update on the process and to understand the effect of the transaction on Securityholders. The Special Committee met again on the evening of November 18, 2012 to receive FirstEnergy's evaluation of the transaction and to consider approval of the Arrangement and recommendation of the Arrangement to the C&C Energia Board of Directors. The C&C Energia Board of Directors also scheduled to meet on the evening of November 18, 2012 and both the C&C Energia Board of Directors and the Special Committee received FirstEnergy's evaluation of the Arrangement and its verbal fairness opinion. During the course of the Special Committee's meeting, it was evident that certain final terms of the Arrangement Agreement were still being settled, so the Special Committee and the C&C Energia Board of Directors each adjourned their meetings until the morning of November 19, 2012.

C&C Energia and Pacific Rubiales continued negotiation of certain final terms of the Arrangement Agreement through the night of November 18, 2012 and into November 19, 2012 and settled the final terms of the Arrangement Agreement that morning. The Special Committee met again on the morning of November 19, 2012 and considered the final terms of the Arrangement and received FirstEnergy's re-confirmation as to its evaluation of the fairness of the Arrangement to C&C Energia Shareholders. At the conclusion of the Special Committee meeting, the Special Committee unanimously approved the Arrangement and recommended to the C&C Energia Board of Directors to approve the Arrangement and the Arrangement Agreement. The C&C Energia Board of Directors then met, considered the recommendation of the Special Committee and considered the Arrangement and the Arrangement Agreement, and at the conclusion of the meeting approved the Arrangement and authorized C&C Energia to enter into the Arrangement Agreement.

C&C Energia and Pacific Rubiales each executed the Arrangement Agreement on the morning of November 19, 2012 and announced the transaction that morning. C&C Energia and Pacific Rubiales signed an amendment to the Arrangement Agreement on November 30, 2012, incorporating various clerical adjustments.

Reasons for the Arrangement

Following receipt of advice and assistance from FirstEnergy and Blake, Cassels & Graydon LLP, legal counsel to C&C Energia, the Special Committee and the C&C Energia Board of Directors carefully evaluated the terms of the proposed Arrangement and: (i) determined that the Arrangement is in the best interests of C&C Energia; (ii) determined that the Arrangement is fair to C&C Energia Shareholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that C&C Energia Shareholders vote in favour of the Arrangement. In reaching these determinations and approvals the C&C Energia Board of Directors considered, among other things, the following factors and potential benefits and risks of the Arrangement:

- (a) the C&C Energia Board of Directors concluded that the value offered to C&C Energia Shareholders under the Arrangement is more favourable than the value that would have been realized through pursuing C&C Energia's current business plan;
- (b) the total consideration offered under the Arrangement for the C&C Energia Common Shares represented a premium of approximately 52 percent to the 20 day volume weighted average trading price of C&C Energia Common Shares on the TSX for the period ending on November 16, 2012 (the last trading day prior to the announcement of the entering into of the Arrangement Agreement);
- in addition to receiving the Share Consideration and the Cash Consideration, a C&C Energia Shareholder will also receive one Platino Energy Share for each C&C Energia Common Share. In connection with the Arrangement, C&C Energia will also contribute approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) and as a result, Platino Energy is expected to commence operations with a net cash position of approximately US\$80.0 million, enabling Platino Energy to carry out its business plan;
- (d) through the receipt of Platino Energy Shares, C&C Energia Shareholders will be able to continue to participate in the ongoing development opportunities relating to the Platino Energy Assets to be held by Platino Energy upon completion of the Arrangement;
- (e) FirstEnergy provided an opinion to the Special Committee and the C&C Energia Board of Directors that, as of the date of its opinion and subject to and based upon the various assumptions, limitations and qualifications referred to in its opinion, the aggregate consideration to be received by C&C Energia Shareholders under the Arrangement is fair, from a financial point of view, to C&C Energia Shareholders;
- the Arrangement Agreement is the result of a focused negotiation process with respect to the key elements of the Arrangement that was undertaken at arm's length with the oversight and participation of the Special Committee and C&C Energia's legal counsel and financial advisor, and it resulted in terms and conditions that are reasonable in the judgment of the Special Committee;
- (g) the careful review of the transaction by the Special Committee and the C&C Energia Board of Directors and each of their conclusions that, at the time the Arrangement Agreement was entered into, the Arrangement was the most favourable alternative available, taking into account the consideration offered (being the Share Consideration, the Cash Consideration and the Platino Energy Share), the risk that the transaction might not be completed and the other terms and conditions of the Arrangement Agreement;
- (h) the Locked-Up Directors and Officers and Major Shareholders were willing to enter into the Support Agreements;
- the Arrangement Agreement does not prevent a third party from making an unsolicited Acquisition Proposal and, subject to compliance with the terms of the Arrangement Agreement, the C&C Energia Board of Directors is not precluded from considering and responding to an unsolicited Acquisition Proposal that the C&C Energia Board of Directors determines in good faith, after consultation with its financial advisor(s) and outside counsel, constitutes or could reasonably be expected to lead to a Superior Proposal at any time prior to the approval of the Arrangement by C&C Energia Shareholders; in the event that a

Superior Proposal is made and not matched by Pacific Rubiales, upon payment by C&C Energia to Pacific Rubiales of the Termination Fee, the Arrangement Agreement may be terminated by C&C Energia and C&C Energia may enter into an acquisition agreement with the third party making the Superior Proposal and as a result thereof, the Locked-Up Directors and Officers and the Major Shareholders will be released from their obligations under the Support Agreement; and

(j) the C&C Energia Board of Directors' judgment, with the advice of FirstEnergy, that the Termination Fee is reasonable in the context of similar fees that have been negotiated in other transactions and should not preclude another party from making an Acquisition Proposal.

In its review of the proposed terms of the Arrangement, the C&C Energia Board of Directors also considered a number of elements of the transaction, including the following:

- (a) the Arrangement must be approved by the Required Vote;
- (b) the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the C&C Energia Shareholders; and
- (c) registered holders of C&C Energia Shares will be granted the right to dissent with respect to the Arrangement and, upon valid exercise of such right, be paid the fair value of their C&C Energia Common Shares.

Recommendation of the Special Committee

The C&C Energia Board of Directors formed the Special Committee on November 13, 2012 to assist the C&C Energia Board of Directors in considering and evaluating the Arrangement. The Special Committee was comprised of James Bertram, Andrew Evans, Larry G. Evans, D. Michael G. Stewart and Carl Tricoli, none of whom are current or former members of C&C Management. D. Michael G. Stewart, the Chair of C&C Energia's Audit Committee and Corporate Governance Committee, served as Chair of the Special Committee.

The Special Committee oversaw the process of the negotiation of the Arrangement Agreement by C&C Management. On November 18, 2012 and November 19, 2012, the Special Committee received reports from C&C Management, as well as FirstEnergy and C&C Energia's legal advisors. After carefully considering the effect of the Arrangement on C&C Energia and the Securityholders, the Special Committee unanimously approved the Arrangement and recommended to the C&C Energia Board of Directors that it approve the Arrangement and the Arrangement Agreement.

Approval and Recommendation of the C&C Energia Board of Directors

The C&C Energia Board of Directors has considered the recommendation of the Special Committee and has reviewed the terms of the Arrangement Agreement and has determined that the Arrangement is in the best interests of C&C Energia and has, based upon, among other things, the Fairness Opinion, determined that the Arrangement is fair to C&C Energia Shareholders. Accordingly, the C&C Energia Board of Directors has approved the Arrangement and recommends that C&C Energia Shareholders vote for the Arrangement Resolution.

Opinion of FirstEnergy

In deciding to recommend the Arrangement for approval, the Special Committee and the C&C Energia Board of Directors considered, among other things, the Fairness Opinion. The C&C Energia Board of Directors received the Fairness Opinion which states that, as of the date of the Fairness Opinion and subject to and based on the various assumptions, limitations and qualifications referred to in the Fairness Opinion, the aggregate consideration to be received by C&C Energia Shareholders pursuant to the Arrangement is fair, from a financial point of view, to C&C Energia Shareholders. The Fairness Opinion is attached to this Information Circular as Appendix E. C&C Energia encourages you to read the Fairness Opinion in its entirety. **This summary is qualified in its entirety by reference to the full text of the Fairness Opinion.**

The full text of the written Fairness Opinion, dated effective November 30, 2012, which sets forth assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Appendix E. FirstEnergy provided the Fairness Opinion for the information and assistance of the Special Committee and the C&C Energia Board of Directors in connection with their consideration of the Arrangement and the Fairness Opinion may not be relied upon by any other person. The Fairness Opinion is not a recommendation as to how any C&C Energia Shareholder should vote with respect to the Arrangement or any other matter.

FirstEnergy was engaged by C&C Energia as a financial advisor effective October 18, 2012, to provide the C&C Energia Board of Directors with various financial advisory services including, without limitation, with respect to various transaction alternatives available to C&C Energia. C&C Energia amended its terms of engagement with FirstEnergy on November 7, 2012 to include financial advisory services specifically with respect to discussions with Pacific Rubiales and, if applicable, to provide the Fairness Opinion.

In consideration of the provision of these services, C&C Energia has agreed to pay FirstEnergy certain fees and also agreed to indemnify FirstEnergy against certain liabilities, including under applicable Securities Laws, and to reimburse FirstEnergy for reasonable expenses incurred by FirstEnergy in performing financial advisor services.

FirstEnergy and other members of their respective corporate groups are also engaged in domestic and international underwriting, syndication, mergers and acquisitions, banking, trading, brokerage and swaps and derivatives activities. FirstEnergy may have in the past, provided and/or may in the future provide banking, financial advisory and investment banking services to C&C Energia and/or Pacific Rubiales or any of their respective associates or affiliates.

Arrangement Mechanics

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- the Arrangement must be approved by the C&C Energia Shareholders in the manner set forth in the Interim Order;
- the Court must grant the Final Order approving the Arrangement;
- the Platino Reorganization must be completed and all other conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and
- the Certificate of Arrangement giving effect to the Arrangement must be issued.

The Arrangement

Holders of issued and outstanding C&C Energia Common Shares (other than C&C Energia Common Shares held by Dissenting C&C Energia Shareholders) will receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share pursuant to a series of transactions as set out in the Plan of Arrangement, which includes the following steps:

each C&C Energia Common Share held by a Dissenting C&C Energia Shareholder shall be, and shall be
deemed to be, surrendered to C&C Energia for cancellation on the Effective Date by the holder thereof and
thereupon each Dissenting C&C Energia Shareholder shall cease to have any rights as a holder of such
C&C Energia Common Shares other than the rights set out in the ABCA (as modified in the Interim Order)

and the name of such Dissenting C&C Energia Shareholder shall be removed from the register of holders of C&C Energia Common Shares;

- each of the Exercised C&C Energia Options shall be, and shall be deemed to be, exercised and C&C
 Energia shall, and shall be deemed to, issue to the holder of such Exercised C&C Energia Options that
 number of C&C Energia Common Shares issuable pursuant to the terms of such Exercised C&C Energia
 Options;
- all remaining outstanding C&C Energia Options shall be terminated without payment or compensation therefor; and
- each C&C Energia Common Share, will, through a series of steps and exchanges, be exchanged for (a) 0.3528 of a Pacific Rubiales Share, (b) Cdn\$0.001 and (c) one Platino Energy Share.

The Arrangement will be implemented by way of a Court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. A full description of the steps that will occur under the Plan of Arrangement is set forth under the heading "The Arrangement – Arrangement Mechanics – Arrangement Steps". The foregoing description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Appendix D to this Information Circular.

Pursuant to the Plan of Arrangement, all C&C Energia Options that have not been exercised prior to the Effective Time shall be cancelled and be of no further force and effect. It is a condition to the completion of the Arrangement that all C&C Energia Warrants and C&C Energia SARs be exercised, cancelled or surrendered prior to the Effective Time. See "The Arrangement – Arrangements Respecting C&C Energia Options, C&C Energia SARs and Executive Employment Agreements".

Arrangement Steps

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the implementation of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Appendix D to this Information Circular:

- (a) each C&C Energia Common Share held by a Dissenting C&C Energia Shareholder shall be, and shall be deemed to be, surrendered to C&C Energia by the holder thereof, without any further act or formality by or on behalf of the Dissenting C&C Energia Shareholder, free and clear of all liens, encumbrances or claims for cancellation and thereupon each Dissenting C&C Energia Shareholder shall cease to have any rights as holders of such C&C Energia Common Shares other than the rights set out in the Plan of Arrangement and the name of such Dissenting C&C Energia Shareholder shall be removed from the register of holders of C&C Energia Common Shares;
- (b) each of the Exercised C&C Energia Options shall be, and shall be deemed to be, exercised and C&C Energia shall, and shall be deemed to, issue to the holder of such Exercised C&C Options that number of C&C Energia Common Shares issuable pursuant to the terms of such Exercised C&C Energia Options;
- (c) all outstanding C&C Energia Options shall be terminated without payment or compensation therefor, and neither C&C Energia nor Pacific Rubiales shall have any further liabilities or obligations to the former holders of the C&C Energia Options thereof with respect thereto;
- (d) each C&C Energia Common Share acquired on the exercise of an Exercised C&C Energia Option pursuant to the Plan of Arrangement shall be, and shall be deemed to be, transferred to Pacific Rubiales (free and clear of any liens, encumbrances or claims) by former holders of C&C Energia Options in exchange for:
 - (i) the Share Consideration;

- (ii) the right to receive a Platino Energy Share to be delivered by Pacific Rubiales pursuant to (f) below:
- (e) in the course of a reorganization of C&C Energia's authorized and issued share capital:
 - (i) the articles of C&C Energia shall be amended to:
 - (A) cancel the class of shares currently known as "Preferred Shares", as there are no issued or outstanding shares of that class; and
 - (B) to add a class of shares designated as "Class A Shares", having the following rights, privileges, restrictions and conditions attaching thereto:
 - 1. <u>Dividends</u>: The holders of the C&C Energia Class A Shares are entitled to receive dividends, if, as and when declared by the board of directors of C&C Energia, out of the assets of C&C Energia properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the board of directors of C&C Energia may from time-to-time determine. Subject to the rights of the holders of any other class of shares of C&C Energia entitled to receive dividends in priority to or rateably with the C&C Energia Class A Shares, the C&C Energia Board of Directors may in its sole discretion declare dividends on the C&C Energia Class A Shares to the exclusion of any other class of shares of C&C Energia;
 - 2. <u>Voting Rights</u>: The holders of the C&C Energia Class A Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of C&C Energia, and to two votes at all such meetings in respect of each C&C Energia Class A Share held;
 - 3. Participation upon Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of C&C Energia or other distribution of assets of C&C Energia among its shareholders for the purpose of winding-up its affairs, the holders of the C&C Energia Class A Shares shall, subject to the rights of the holders of any other class of shares of C&C Energia upon such a distribution in priority to the C&C Energia Class A Shares, be entitled to participate rateably in any distribution of the assets of C&C Energia; and
 - 4. Modification of Rights: The rights and restrictions attached to the C&C Energia Class A Shares shall not be modified unless the holders of the C&C Energia Class A Shares consent thereto by separate resolution. Such consent may be obtained in writing signed by the holders of all of the issued and outstanding C&C Energia Class A Shares or by a resolution passed by at least 75 percent of the votes cast at a separate meeting of the holders of C&C Energia Class A Shares who are present in person or represented by proxy at such meeting; and
 - (ii) each issued and outstanding C&C Energia Common Share shall be exchanged with C&C Energia (free and clear of any liens, encumbrances or claims) for one C&C Energia Class A Share and one Platino Energy Share;
- (f) Pacific Rubiales shall deliver to each C&C Energia Shareholder whose C&C Energia Common Shares were transferred to Pacific Rubiales pursuant to step (d) above such number of Platino Energy Shares as are deliverable to such C&C Energia Shareholder pursuant to step (d) above; and
- (g) each issued and outstanding C&C Energia Class A Share (other than C&C Energia Class A Shares already held by Pacific Rubiales) shall be, and shall be deemed to be, transferred to Pacific Rubiales (free and clear of any liens, encumbrances or claims) in exchange for the Share Consideration and the Cash Consideration.

No certificates representing fractional shares shall be issued or delivered pursuant to the Arrangement in the case of either the Share Consideration or the Platino Energy Shares issuable to C&C Energia Shareholders. In the event that a former C&C Energia Shareholder would otherwise be entitled to a fractional Pacific Rubiales Share or Platino Energy Share, as the case may be, the number of Pacific Rubiales Shares or Platino Energy Shares shall be rounded to the nearest whole number without any additional compensation. In calculating such fractional interests, all C&C Energia Common Shares registered in the name of or beneficially held by such former C&C Energia Shareholder or their nominee shall be aggregated. If the aggregate amount of Cash Consideration to which a former C&C Energia Shareholder would otherwise be entitled pursuant to the Arrangement includes a fractional cent, such amount shall be rounded up to the nearest whole cent.

The foregoing is only a summary of the steps to be undertaken pursuant to the Plan of Arrangement. Reference should be made to the full text of the Plan of Arrangement which is attached to this Information Circular as Appendix D.

The Platino Reorganization

The completion of the Arrangement is conditional upon C&C Energia and Platino Energy completing the Platino Reorganization whereby C&C Energia will transfer all of the Platino Energy Assets to Platino Energy and/or its subsidiaries and Platino Energy and/or its subsidiaries will assume the related liabilities, on or prior to the Effective Date. A description of certain of the proposed steps involved in the reorganization transactions is set forth below.

C&C Holdings will incorporate two new subsidiaries, Platino Subsidiary 1 and Platino Subsidiary 2, and Platino Subsidiary 2 will register a branch in Colombia. Subsequently, C&C Energia Llanos will distribute cash it holds to Grupo C&C, and Grupo C&C will distribute cash it holds to C&C Holdings.

Prior to the Effective Date, pursuant to a spin-off agreement in accordance with the rules applicable in Colombia, Grupo C&C (through its Colombian branch) will transfer the Spin-Off Properties, and associated liabilities, to Platino Subsidiary 2 (through its Colombian branch). Subsequently, Grupo C&C will give notice to the ANH of the transfer of the Spin-Off Properties to Platino Subsidiary 2's Colombian branch as a result of Grupo C&C's corporate reorganization, requesting that the relevant E&P Contracts of the Spin-Off Properties be amended to include Platino Subsidiary 2 as the new holder and operator of the Spin-Off Properties. Grupo C&C will provide a parent company guarantee for the obligations of Platino Subsidiary 2, under the E&P Contracts for the Coati, Andaquíes, Morpho, and Putumayo 8 blocks, in a manner acceptable to the ANH.

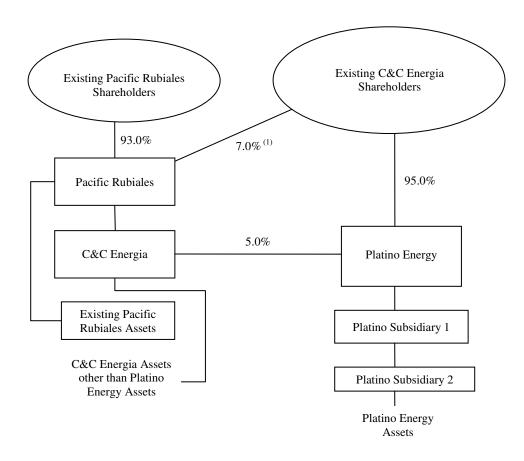
Immediately prior to the Effective Date, C&C Energia will effect a series of transactions pursuant to which Platino Subsidiary 1 and Platino Subsidiary 2 will become subsidiaries of Platino Energy, and will contribute cash in an amount estimated to be US\$88.5 million to Platino Energy in consideration for common shares of Platino Energy.

In addition, immediately before the Effective Time, the common shares of Platino Energy shall be subdivided as necessary to provide that after the distribution of Platino Energy common shares by C&C Energia to the C&C Energia Shareholders as contemplated by the Arrangement, C&C Energia holds five percent of the issued and outstanding common shares of Platino Energy on a fully diluted basis.

The specific Platino Reorganization transaction steps are still subject to review by Pacific Rubiales, C&C Energia and their respective tax and legal advisors, and some changes to the structure and steps may be made if a more efficient structure from a legal, tax or regulatory perspective is identified. In particular, if for regulatory purposes in Colombia, an additional entity is required in order to obtain required ANH approvals, Pacific Rubiales and C&C Energia have agreed to adjust the structure, as reasonably required, to allow the operatorship of the Spin-Off Properties.

The Post-Arrangement Structure

The following chart shows, in a simplified manner, the relationship between C&C Energia, Platino Energy, Platino Subsidiary 1, Platino Subsidiary 2, Pacific Rubiales and the former C&C Energia Shareholders immediately following completion of the Platino Reorganization and the Arrangement.



Note:

(1) Approximate and assuming that there are no Dissenting C&C Energia Shareholders and that all of the in-the-money C&C Energia Options are exercised prior to the Arrangement (with the in-the-money determination made on the assumption that the "Market Price" of the C&C Energia Common Shares (as defined in C&C Energia's stock option plan) is the same on the Effective Date as it is on the record date (Cdn\$8.50) per share)). Immediately following completion of the Plan of Arrangement, Pacific Rubiales will indirectly hold its post-Arrangement interest in Platino Energy through C&C Energia.

Following completion of the Platino Energy Reorganization and the Arrangement, Platino Energy will indirectly own the Platino Energy Assets through its subsidiaries, Platino Subsidiary 1 and Platino Subsidiary 2.

See "Information Concerning Platino Energy" and Appendix F – Information Concerning Platino Energy Corp.

Arrangements Respecting C&C Energia Options, C&C Energia SARs and Executive Employment Agreements

The Arrangement will result in a "change of control" for purposes of the C&C Energia Option Plan, the C&C Energia SAR Plan, as well as C&C Energia's executive employment agreements.

Pursuant to the Arrangement Agreement, the Parties acknowledged that all awards under the C&C Energia Option Plan and the C&C Energia SAR Plan shall be accelerated thereunder and that upon approval of the Arrangement by the C&C Energia Shareholders, C&C Energia will cause all outstanding C&C Energia Options and C&C Energia SARs to vest. All C&C Energia Options and C&C Energia SARs must be exercised, terminated or surrendered such that no C&C Energia Options or C&C Energia SARs to purchase or receive C&C Energia Common Shares will remain outstanding as of the Effective Date.

In order to facilitate the exercise of all C&C Energia Options and C&C Energia SARs prior to the Arrangement becoming effective, the C&C Energia Board of Directors has approved the vesting of all outstanding C&C Energia Options and C&C Energia SARs, conditional upon the Effective Time occurring, in order that all outstanding C&C Energia Options and C&C Energia SARs shall be fully vested and may be exercised in connection with the Arrangement.

The Arrangement Agreement and the Plan of Arrangement provide that each of the holders of C&C Energia Options will enter into Option Election Agreements pursuant to which they will elect to conditionally exercise their C&C Energy Options either for cash or on a "cashless" basis in accordance with the C&C Energia Stock Option Plan (or any combination thereof), effective at the Effective Time. Under the Option Election Agreements, the C&C Energia Optionholders will agree to indemnify C&C Energia for any withholding taxes applicable to the exercised C&C Energy Options. Under the Plan of Arrangement, all Exercised C&C Energia Options will be deemed to be exercised in accordance with the Option Election Agreements and all unexercised C&C Energia Options will be terminated. See "The Arrangement – Interests of Certain Persons in the Arrangement – C&C Energia Option Plan".

It is a condition precedent to the completion of the Arrangement that all C&C Energia SARs be exercised, cancelled or surrendered. It is expected that all holders of C&C Energia SARs will exercise their C&C Energia SARs in advance of the completion of the Arrangement and be paid the amounts owing thereunder in accordance with the C&C Energia SAR Plan. See "The Arrangement – Interests of Certain Persons in the Arrangement – C&C Energia SAR Plan".

Under the Arrangement Agreement it is a condition precedent to the Arrangement in favour of Pacific Rubiales that each of the directors and officers of C&C Energia and all of its subsidiaries shall have provided his or her written resignation as a director or officer of such entity effective on or before the Effective Date, together with a mutual release. It is also anticipated that all employees of C&C Energia will cease to be employees of C&C Energia in connection with the Arrangement. See "The Arrangement Agreement – Conditions Precedent – Conditions Precedent in Favour of Pacific Rubiales".

C&C Energia Warrants

Prior to the C&C IPO, C&C Barbados issued warrants to certain members of C&C Management or persons associated therewith which were exchanged in connection with the C&C IPO for the C&C Energia Warrants, which now allow those persons to purchase an aggregate of 399,467 C&C Energia Common Shares at an exercise price of Cdn\$6.04 per C&C Energia Common Share, expiring April 27, 2013. All C&C Energia Warrants are now fully vested and may be exercised at any time.

It is a condition to the completion of the Arrangement that prior to the Effective Time all the outstanding C&C Energia Warrants must have been exercised, cancelled or surrendered. All of the holders of the C&C Energia Warrants have entered into agreements with C&C Energia pursuant to which such holders have agreed that to the extent they have not exercised their C&C Energia Warrants prior to the Effective Time, the C&C Energia Warrants held by such holder will be deemed to be exercised effective immediately prior to the Effective Time.

The Arrangement Agreement

The following is a summary of the material terms of the Arrangement Agreement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement which is attached to this Information Circular as Appendix C. C&C Energia Shareholders are urged to read the Arrangement Agreement in its entirety.

Pursuant to the Arrangement Agreement, it was agreed that the Parties would carry out the Arrangement in accordance with the Arrangement Agreement on the terms set out in the Plan of Arrangement. See "The Arrangement – Arrangement Mechanics".

Effective Date of the Arrangement

After obtaining the approval of the C&C Energia Shareholders, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate Regulatory Approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, C&C Energia will file the Articles of Arrangement with the Registrar. Pursuant to Section 193 of the ABCA, the Arrangement will become effective on the date shown on the certificate or certificates or other confirmation of filing giving effect to the Arrangement to be issued by the Registrar.

Covenants

Covenants of C&C Energia

C&C Energia has given usual and customary covenants for an agreement of this nature, including, among others, a covenant to carry on business in the usual and ordinary course of business consistent with past practices and to consult with Pacific Rubiales in respect of its and its subsidiaries ongoing business and affairs, and certain covenants to carry out the necessary actions and procedures and to make the necessary filings and applications required in connection with the transactions contemplated by the Arrangement Agreement.

Covenants of Pacific Rubiales

Pacific Rubiales has given usual and customary covenants for an agreement of this nature, including, among others, a covenant not to, and to cause its subsidiaries not to, conduct any activity or operations that would otherwise be materially detrimental to the Arrangement or take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with the Arrangement Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Arrangement.

Pacific Rubiales has also agreed not to, directly or indirectly sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition (a "**Platino Energy Share Transaction**") of any Platino Energy Shares it may acquire in connection with the Arrangement until the earlier of (i) six months following the Effective Time; and (ii) the board of directors of Platino Energy providing its consent to any such Platino Energy Share Transaction.

Pacific Rubiales has agreed that, as soon as practicable following the Effective Time (but in no event later than 30 days after the Effective Time), Pacific Rubiales will cause C&C Energia to continue to British Columbia (thereby becoming a British Columbia corporation) and amalgamate with either Pacific Rubiales or an unlimited liability corporation organized under the laws of British Columbia, all of the stock of which is directly owned by Pacific Rubiales.

Mutual Covenants

C&C Energia and Pacific Rubiales have each given usual and customary mutual covenants for an agreement of this nature, including a mutual covenant to each use its reasonable commercial efforts to satisfy the conditions precedent to its respective obligations under the Arrangement Agreement. This includes using reasonable efforts to obtain all necessary waivers, consents and registrations and to reasonably cooperate with the other party and its tax advisors in structuring the Arrangement and any reorganization required to be undertaken in accordance with the terms of the Arrangement Agreement.

Covenants Regarding Directors' and Officers' Insurance

Pacific Rubiales will, or will cause C&C Energia to, maintain in effect without any reduction in amount or scope for six years from the Effective Time customary policies of directors' and officers' liability insurance providing protection comparable to the protection provided by the policies maintained by C&C Energia and its subsidiaries in effect immediately prior to the Effective Time. However, if such comparable insurance cannot be obtained, or can only be obtained by paying an annual premium in excess of 200 percent of the annual premium paid by C&C Energia and its subsidiaries in respect of their directors and officers insurance as of the date of the Arrangement

Agreement, C&C Energia shall only be required to obtain as much coverage as can be acquired by paying an annual premium equal to 200 percent of the annual premium paid by C&C Energia and its subsidiaries in respect of their existing director and officer insurance as of the date of the Arrangement Agreement. Furthermore, prior to the Effective Time, C&C Energia may, in the alternative, with the consent of Pacific Rubiales, purchase run-off directors' and officers' liability insurance for a period of up to six years from the Effective Time provided that the premiums will not exceed 200 percent of the premiums currently charged to C&C Energia for directors' and officers' liability insurance.

Non-Solicitation Covenants of C&C Energia

Pursuant to the terms of the Arrangement Agreement, C&C Energia agreed to immediately cease and cause to be terminated all existing discussions or negotiations (including through any of its officers, directors, employees, advisors (including investment bankers acting under an engagement with C&C Energia), representatives and agents ("Representatives")), if any, with any parties initiated before the date of the Arrangement Agreement with respect to, or which may reasonably be expected to constitute or lead to, an Acquisition Proposal and, in connection therewith, C&C Energia shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require), the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with C&C Energia relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding C&C Energia and shall use all reasonable commercial efforts to ensure that such requests are honoured. C&C Energia agreed that it shall not terminate, waive, amend or modify any standstill provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it is a party, or otherwise (it being acknowledged and agreed that the automatic termination of any standstill provisions contained in any such agreement as the result of the entering into and announcement of the Arrangement Agreement by C&C Energia, pursuant to the express terms of any such agreement, shall not be a violation of subsection 3.5(a) of the Arrangement Agreement). C&C Energia has undertaken to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date of the Arrangement Agreement.

C&C Energia also agreed to not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

- (a) solicit, facilitate, initiate, encourage or take any action to solicit, facilitate, initiate, entertain or encourage any inquiries or communication regarding or the making of any proposal or offer that constitutes or may constitute an Acquisition Proposal, including by way of furnishing information, and shall promptly notify Pacific Rubiales in writing of any Acquisition Proposal that it or they receive after the date of the Arrangement Agreement;
- (b) enter into or participate in any negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to its businesses, properties, operations or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
- (c) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including any "standstill provisions" thereunder; or
- (d) accept, recommend, approve, agree to, endorse or propose publically to accept, recommend, approve, agree to, or endorse any Acquisition Proposal or an agreement in respect thereof;

provided, however, that notwithstanding any other provision of the Arrangement Agreement, C&C Energia and its Representatives may prior to obtaining the approval of the Arrangement Resolution by the C&C Energia Shareholders at the Meeting (but not thereafter);

- (e) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by C&C Energia or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Pacific Rubiales as set out below), may furnish to such third party information concerning C&C Energia and its business, properties and assets, in each case if, and only to the extent that:
 - (i) the third party has first made a Superior Proposal;
 - (ii) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, C&C Energia provides prompt notice to Pacific Rubiales to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality and standstill agreement referenced above and if not previously provided to Pacific Rubiales, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that C&C Energia shall notify Pacific Rubiales orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to Pacific Rubiales, copies of all information provided to such party and all other information reasonably requested by Pacific Rubiales), within 24 hours of the receipt thereof, and C&C Energia shall keep Pacific Rubiales informed of the status and details of any such inquiry, offer or proposal and answer Pacific Rubiales' reasonable questions with respect thereto;
- (f) comply with Multilateral Instrument 62-104 *Take-over Bids and Issuer Bids* and similar provisions under applicable Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its Securityholders; and
- (g) (A) accept, recommend, approve or (B) enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the C&C Energia Board of Directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and after receiving the advice of outside counsel as reflected in minutes of the C&C Energia Board of Directors, that the taking of such action is necessary for the C&C Energia Board of Directors in discharge of its fiduciary duties under applicable Laws and C&C Energia complies with its obligations set forth in subsection 3.5(c) of the Arrangement Agreement and, in the case of (B) terminates the Arrangement Agreement in accordance with subsection 8.1(g) of the Arrangement Agreement and concurrently therewith pays the Termination Fee.

In the event that C&C Energia is in receipt of a Superior Proposal, it shall give Pacific Rubiales, orally and in writing, at least five complete business days advance notice of any decision by the C&C Energia Board of Directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall (i) confirm that the C&C Energia Board of Directors has determined that such Acquisition Proposal constitutes a Superior Proposal, (ii) identify the third party making the Superior Proposal and (iii) include a true and complete copy thereof and any amendments thereto. During such five business day period, C&C Energia agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five business day period, C&C Energia shall, and shall cause its financial and legal advisors to, negotiate in good faith with Pacific Rubiales and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable C&C Energia to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Pacific Rubiales agrees to amend the Arrangement Agreement and the Arrangement to provide that the C&C Energia Shareholders shall receive a value per C&C Energia Share equal to or having a value greater than the value per C&C Energia Share provided in the Superior Proposal and so advises the C&C Energia Board of Directors, in writing, prior to the expiry of such five business day period, the C&C Energia Board of Directors shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, Pacific Rubiales shall have no obligation to make or negotiate any changes to the Arrangement Agreement or the Arrangement in the event that C&C Energia is in receipt of a Superior Proposal.

C&C Energia shall ensure that its Representatives are aware of the non-solicitation provisions in the Arrangement Agreement and C&C Energia shall be responsible for any breach of such non-solicitation provisions by its Representatives.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of C&C Energia including representations and warranties relating to the following: organization and qualification; subsidiaries and interests; C&C Energia Board of Directors' approval; authority relative to the Arrangement Agreement; capitalization; financial statements; no knowledge of any Material Adverse Effect to reserves; public record of C&C Energia; no outstanding claims, suits, actions or proceedings; material contracts and agreements; employee plans; employee and consulting agreements; outstanding hedges, swaps and financial instruments; compliance with Laws; compliance with Securities Laws; outstanding payments to directors, officers and employees; engagement of a financial advisor, broker, agent or finder; transaction costs; shareholder rights plan; accounts receivable; Environmental Laws; record and minute books; reporting status; transfer agent; paid-up capital; tax matters; right, title or interest of directors, officers, insiders or non-arm's length parties with respect to production or properties; tax withholdings; indebtedness; conduct of operations; reserves reports; title to interests; insurance policies; bank facilities; average production; debt; net land position; accuracy of wells, facilities and land descriptions; offset obligations, offset notices and default notices; lock-up agreements; provision of material information to Pacific Rubiales; foreign private issuer status; registration status in the United States; non-shell company status; non-investment company status; non-incorporation in the United States; and amount of assets held in the United States.

The Arrangement Agreement contains certain representations and warranties of Pacific Rubiales including representations and warranties relating to the following: organization and qualification; subsidiaries and interests; board approval; authority relative to the Arrangement Agreement; capitalization; financial statements; public record of Pacific Rubiales; reserves reports; title to interests; compliance with Laws; Environmental Laws; compliance with operating documents affecting interests; compliance with Securities Laws; record and minute books; reporting issuer; transfer agent; tax matters; bank facilities; provision of material information to C&C Energia; foreign private issuer status; non-shell company status; non-investment company status; and non-passive foreign investment company status.

Conditions Precedent

Mutual Conditions Precedent

The respective obligations of Pacific Rubiales and C&C Energia to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of Pacific Rubiales and C&C Energia without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to each of Pacific Rubiales and C&C Energia, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Pacific Rubiales and C&C Energia, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the holders of C&C Energia Common Shares on or prior to the Outside Date in accordance with the Interim Order and in form and substance satisfactory to each of Pacific Rubiales and C&C Energia, acting reasonably (including as may be required by MI 61-101);

- (c) on or prior to the Outside Date, the Final Order shall have been granted in form and substance satisfactory to each of Pacific Rubiales and C&C Energia, acting reasonably and such order shall not have been set aside or modified in a manner unacceptable to Pacific Rubiales and C&C Energia, acting reasonably, on appeal or otherwise;
- (d) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Pacific Rubiales and C&C Energia, acting reasonably;
- (e) the Effective Date shall have occurred on or prior to the Outside Date;
- (f) C&C Energia and Platino Energy shall have implemented the Platino Reorganization in such a manner that enables Platino Energy to receive US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) and to operate the Platino Energy Assets: (i) through Platino Energy or a direct or indirect subsidiary thereof; or (ii) through Grupo C&C, C&C Energia Llanos Ltd. or another subsidiary of Pacific Rubiales, on terms and conditions satisfactory to both parties, acting reasonably;
- (g) C&C Energia and Platino Energy shall have executed the Reimbursement Agreement;
- (h) Platino Energy shall have obtained all material consents, orders, exemptions, permits and other approvals from Governmental Entities, in each case required to own and operate the Platino Energy Assets in the ordinary course;
- (i) the TSX shall have conditionally approved the listing of the Pacific Rubiales Shares issuable pursuant to the Arrangement;
- (j) the TSX or the TSXV shall have conditionally approved the listing of the Platino Energy Shares issuable pursuant to the Arrangement;
- (k) the parties shall have obtained or received all necessary consents, waivers, permissions and approvals by or from relevant third parties in order to carry out the transactions contemplated by the Arrangement Agreement, including the Arrangement and the ExploreCo Organization Transaction or the Alternate ExploreCo Transaction, as the case may be, on terms and conditions satisfactory to the parties, acting reasonably, including:
 - all Regulatory Approvals (for greater certainty, all government and regulatory approvals, authorizations, waivers, permits, consents, reviews, orders, rulings, decisions, exemptions, notifications or clearances for the Arrangement and other transactions contemplated by the Arrangement Agreement comprising such Regulatory Approvals shall have been obtained without conditions or on conditions that are acceptable to Pacific Rubiales in its reasonable judgment, and/or all mandatory waiting or suspensory periods (including any extensions thereof) shall have expired or terminated, if the failure to so obtain or to so expire would, in Pacific Rubiales' reasonable judgment, make the consummation of the transactions contemplated by the Arrangement and other transactions contemplated hereby a violation of any applicable Laws); and
 - (ii) releases and registrable discharges in respect of all security interests held by third parties against C&C Energia or its assets;
- (l) there shall be no action taken under any existing applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Government Entity, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated in the Arrangement Agreement; or

- (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement; and
- (m) C&C Energia and Platino Energy shall have entered into a mutual tax indemnification agreement in a form satisfactory to C&C Energia and Pacific Rubiales, acting reasonably, which shall provide that:
 - (i) C&C Energia will be liable for an aggregate of US\$10.0 million of tax payable: (A) by C&C Energia or any of its subsidiaries in respect of the completion of the Platino Reorganization, resulting from the Platino Reorganization; or (B) by Platino Energy or any of its subsidiaries in respect of gains incurred in respect of the Spin-Off Properties as a result of a merger transaction effected in 2013 where the merger has been effected solely to qualify Platino Energy or a subsidiary thereof as an operator for the purposes of the ANH; and
 - (ii) to the extent the total of such tax described in (A) and (B) above exceeds US\$10.0 million, such excess will be borne by C&C Energia and Platino Energy on a 50%-50% basis.

The foregoing conditions are for the mutual benefit of Pacific Rubiales and C&C Energia and may be asserted by Pacific Rubiales and C&C Energia regardless of the circumstances and may be waived by Pacific Rubiales and C&C Energia (with respect to such party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Pacific Rubiales or C&C Energia may have.

Conditions Precedent in Favour of Pacific Rubiales

The obligation of Pacific Rubiales to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (i) the representations and warranties in subsections 4.2(f), 4.2(t), 4.2(u) and 4.2(zz) of the Arrangement (a) Agreement shall be true and correct in all material respects as of date of the Arrangement Agreement and the Effective Date as if made on such date (except, it being understood that the number of C&C Energia Common Shares outstanding in subsection 4.2(f) of the Arrangement Agreement may increase from the number outstanding on the date of the Arrangement Agreement solely as a result of the conversion of securities of C&C Energia convertible into C&C Energia Common Shares, but only to the extent that such convertible securities are specifically described in subsection 4.2(f)) of the Arrangement Agreement; and (ii) the remaining representations and warranties made by C&C Energia in Section 4.2 of the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such remaining representations and subsection 4.2(f) warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such remaining representations and warranties to be true and correct would not, or would not reasonably be expected to result in a Material Adverse Effect in respect of C&C Energia or, would not, or would not reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms, and C&C Energia shall have provided to Pacific Rubiales a certificate of a senior officer of C&C Energia certifying, on behalf of C&C Energia, as to such matters on behalf of C&C Energia on the Effective Date;
- (b) C&C Energia shall have complied in all respects with its covenants in the Arrangement Agreement except where the failure to comply in all respects with its covenants would not result or would not reasonably be expected to result in a Material Adverse Effect in respect of C&C Energia or would not, or would not reasonably be expected to, materially impede completion of the Arrangement and C&C Energia shall have provided to Pacific Rubiales a certificate of a senior officer of C&C Energia certifying, on behalf of C&C Energia, as to such compliance and Pacific Rubiales shall have no actual knowledge to the contrary;
- (c) the C&C Energia Option Plan shall have terminated and all outstanding C&C Energia Options shall be exercised or otherwise terminated in accordance with the Option Election Agreement and the holder thereof shall have remitted to C&C Energia, in addition to the exercise price, if applicable, cash in an amount equal

to the amount of any Taxes, if any, required to be remitted by C&C Energia in connection with such exercise or termination, or made other arrangements satisfactory to Pacific Rubiales to satisfy the amounts to be remitted in connection with the exercise of the C&C Energia Options from amounts otherwise owing to the holder by C&C Energia in connection with the completion of the Arrangement, including, but not limited to, Severance, Change of Control Payments or proceeds from the exercise of C&C Energia SARs;

- (d) all outstanding C&C Energia SARs shall be exercised or otherwise terminated in accordance with the C&C Energia SAR Plan authorizing their creation;
- (e) all outstanding C&C Energia Warrants shall be exercised or otherwise terminated in accordance with the underlying agreements authorizing their creation and the holder thereof shall have remitted to C&C Energia the applicable exercise price, and, to the extent not exercised on a cashless basis, cash in an amount equal to the amount of any Taxes required to be remitted by C&C Energia in connection with such exercise or termination;
- (f) C&C Energia shall have furnished Pacific Rubiales with:
 - (i) certified copies of the resolutions duly passed by the C&C Energia Board of Directors approving the Arrangement Agreement and the consummation of the transactions contemplated thereby; and
 - (ii) certified copies of the resolutions of C&C Energia Shareholders, duly passed at the Meeting, approving the Arrangement Resolution;
- (g) there shall not have occurred any Material Adverse Effect after the date of the Arrangement Agreement, or prior to the date of the Arrangement Agreement which had not been publicly disclosed or disclosed to Pacific Rubiales in writing prior to the date of the Arrangement Agreement (or any condition, event or development that could reasonably be expected to result in a Material Adverse Effect with respect to C&C Energia;
- (h) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken against or affecting C&C Energia before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Pacific Rubiales, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect in the affairs, operations or business of C&C Energia or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement;
- this Information Circular shall have been mailed to C&C Energia Shareholders not later than December 31, 2012, provided the failure to mail by such date is not caused by a breach of Pacific Rubiales' covenants under the Arrangement Agreement;
- (j) C&C Energia shall have obtained or received all applicable consents and waivers of rights of first refusal or other restrictions on the direct or indirect transfer, sale or assignment of C&C Energia's assets or in respect of a change of control on terms and conditions satisfactory to Pacific Rubiales, acting reasonably;
- (k) (i) the payments referenced in Section 2.4 of the Arrangement Agreement shall have been made (or provisions to make such payments shall have been made to the satisfaction of Pacific Rubiales) to the directors, officers, employees and consultants of C&C Energia on the Effective Date; and (ii) each of the members of the C&C Energia Board of Directors and each of the officers of C&C Energia and each of the directors and officers of the C&C Energia Holding SRL, Grupo C&C and C&C Energia Llanos Ltd. shall have provided their written resignations as directors and officers effective on or before the Effective Date together with a mutual release, in form and substance satisfactory to Pacific Rubiales, acting reasonably, in

favour of such directors and officers and C&C Energia, and the C&C Energia Board of Directors shall have been constituted with nominees of Pacific Rubiales as of the Effective Date; and

(l) holders of not more than five percent of the issued and outstanding C&C Energia Common Shares, in the aggregate, shall have exercised rights of dissent in relation to the Arrangement.

The conditions listed above are for the exclusive benefit of Pacific Rubiales and may be asserted by Pacific Rubiales regardless of the circumstances or may be waived by Pacific Rubiales, in whole or in part, at any time and from time to time without prejudice to any other rights that Pacific Rubiales may have.

Conditions Precedent in Favour of C&C Energia

The obligations of C&C Energia to consummate the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- the representations and warranties made by Pacific Rubiales in Section 4.1 of the Arrangement Agreement shall be true as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by the transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and correct would not, or would not reasonably be expected to result in a Material Adverse Effect in respect of Pacific Rubiales or, would not, or would not reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms, and Pacific Rubiales shall have provided to C&C Energia a certificate of a senior officer of Pacific Rubiales certifying, on behalf of Pacific Rubiales, as to such matters on the Effective Date;
- (b) Pacific Rubiales shall have complied in all respects with its covenants in the Arrangement Agreement except where the failure to comply in all respects with its covenants would not reasonably be expected to result in a Material Adverse Effect in respect of Pacific Rubiales or would not, or would not reasonably be expected to, materially impede completion of the Arrangement and Pacific Rubiales shall have provided to C&C Energia a certificate of a senior officer of Pacific Rubiales certifying, on behalf of Pacific Rubiales, as to such compliance and C&C Energia shall have no actual knowledge to the contrary;
- (c) Pacific Rubiales shall have furnished C&C Energia with certified copies of the resolutions duly passed by the board of directors of Pacific Rubiales approving the Arrangement Agreement and the consummation of the transactions contemplated thereby;
- (d) there shall not have occurred any Material Adverse Effect after the date of the Arrangement Agreement, or prior to the date of the Arrangement Agreement which had not been publicly disclosed or disclosed to C&C Energia in writing prior to the date of the Arrangement Agreement (or any condition, event or development that could reasonably be expected to result in a Material Adverse Effect) with respect to Pacific Rubiales; and
- (e) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken against or affecting Pacific Rubiales before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of C&C Energia, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect in the affairs, operations or business of Pacific Rubiales or would have a Material Adverse Effect on the ability of the parties to complete the Arrangement.

The conditions listed above are for the exclusive benefit of C&C Energia and may be asserted by C&C Energia regardless of the circumstances or may be waived by C&C Energia in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which C&C Energia may have.

Damages

Pacific Rubiales Damages

Pursuant to the Arrangement Agreement, C&C Energia and Pacific Rubiales have agreed that if, at any time after the execution of the Arrangement Agreement:

- other than as a direct result of and in direct response to a material breach or non-performance by Pacific Rubiales of any of its covenants, agreements, representations and warranties in the Arrangement Agreement, the C&C Energia Board of Directors fails to unanimously (other than the directors who have recused themselves from the process of considering the transactions contemplated in the Arrangement Agreement due to an actual or potential conflict of interest with respect thereto) recommend, or changes, withdraws or modifies any of their recommendations or determinations referred to in subsection 3.2(o) of the Arrangement Agreement in a manner adverse to Pacific Rubiales or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the written request of Pacific Rubiales prior to the earlier of 72 hours following such request or 72 hours prior to the Meeting, or otherwise fails to mail the Information Circular in respect of the Meeting to the C&C Energia Shareholders containing the recommendations or determinations referred to in subsection 3.2(o) of the Arrangement Agreement;
- (b) (i) a *bona fide* Acquisition Proposal (or *bona fide* intention to make one) is publicly announced, proposed, offered or made to the C&C Energia Shareholders or to C&C Energia or any person shall have publicly announced an intention to make a *bona fide* Acquisition Proposal prior to the termination of the Arrangement Agreement; (ii) after such Acquisition Proposal shall have been made known, made or announced, the C&C Energia Shareholders do not approve the Arrangement, the Arrangement is not submitted for their approval or the Arrangement is not otherwise completed in the manner contemplated in the Arrangement Agreement; and (iii) within twelve months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made a definitive agreement relating to any Acquisition Proposal is entered into or any Acquisition Proposal is consummated or effected;
- (c) the C&C Energia Board of Directors fails to promptly reaffirm any of its resolutions, recommendations or determinations within three business days following the day that an Acquisition Proposal is publicly announced;
- (d) C&C Energia (A) accepts, recommends, approves or (B) enters into an agreement to implement a Superior Proposal;
- (e) a material breach of Section 3.5 of the Arrangement Agreement by C&C Energia; or
- (f) C&C Energia breaches any of its representations, warranties or covenants made in the Arrangement Agreement (without giving effect to the materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Effect with respect to C&C Energia or materially impedes the completion of the Arrangement and C&C Energia fails to cure such breach within five business days after receipt of written notice thereof from Pacific Rubiales (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

(each of the above being a "Pacific Rubiales Damages Event"), then in the event of the termination of the Arrangement Agreement pursuant to Section 8.1 of the Arrangement Agreement as a result thereof, C&C Energia shall pay to Pacific Rubiales Cdn\$15.0 million as liquidated damages in immediately available funds to an account designated by Pacific Rubiales within one business day after the first to occur of the events described above, or in

the case of paragraph (f) above, following Pacific Rubiales' demand therefor; provided that in the case of a Pacific Rubiales Damages Event pursuant to subsection 6.1(d)(B) of the Arrangement Agreement such payment shall be made by C&C Energia to Pacific Rubiales concurrently with the entering into of an agreement to implement a Superior Proposal by C&C Energia. C&C Energia shall only be obligated to pay a maximum of Cdn\$15.0 million pursuant to Section 6.1 of the Arrangement Agreement.

C&C Energia Damages

If at any time after the execution of the Arrangement Agreement, Pacific Rubiales breaches any of its representations, warranties or covenants made in the Arrangement Agreement (without giving effect to the materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Effect with respect to Pacific Rubiales or materially impedes the completion of the Arrangement and Pacific Rubiales fails to cure such breach within five business days after receipt of written notice thereof from C&C Energia (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date) (a "C&C Energia Damages Event"), then in the event of the termination of the Arrangement Agreement pursuant to Section 8.1 of the Arrangement Agreement as a result thereof, provided that no event in the nature of Section 6.1 of the Arrangement Agreement has occurred, Pacific Rubiales shall pay to C&C Energia Cdn\$15.0 million as liquidated damages in immediately available funds to an account designated by C&C Energia following C&C Energia's demand therefor, and after such event but prior to payment of such amount, Pacific Rubiales shall be deemed to hold such funds in trust for C&C Energia. Pacific Rubiales shall only be obligated to pay a maximum of Cdn\$15.0 million pursuant to Section 6.2 of the Arrangement Agreement.

Liquidated Damages

Pacific Rubiales and C&C Energia acknowledge that the payment of the above listed amount in respect of either a C&C Energia Damages Event or a Pacific Rubiales Damages Event is payment of liquidated damages which is a genuine pre-estimate of the damages which Pacific Rubiales and C&C Energia, as applicable, will suffer or incur as a result of the event giving rise to such damages and resultant termination of the Arrangement Agreement, and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that if the payment of the above listed amount in respect of either a C&C Energia Damages Event or a Pacific Rubiales Damages Event, as applicable, is made to such Party, such payment is the sole monetary remedy of such Party; provided, however, that this limitation shall not apply in the event of fraud or wilful breach of the Arrangement Agreement by the other Party.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Pacific Rubiales and C&C Energia;
- (b) by either Pacific Rubiales or C&C Energia if the Arrangement Resolution shall have failed to receive the requisite vote of the C&C Energia Shareholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
- by either Pacific Rubiales or C&C Energia if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement under this paragraph shall not be available to any party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) as provided in Section 5.4 of the Arrangement Agreement; provided that the Party seeking termination is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement, as applicable, not to be satisfied;

- (e) by Pacific Rubiales upon the occurrence of a Pacific Rubiales Damages Event as provided in Section 6.1 of the Arrangement Agreement;
- (f) by C&C Energia upon the occurrence of a C&C Energia Damages Event as provided in Section 6.2 of the Arrangement Agreement; or
- (g) by C&C Energia if it enters into an agreement to implement a Superior Proposal pursuant to subsection 6.1(d)(B) of the Arrangement Agreement; provided that C&C Energia (i) has complied with its obligations set forth in Section 3.5 of the Arrangement Agreement and (ii) concurrently pays the amount required pursuant to Section 6.1 of the Arrangement Agreement.

In the event of any such termination, neither C&C Energia nor Pacific Rubiales shall have any liability or further obligation to the other Party under the Arrangement Agreement except with respect to the payment of the above listed amount in respect of either a C&C Energia Damages Event or a Pacific Rubiales Damages Event, as applicable and certain privacy matters, which shall survive such termination.

Amendments to the Arrangement Agreement

The Arrangement Agreement may at any time and from time to time before or after the holding of the Meeting be amended by written agreement of the Parties thereto without, subject to applicable law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;
- (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained in the Arrangement Agreement;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a C&C Energia Shareholder without approval by the C&C Energia Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

Reimbursement Agreement

The following is a summary of the material terms of the Reimbursement Agreement and is subject to and qualified in its entirety by, the full text of the form of the proposed Reimbursement Agreement which is attached as Schedule C to the Arrangement Agreement which is attached to this Information Circular as Appendix C. C&C Energia Shareholders are urged to read the Arrangement Agreement, including the form of the Reimbursement Agreement appended thereto in its entirety.

Pursuant to the Arrangement Agreement, it is a condition precedent to the completion of the Arrangement that C&C Energia and Platino Energy enter into the Reimbursement Agreement. Under the terms of the Reimbursement Agreement, Platino Energy will reimburse C&C Energia for certain amounts, including:

- the full amount by which the net working capital of C&C Energia (as adjusted) on the Effective Date is less than zero;
- the Change of Control Payments and Severance paid by C&C Energia in the event that an employee or consultant of C&C Energia becomes an employee or consultant of Platino Energy;
- 20 percent of the Transaction Expenses of C&C Energia, other than Change of Control Payments; and

20 percent of the costs related to terminating C&C Energia's Bogota office lease.

C&C Energia and Platino Energy have agreed that if certain payments in respect of the Reimbursement Agreement are required to be made by Platino Energy to C&C Energia: such payments shall reduce the purchase price paid by C&C Energia in connection with the acquisition of Platino Energy Shares as part of the Platino Reorganization; C&C Energia and Platino Energy shall file all tax returns and other tax filings in a manner consistent with such characterization; and C&C Energia and Platino Energy shall take such other steps as are necessary to give effect to same. The terms of the Reimbursement Agreement include a covenant made by Platino Energy to not acquire, directly or indirectly, shares in the capital or debt of Pacific Rubiales and its affiliates for a period of two years.

Shareholder Approval of the Arrangement

At the Meeting, C&C Energia Shareholders will be asked to consider and, if deemed advisable, approve the Arrangement Resolution in the form attached as Appendix A to this Information Circular. Approval of the Arrangement Resolution requires approval by the Required Vote. See "The Arrangement – Minority Approval".

In the absence of a contrary instruction, the persons named in the enclosed form of proxy, if named as proxy, intend to vote in favour of the Arrangement Resolution.

Support Agreements

The Locked-Up Directors and Officers and the Major Shareholders have each entered into Support Agreements with Pacific Rubiales pursuant to which they have agreed, among other things, to support the Arrangement and vote their C&C Energia Common Shares in favour of the Arrangement Resolution. As of November 19, 2012, these directors, executive officers, and the Major Shareholders (together with their associates and affiliates) collectively owned or exercised control or direction over an aggregate of 26,202,958 C&C Energia Common Shares, representing approximately 41.0 percent of the issued and outstanding C&C Energia Common Shares on an undiluted basis (and an aggregate of 29,598,476 C&C Energia Common Shares, representing approximately 42.7 percent of the issued and outstanding C&C Energia Shares on a fully-diluted basis). The terms of the Support Agreements include a covenant of the Locked-Up Directors and Officers and the Major Shareholders to not acquire, directly or indirectly, shares in the capital or debt of Pacific Rubiales for a period of two years following the successful completion of the Arrangement. The rights and obligations of the parties to the Support Agreements terminate upon the termination of the Arrangement Agreement. Accordingly, if the Arrangement Agreement is terminated by either of the Parties in accordance with its terms, the Locked-Up Directors and Officers and the Major Shareholders will be released from their obligations under the Support Agreements to support the Arrangement.

Minority Approval

If any director or officer of C&C Energia is entitled to receive a "collateral benefit", as defined in MI 61-101, in connection with the Arrangement, the Arrangement will constitute a "business combination" for purposes of MI 61-101. If the Arrangement constitutes a "business combination", the Arrangement Resolution will require "minority approval" in accordance with MI 61-101. If "minority approval" is required, the Arrangement Resolution will be required to be approved by a majority of the votes cast by the C&C Energia Shareholders, excluding those votes attaching to C&C Energia Common Shares beneficially owned, or over which control or direction is exercised, by the directors and officers of C&C Energia who receive a "collateral benefit" in connection with the Arrangement. This approval is in addition to the requirement that the Arrangement Resolution must be approved by not less than $66\frac{2}{3}$ percent of the votes cast by the C&C Energia Shareholders that vote in person or by proxy at the Meeting.

Pursuant to the terms of the executive contracts entered into with each of the officers of C&C Energia, the Arrangement will be considered to be a "change of control" of C&C Energia, which may trigger the payment of certain severance amounts to the officers of C&C Energia. Accordingly, certain officers of C&C Energia will be entitled to payments immediately at the Effective Time and others whose employment is terminated without cause within a specified period prior to or after the Effective Date will receive such severance amounts. The Arrangement will also result in a "change of control" for purposes of the C&C Energia Option Plan and the C&C Energia SAR Plan. In order to facilitate the exercise of all C&C Energia Options and C&C Energia SARs prior to the Effective

Time, the C&C Energia Board of Directors has approved the vesting of all outstanding C&C Energia Options and C&C Energia SARs, conditional upon the Effective Time occurring, in order that all outstanding C&C Energia Options and C&C Energia SARs shall be fully vested and may be exercised in connection with the Arrangement. The receipt of Change of Control payments and severance amounts under the Change of Control Agreements (as defined below) and the acceleration of unvested C&C Energia Options and C&C Energia SARs may be considered to be "collateral benefits" received by the applicable directors and officers of C&C Energia for the purposes of MI 61-101. See "The Arrangement – Interests of Certain Persons in the Arrangement – Change of Control Agreements" below.

Following disclosure by each of the directors and officers to the Special Committee (which served as an independent committee for the purposes of MI 61-101) of the total consideration that they expect to receive pursuant to the Arrangement, the Special Committee has determined that each of ARC Energy Fund 6 and Dr. Walls who, together with their respective associates, holds greater than one percent of the C&C Energia Common Shares, will not receive a "collateral benefit", as the value of such benefits, if any, represents less than five percent of the value of the consideration that each of such holders is beneficially entitled to receive in exchange for the C&C Energia Common Shares they beneficially own under the Arrangement.

The Special Committee has determined that Mr. Tomas Villamil, the Executive Vice-President, Exploration of C&C Energia, and Mr. Randy McLeod, President and Chief Executive Officer of C&C Energia, may receive a "collateral benefit", as Mr. Villamil and Mr. McLeod, together with their respective associates, each hold greater than one percent of the C&C Energia Common Shares and the value of such benefits represents greater than five percent of the value of the consideration that they will receive in exchange for their C&C Energia Common Shares under the Arrangement.

Accordingly, the Arrangement may be considered a "business combination" for the purposes of MI 61-101, thereby requiring C&C Energia to obtain "minority approval" of the Arrangement. Pursuant to MI 61-101, in determining whether minority approval for the Arrangement has been obtained, C&C Energia is required to exclude the votes attaching to the C&C Energia Common Shares beneficially owned or controlled by "interested parties" and their "related parties" and "joint actors", all as defined in MI 61-101. MI 61-101 also provides that related parties who receive a collateral benefit are considered to be interested parties. Accordingly, C&C Energia has determined to exclude the votes attaching to the C&C Energia Common Shares beneficially owned or controlled by Mr. Villamil and Mr. McLeod and their related parties and joint actors for the purpose of determining whether minority approval of the Arrangement has been obtained. To the knowledge of C&C Energia and its directors and senior officers, after reasonable inquiry, as at November 19, 2012, Mr. Villamil and his related parties and joint actors hold, directly or indirectly, or exercise control or direction over, 567,304 C&C Energia Common Shares and 550,000 C&C Energia Options and Mr. McLeod and his related parties and joint actors hold, directly or indirectly, or exercise control or direction over, 249,667 C&C Energia Common Shares, 898,934 C&C Energia Options and 124,833 C&C Energia Warrants. As a result, a total of 2,390,738 C&C Energia Common Shares (approximately four percent of the issued and outstanding C&C Energia Common Shares as at the date hereof) will be excluded from the "minority approval" vote conducted pursuant to MI 61-101. See "The Arrangement – Interests of Certain Persons in the Arrangement".

C&C Energia is not required to obtain a formal valuation under MI 61-101 as no "interested party" (as defined in MI 61-101) of C&C Energia is, as a consequence of the Arrangement, directly or indirectly acquiring C&C Energia or its business or combining with C&C Energia and neither the Arrangement nor the transactions contemplated thereunder is a "related party transaction" (as defined in MI 61-101) for which C&C Energia would be required to obtain a formal valuation.

Court Approval of the Arrangement and Completion of the Arrangement

The Arrangement requires approval by the Court under Section 193 of the ABCA. Prior to the mailing of this Information Circular, C&C Energia obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Originating Application and Interim Order is attached as Appendix B to this Information Circular.

An application for the Final Order approving the Arrangement is expected to be made on December 28, 2012 at 2:00 p.m. (Calgary time) (or as soon thereafter as counsel may be heard) at the Calgary Courts Centre, 601 –

5th Street SW, Calgary, Alberta. In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will only be given to those interested parties who have filed and delivered a Notice of Intention to Appear in accordance with the Interim Order. Any registered C&C Energia Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments must serve and file a Notice of Intention to Appear, in accordance with the Interim Order and satisfy any other requirements of the Court. On the application for the Final Order, the Court will consider, among other things, the procedural and substantive fairness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions in the Arrangement Agreement are satisfied or waived, the Articles of Arrangement will be filed with the Registrar under the ABCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered.

The Final Order, if granted, will constitute the basis for the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof, with respect to the offer and sale of the Platino Energy Shares and Pacific Rubiales Shares issuable to C&C Energia Shareholders pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options). In order to rely on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof, the Court must determine, prior to approving the Final Order, that the terms and conditions of the exchange of the C&C Energia Shares for the Platino Energy Shares and Pacific Rubiales Shares are fair to the C&C Energia Shareholders and the holders of C&C Energia Options. The Court will be advised of this effect of the Final Order. See "The Arrangement – United States Securities Law Matters".

Pursuant to subsection 193(12) of the ABCA, the Arrangement becomes effective on the date shown on the Certificate of Arrangement issued by the Registrar.

Regulatory Matters

Neither Pacific Rubiales nor C&C Energia is aware of any material approval or other action by any Governmental Entity that would be required to be obtained prior to the Effective Date, except as described below. If any additional filings or consents are required, such filings or consents will be sought but these additional filings or consents could delay the Effective Date or prevent the completion of the Arrangement.

Stock Exchange Matters

Pacific Rubiales has received conditional listing approval to list the Pacific Rubiales Shares issuable pursuant to the Arrangement on the TSX. Listing is subject to Pacific Rubiales fulfilling all of the requirements of the TSX.

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that any stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on a stock exchange.

Investment Canada Act

Under the *Investment Canada Act*, the acquisition by a non-Canadian of control of a Canadian business, the value of which exceeds certain monetary thresholds, is reviewable and subject to approval by the federal Minister responsible for the Investment Canada Act (the "Minister"). Approval of such an acquisition is to be granted where the Minister is satisfied that the acquisition is likely to be of net benefit to Canada. For the purposes of the *Investment Canada Act*, Pacific Rubiales is considered to be a non-Canadian; accordingly, the Arrangement would result in an acquisition by a non-Canadian of control of C&C Energia and is therefore subject to review under the *Investment Canada Act*. As such, the Arrangement cannot be completed until the Minister has approved the Arrangement. On November 21, 2012, Pacific Rubiales filed an application for review of the Arrangement under the Investment

Canada Act. The Minister has 45 days from the date of receipt by the Investment Review Division of a completed application to decide whether the Arrangement is likely to be of net benefit to Canada. The 45-day period may be extended by the Minister for a further 30 days, or may be extended for such longer period as may be agreed upon between the applicant, in this case Pacific Rubiales, and the Minister. If no notice is sent by the Minister to the applicant within the 45-day period or the extended period, as the case may be, that the Minister is satisfied the investment is likely to be of net benefit to Canada, then the Arrangement is deemed to be approved. It is a condition of closing that the Minister has approved the Arrangement.

Colombian Competition Legislation

A notice is required under Colombian competition legislation in order to inform the Colombian authorities of the Arrangement, which notice will be made prior to the Effective Time. Although Pacific Rubiales and C&C Energia believe that no competition or antitrust filings will be required in any other jurisdiction (including Canada), and that the Arrangement will not violate any applicable competition or antitrust laws, there is no assurance that a challenge to the Arrangement on competition or antitrust grounds will not be made in one or more jurisdictions before or after the Effective Date, nor is there any assurance as to the result of any such challenge.

ANH

Under the E&P Contracts for each of the Spin-Off Properties, a merger, spin-off, amalgamation or other corporate reorganization involving parties to such E&P Contracts requires that notification be given to the ANH. Therefore, notice of the Platino Reorganization must be given to the ANH, which notice will include a request for an amendment of the relevant E&P Contracts to reflect the new entity as holder and, where applicable, operator of the Spin-Off Properties. The ANH has the right to evaluate the legal, financial and technical capacity of Platino Energy or its subsidiaries to operate the Spin-Off Properties. As a result of such evaluation, the ANH can require additional guarantees from other entities.

The Parties expect that the ANH will not object to Platino Energy becoming a party to the E&P Contracts and the operator of the relevant Spin-Off Properties, as C&C Energia or Grupo C&C, as applicable, will continue to guarantee compliance in respect of obligations related to the Spin-Off Properties owed by Platino Energy or Platino Energy's subsidiary holding the Spin-Off Properties until Platino Energy or such subsidiary, as the case may be, is qualified to act as operator of such properties without any such guarantees. However, the Parties have agreed that if operation of the Spin-Off Properties by Platino Energy or its subsidiaries is objected to by the ANH, Grupo C&C will continue to operate the Spin-Off Properties: (a) until the ANH no longer objects to Platino Energy or its subsidiaries operating the Spin-Off Properties on terms satisfactory to both Parties; (b) if such objections cannot be overcome within a reasonable period of time after the Effective Time, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement; or (c) until other arrangements are made to the mutual satisfaction of Platino Energy and Pacific Rubiales. There is no assurance that Platino Energy or a subsidiary thereof will be able to operate the Spin-Off Properties independently of Pacific Rubiales or Grupo C&C within a reasonable period of time after the Effective Time.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the C&C Energia Board of Directors with respect to the Arrangement, C&C Energia Shareholders should be aware that certain members of C&C Management and the C&C Energia Board of Directors have certain interests in connection with the Arrangement, including those referred to below, that may present them with actual or potential conflicts of interest in connection with the Arrangement. The C&C Energia Board of Directors is aware of these interests and considered them along with the other matters described above in "The Arrangement – Background and Reasons for the Arrangement".

C&C Energia has entered into an executive contract, which includes change of control provisions ("Change of Control Agreements"), with each of the officers of C&C Energia, as described further below. C&C Energia also maintains the C&C Energia Option Plan and the C&C Energia SAR Plan. The subsections that follow generally describe the material effects under the Change of Control Agreements, the C&C Energia Option Plan and the C&C Energia SAR Plan as they relate to payments and other benefits that will become due to the directors and officers of C&C Energia as a result of completion of the Arrangement, if consummated. For the purposes of the following

discussion, where a particular Change of Control Agreement, the C&C Energia Option Plan or the C&C Energia SAR Plan requires that the director or officer of C&C Energia cease to be engaged or employed by C&C Energia, C&C Energia has assumed that such director or officer has ceased to act in such capacity concurrently with the completion of the Arrangement.

C&C Energia Common Shares

Pursuant to the Arrangement, the directors and officers of C&C Energia will receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share pursuant to a series of transactions as set out in the Plan of Arrangement on the same terms and conditions as the other C&C Energia Shareholders. As at November 19, 2012, the directors and officers of C&C Energia owned an aggregate of 2,200,863 C&C Energia Common Shares (excluding C&C Energia Common Shares underlying unexercised C&C Energia Options and C&C Energia Warrants). Pursuant to the Arrangement, the directors and officers of C&C Energia will receive an aggregate of approximately 776,464 Pacific Rubiales Shares, cash consideration of approximately Cdn\$2,201 and 2,200,863 Platino Energy Shares for all of their C&C Energia Common Shares (excluding C&C Energia Common Shares underlying unexercised C&C Energia Options and C&C Energia Warrants).

C&C Energia Warrants

Prior to the C&C IPO, C&C Barbados issued warrants to certain members of C&C Energia Management, or persons associated therewith, which were exchanged in connection with C&C IPO for the C&C Energia Warrants. Each C&C Energia Warrant allows the holder to purchase one C&C Energia Common Share at an exercise price of C\$6.04 per C&C Energia Common Share, expiring April 27, 2013.

All of the C&C Energia Warrants are fully vested and may be exercised at any time. Pursuant to the Arrangement Agreement, it is a condition to the completion of the Arrangement that all C&C Energia Warrants must have been exercised, cancelled or surrendered prior to the Effective Time. As of the date hereof, there are, in aggregate, 399,467 C&C Energia Warrants outstanding.

Accordingly, upon the consummation of the Arrangement, all of the C&C Energia Warrants will be exercised and holders thereof will be entitled to collectively receive (assuming the exercise of all in-the-money C&C Energia Warrants immediately prior to the Effective Time) cash compensation of approximately Cdn\$188.17 after deducting the exercise price payable upon exercise of such C&C Energia Warrants and an aggregate of 40,784 Pacific Rubiales Shares and 115,609 Platino Energy Shares.

C&C Energia Option Plan

C&C Energia established the C&C Energia Option Plan for the purpose of allowing C&C Energia to grant C&C Energia Options to aid in attracting, retaining and motivating the participants thereunder. Participation under the C&C Energia Option Plan is restricted to directors, officers and employees of C&C Energia and its subsidiaries.

Pursuant to the Arrangement Agreement, the Parties acknowledged that all awards under the C&C Energia Option Plan shall be accelerated thereunder and that upon approval of the Arrangement by the C&C Energia Shareholders, C&C Energia will cause all outstanding C&C Energia Options to vest. All C&C Energia Options must be exercised, terminated or surrendered for cancellation such that no C&C Energia Options to purchase or receive C&C Energia Common Shares will remain outstanding subsequent to the Effective Time.

The C&C Energia Option Plan provides that the C&C Energia Board of Directors is responsible for determining vesting and may, in its sole discretion, determine that all of the outstanding C&C Energia Options become immediately exercisable upon a change of control of C&C Energia in accordance with the terms of such C&C Energia Options and in the C&C Energia Option Plan. In order to facilitate the exercise of all C&C Energia Options prior to the Arrangement becoming effective, the C&C Energia Board of Directors, upon the recommendation of the Special Committee, has approved the vesting of all outstanding C&C Energia Options, conditional upon the Effective Time occurring, in order that all outstanding C&C Energia Options shall be fully

vested and may be exercised in connection with the Arrangement. Pursuant to the Plan of Arrangement all C&C Energia Options which have not been exercised and which are outstanding as at the Effective Time shall be cancelled and be of no further force and effect. As of November 28, 2012, the directors and officers of C&C Energia held, in aggregate, 2,860,068 C&C Energia Options, 1,368,634 of which were vested and exercisable as of that date and 1,491,434 of which were unvested and not exercisable as of that date. The outstanding C&C Energia Options held by directors and officers of C&C Energia as at November 28, 2012 had exercise prices ranging from Cdn\$8.50 to Cdn\$12.37 and an aggregate weighted average exercise price of Cdn\$8.83 per C&C Energia Common Share. If the Arrangement is consummated, all of the C&C Energia Options (both vested and unvested) granted to directors and officers of C&C Energia would immediately become exercisable in full upon approval of the Arrangement by C&C Energia Shareholders and conditional upon the Effective Time occurring, and such directors and officers would be entitled to collectively receive (assuming the exercise of all in-the-money C&C Energia Options prior to the Effective Time and the purchase of those underlying C&C Energia Common Shares pursuant to the Arrangement) no cash compensation, no Pacific Rubiales Shares and no Platino Energy Shares. See "The Arrangement – Interests of Certain Persons in the Arrangement – Change of Control Agreements".

Pursuant to the Plan of Arrangement, all C&C Energia Options which have not been exercised and which are outstanding as at the Effective Time shall be cancelled and be of no further force and effect.

C&C Energia SAR Plan

C&C Energia established the C&C Energia SAR Plan for the purpose of developing the interest of the officers, directors, employees and other eligible service providers of C&C Energia (or a subsidiary thereof) in the growth and development of C&C Energia by providing them with the opportunity to benefit from an increase in the value of the C&C Energia Common Shares and to acquire an increased financial interest in C&C Energia.

Each C&C Energia SAR allows the holder to receive the excess of the fair market value (being the closing price of the C&C Energia Common Share on the TSX on the prior trading day) of a C&C Energia Common Share over the predetermined exercise price (subject to adjustments in relation to alterations in the share capital of C&C Energia). The C&C Energia SAR Plan also provides that all outstanding C&C Energia SARs become binding obligations upon any successor by way of a change of control of C&C Energia.

In order to facilitate the exercise of all C&C Energia SARs immediately prior to the Arrangement becoming effective, the C&C Energia Board of Directors, upon the recommendation of the Special Committee, has approved the vesting of all outstanding C&C Energia SARs, conditional upon the Effective Time occurring, in order that all outstanding C&C Energia SARs shall be fully vested and may be exercised in connection with the Arrangement. It is a condition to the completion of the Arrangement that all C&C Energia SARs be exercised, cancelled or surrendered prior to the Effective Time. As of November 28, 2012, there were, in aggregate, 1,654,500 C&C Energia SARs, none of which were vested and exercisable as of that date. The outstanding C&C Energia SARs as at November 28, 2012 had exercise prices ranging from Cdn\$6.00 to Cdn\$8.69 and an aggregate weighted average exercise price of Cdn\$7.06.

If the Arrangement is consummated, all of the C&C Energia SARs (both vested and unvested) granted would immediately become exercisable in full upon approval of the Arrangement by C&C Energia Shareholders and conditional upon the Effective Time occurring, and such persons would be entitled to collectively receive (assuming the exercise of all in-the-money C&C Energia SARs immediately prior to the Effective Time) cash compensation of approximately Cdn\$2,511,250 after deducting the exercise price payable upon exercise of such C&C Energia SARs.

Change of Control Agreements

C&C Energia has entered into a Change of Control Agreement with each of: Kenneth D. Hillier, Randy McLeod and Tomas Villamil. As compensation under each Change of Control Agreement, C&C Energia agreed to pay each such individual a severance payment that is equal to a portion of his or her annual salary due and owing up to the date of termination, all expenses properly incurred up to the date of termination, any accrued but unused vacation pay and a retiring allowance. Payment of the severance payment described above is conditional upon the executive providing a written resignation and delivering an executed full and final release to C&C Energia. Upon the completion of the Arrangement, it is anticipated that Kenneth D. Hillier, Randy McLeod and Tomas Villamil will be

terminated by C&C Energia under the Platino Reorganization and each will receive the following cash compensation: (a) Kenneth D. Hillier – Cdn\$782,550, (b) Randy McLeod – Cdn\$1,119,363 and (c) Tomas Villamil – Cdn\$909,138. For cash amounts converted from U.S. dollars to Canadian dollars, an exchange rate of US\$1.00 to Cdn\$1.00 was used.

Pursuant to the Change of Control Agreements, upon the completion of the Arrangement, the executive officers of C&C Energia and Grupo C&C, if applicable, would be entitled to collectively receive cash compensation of approximately Cdn\$2,811,050 pursuant to the Change of Control Agreements. Pursuant to the Reimbursement Agreement, any change of control payment made to an officer who subsequently takes employment with Platino Energy will be reimbursed to C&C Energia by Platino Energy.

Change of Control Payments

The following table summarizes the estimated payments payable to the directors and executive officers of C&C Energia in connection with a change of control as a result of consummation of the Arrangement.

Name	Position with C&C Energia	Estimated Cash Proceeds with respect to the exercise of all "in-the- money" C&C Energia Options (Cdn\$)(1)	Estimated Pacific Rubiales Shares to be issued with respect to the exercise of all "in-the-money" C&C Energia Options	Estimated Platino Energy Shares to be issued with respect to the exercise of all "in-the- money" C&C Energia Options ⁽¹⁾	Estimated Cash Proceeds with respect to the exercise of all "in-the- money" C&C Energia SARs (Cdn\$)(1)	Estimated Cash Payment to be made pursuant to Change of Control Agreement (Cdn\$)(3)
Directors						
James V. Bertram	Director	Nil	Nil	Nil	Nil	Nil
Andrew L. Evans	Director	Nil	Nil	Nil	Nil	Nil
Larry G. Evans	Director	Nil	Nil	Nil	Nil	Nil
D. Michael G. Stewart	Director	Nil	Nil	Nil	Nil	Nil
Norman Mackenzie ⁽²⁾	Director	Nil	Nil	Nil	Nil	Nil
Carl J. Tricoli	Chairman of the Board and Director ⁽¹⁾	Nil	Nil	Nil	Nil	Nil
Dr. Richard A. Walls	Director	Nil	Nil	Nil	Nil	Nil
Isaac Yanovich	Director	Nil	Nil	Nil	Nil	Nil
Officers Randy P. McLeod	President and Chief Executive Officer and Director	Nil	Nil	Nil	612,500	1,119,363
Kenneth D. Hillier	Chief Financial Officer	Nil	Nil	Nil	452,500	782,550
Tomas Villamil	Executive Vice President, Exploration	Nil	Nil	Nil	Nil	909,138
Daniel McLeod	Corporate Secretary	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) C&C Energia Options or C&C Energia SARs considered to be "in-the-money" are C&C Energia Options or C&C Energia SARs with an exercise price less than Cdn\$8.50, which represents the closing price of the C&C Energia Common Shares on November 28, 2012. Officers and directors of C&C Energia hold C&C Energia Options with exercise prices between Cdn\$8.50 and Cdn\$12.37 per share. In the event that the market price of the C&C Energia Shares leading up to the Effective Date exceeds the applicable exercise price, the options will be considered "in the money".
- (2) Mr. Norman Mackenzie resigned from the C&C Energia Board of Directors effective June 27, 2012.
- (3) Cash includes consideration for partial shares received through exercise of C&C Energia Options and C&C Energia Warrants.

Insurance for and Indemnification of Directors and Officers of C&C Energia

Pursuant to the Arrangement Agreement, Pacific Rubiales will, or will cause C&C Energia and its subsidiaries to, maintain in effect without any reduction in amount or scope for six years from the Effective Time customary policies of directors' and officers' liability insurance providing protection comparable to the protection provided by the policies maintained by C&C Energia and its subsidiaries that are in effect immediately prior to the Effective Time and providing protection in respect of claims arising from facts or events that occurred on or prior to the Effective Time; provided, however, that Pacific Rubiales and C&C Energia will not be required, in order to maintain such directors' and officers' liability insurance policy, to pay an annual premium in excess of 200 percent of the cost of the existing policies; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 200 percent of such amount, Pacific Rubiales and C&C Energia shall only be required to obtain as much coverage as can be obtained by paying an annual premium equal to 200 percent of such amount. Furthermore, prior to the Effective Time, C&C Energia may, in the alternative, with the consent of Pacific Rubiales, purchase run-off directors' and officers' liability insurance for a period of up to six years from the Effective Time provided that the premiums will not exceed 200 percent of the premiums currently charged to C&C Energia for directors' and officers' liability insurance.

Pacific Rubiales has also agreed in the Arrangement Agreement that it shall not take any action to terminate or materially adversely affect any indemnity agreements or rights to indemnity in favour of past or present directors and officers of C&C Energia pursuant to the provisions of the articles, by-laws or similar constating documents of C&C Energia or written indemnity agreements between C&C Energia and its past and present directors and officers of C&C Energia that are in place as at the date hereof and in the form disclosed to Pacific Rubiales prior to the date hereof.

Platino Energy

Certain directors, officers and employees of C&C Energia are or will be directors, officers or employees of Platino Energy and will following the completion of the Arrangement receive remuneration for acting in that capacity and may be eligible to participate in the Platino Energy Stock Option Plan. See "Other Matter of Special Business Relating to Platino Energy – Approval of the Platino Energy Stock Option Plan".

FirstEnergy Fees

Pursuant to the terms of the engagement agreements entered into between FirstEnergy and C&C Energia, FirstEnergy is to be paid certain fees for its services as financial advisor. See "The Arrangement – Opinion of FirstEnergy".

Procedure for Exchange of Share Certificates by C&C Energia Shareholders

Enclosed with this Information Circular is a Letter of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing C&C Energia Common Shares and all other required documents, will enable each C&C Energia Shareholder (other than Dissenting C&C Energia Shareholders) to receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share that such holder is entitled to receive under and following the completion of the Arrangement. Only registered C&C Energia Shareholders are required to submit a Letter of Transmittal. The Letter of Transmittal will contain instructions on how to exchange C&C Energia Common Shares. See "The Arrangement – Arrangement Mechanics".

Beneficial C&C Energia Shareholders whose C&C Energia Common Shares are registered in the name of an intermediary (a bank, trust company, securities broker, trustee or other) should contact that intermediary for instructions and assistance in delivering share certificates representing those C&C Energia Common Shares.

On and after the Effective Time, all certificates that represented C&C Energia Common Shares immediately prior to the Effective Time will cease to represent any rights with respect to C&C Energia Common Shares and will only represent the right to receive the consideration under the Arrangement or, in the case of Dissenting C&C Energia Shareholders, the right to receive fair value for their C&C Energia Common Shares represented by such certificates. Registered C&C Energia Shareholders who do not forward to the Depositary a validly completed and duly signed Letter of Transmittal, together with their C&C Energia Common Share certificate(s), will not receive the consideration to which they are otherwise entitled until such deposit is made. No dividends or other distributions, if any, in respect of Platino Energy Shares or Pacific Rubiales Shares declared after the Effective Time and payable to holders of record after the Effective Time, will be paid to the holders of any unsurrendered certificates formerly representing C&C Energia Common Shares until the certificates representing C&C Energia Common Shares are surrendered and delivered as provided in the Arrangement. Subject to applicable Law, after a former C&C Energia Shareholder of record surrenders and exchanges the certificates representing C&C Energia Common Shares, that holder will be entitled to receive any such dividends or distributions of Platino Energy and Pacific Rubiales declared after the Effective Time (with a record date after the Effective Time) and prior to the exchange of the certificates representing C&C Energia Common Shares, which will have become payable with respect to the number of Platino Energy Shares and Pacific Rubiales Shares to which the holder is entitled.

Any use of mail to transmit certificate(s) for C&C Energia Common Shares and the related Letter of Transmittal is at the risk of the holder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

A cheque in the amount payable to the former C&C Energia Shareholders and certificates representing the appropriate number of Platino Energy Shares and Pacific Rubiales Shares issuable to a former C&C Energia Shareholder who has complied with the procedures set forth above will, as soon as practicable after the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates formerly representing C&C Energia Common Shares or other documentation as provided for in the Letter of Transmittal, be delivered by the Depositary to such former C&C Energia Shareholder.

Under no circumstances will interest accrue or be paid by C&C Energia, Pacific Rubiales, Platino Energy or the Depositary on the Cash Consideration to persons depositing C&C Energia Shares, regardless of any delay in making such payment.

The Depositary will act as the agent of persons who have deposited C&C Energia Common Shares pursuant to the Arrangement for the purpose of receiving consideration under the Arrangement and transmitting it to such persons, and receipt of such consideration under the Arrangement by the Depositary will be deemed to constitute receipt by persons depositing C&C Energia Common Shares.

Where a certificate for C&C Energia Common Shares has been destroyed, lost or stolen, the registered holder of that certificate should immediately contact the Depositary by telephone at (604) 699-4880 (toll-free 1 (866) 313-1872), (toll-free fax 1 (855) 375-6915), or by e-mail at inquiries@valianttrust.com, or by mail, hand or courier to the Depositary, 600 – 750 Cambie Street, Vancouver, British Columbia, V6B 0A2 regarding the issuance of a replacement certificate upon the holder satisfying the requirements of C&C Energia and their registrar and transfer agent, the Depositary, relating to replacement certificates. See Instruction 8 to the Letter of Transmittal.

Cancellation of Rights after Three Years

Any certificate which immediately before the Effective Time represented C&C Energia Common Shares and has not been surrendered, with all other documents required by the Depositary, on or before three years less one day from the Effective Date, will cease to represent any claim or interest of any kind or nature against C&C Energia, Pacific Rubiales, Platino Energy or the Depositary. Accordingly, persons who tender certificates for C&C Energia Common Shares after the third anniversary of the Effective Date will not be issued any Platino Energy Shares, Pacific Rubiales Shares or paid any cash or other compensation.

Stock Exchange Listings

C&C Energia Common Shares

The C&C Energia Common Shares are listed on the TSX. The C&C Energia Common Shares will be delisted from the TSX after the Effective Date.

Platino Energy Shares

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that any stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on the TSXV or a stock exchange.

Pacific Rubiales Shares

Pacific Rubiales has received conditional listing approval to list the Pacific Rubiales Shares issuable pursuant to the Arrangement on the TSX. Listing is subject to Pacific Rubiales fulfilling all of the requirements of the TSX.

Canadian Securities Law Matters

Resale of Platino Energy Shares and Pacific Rubiales Shares Received in the Arrangement

The Platino Energy Shares and Pacific Rubiales Shares to be issued to C&C Energia Shareholders pursuant to the Arrangement will be issued in reliance on exemptions from the prospectus requirements of applicable Securities Laws and will generally not be subject to any resale restrictions under applicable Securities Laws other than with respect to "control distributions", provided the conditions set out in subsection 2.6(3) of National Instrument 45-102 – *Resale of Securities* ("NI 45-102") are satisfied. The applicable conditions under Section 2.6(3) of NI 45-102 are that: (1) the issuer of the securities (i.e., Pacific Rubiales or Platino Energy, as applicable) has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the resale, (2) the resale is not a "control distribution" as defined in NI 45-102, (3) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the resale, (4) no extraordinary commission or consideration is paid to a person or company in respect of the resale, and (5) if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

C&C Energia and Pacific Rubiales have been reporting issuers for more than the past four months. Pacific Rubiales is expected to remain a reporting issuer at and following the Effective Time. In the case of Platino Energy, it is expected to become a reporting issuer in all the provinces of Canada at the Effective Time. Under Section 2.9(1) of NI 45-102, in determining the period of time that Platino Energy was a reporting issuer for the purposes of Section 2.6(3)(1) of NI 45-102, a selling shareholder may include the time that C&C Energia has been a reporting issuer.

Shareholders should consult with their own financial and legal advisors with respect to the tradability of Platino Energy Shares and the Pacific Rubiales Shares received on completion of the Arrangement.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 193 of the ABCA which provides that, where it is not practicable for a corporation to effect a fundamental change in the nature of an arrangement under any other provisions of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by C&C Energia for approval of the Arrangement. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge of C&C Energia, any recent significant decisions which would apply in this instance. C&C Energia Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

United States Securities Law Matters

Status Under U.S. Securities Laws

Each of Platino Energy and Pacific Rubiales is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act. Neither Platino Energy nor Pacific Rubiales currently intends to seek a listing for the Platino Energy Shares or the Pacific Rubiales Shares, respectively, on a stock exchange in the United States.

Exemption from the Registration Requirements of the U.S. Securities Act

The Platino Energy Shares and the Pacific Rubiales Shares to be issued to C&C Energia Shareholders in exchange for their C&C Energia Common Shares pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options) have not been and will not be registered under the U.S. Securities Act. Such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of the securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive adequate notice thereof. The Court is authorized to conduct such a hearing, and will conduct a hearing to consider the fairness of the terms and conditions of the Arrangement to the C&C Energia Shareholder and the holders of the C&C Energia Options. The Court granted the Interim Order on November 30, 2012 and, subject to the approval of the Arrangement by the C&C Energia Shareholders, a hearing on the Arrangement will be held by the Court on December 28, 2012. See "The Arrangement – Court Approval of the Arrangement and Completion of the Arrangement".

Resale of the Platino Energy Shares and Pacific Rubiales Shares after the Completion of the Arrangement

The Platino Energy Shares and the Pacific Rubiales Shares to be issued to C&C Energia Shareholders in exchange for their C&C Energia Common Shares pursuant to the Arrangement (including those C&C Energia Common Shares issued pursuant to the Exercised C&C Energia Options) will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" of Platino Energy or Pacific Rubiales, as applicable, after the Effective Time, or were "affiliates" of Platino Energy or Pacific Rubiales, as applicable, within 90 days prior to the Effective Time. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of Platino Energy Shares or Pacific Rubiales Shares, as applicable, by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Platino Energy Shares or Pacific Rubiales Shares, as applicable, outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. In addition, such affiliates (and former affiliates) may also resell Platino Energy Shares or Pacific Rubiales Shares, as applicable, pursuant to Rule 144 under the U.S. Securities Act, if available.

Resales by Affiliates Pursuant to Rule 144

In general, pursuant to Rule 144 under the U.S. Securities Act, persons who are "affiliates" of Platino Energy or Pacific Rubiales, as applicable, after the Effective Time, or were "affiliates" of Platino Energy or Pacific Rubiales, as applicable, within 90 days prior to the Effective Time, will be entitled to sell, during any three-month period, those Platino Energy Shares or Pacific Rubiales Shares, as applicable, that they receive in connection with the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to

specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements and the availability of current public information about the issuer.

Resales by Affiliates Pursuant to Regulation S

In general, pursuant to Regulation S, at any time that Platino Energy or Pacific Rubiales, as applicable, is a "foreign private issuer" (as defined in Rule 3b-4 under the U.S. Exchange Act), persons who are "affiliates" of Platino Energy or Pacific Rubiales, as applicable, after the Effective Time, or were "affiliates" of Platino Energy or Pacific Rubiales, as applicable, within 90 days prior to the Effective Time, solely by virtue of their status as an officer or director of Platino Energy or Pacific Rubiales, as applicable, may sell their Platino Energy Shares or their Pacific Rubiales Shares, as applicable, outside the United States in an "offshore transaction" if none of the seller, an affiliate or any person acting on their behalf engages in "directed selling efforts" in the United States and provided that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered". Also, for purposes of Regulation S, an "offshore transaction" includes an offer that is not made to a person in the United States where either (a) at the time the buy order is originated, the buyer is outside the United States or the seller reasonably believes that the buyer is outside of the United States; or (b) the transaction is executed in, on or through the facilities of a "designated offshore securities market" (which would include a sale through the TSX or TSXV, as applicable). Certain additional restrictions set forth in Rule 903 of Regulation S are applicable to sales outside the United States by a holder of Platino Energy Shares or Pacific Rubiales Shares, as applicable, who is an affiliate of Platino Energy or Pacific Rubiales, as applicable, after the Effective Time, or were "affiliates" of Platino Energy or Pacific Rubiales, as applicable, within 90 days prior to the Effective Time, other than by virtue of his or her status as an officer or director of Platino Energy or Pacific Rubiales, as applicable.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Platino Energy Shares or Pacific Rubiales Shares to be issued pursuant to the Arrangement. All holders of such Platino Energy Shares and Pacific Rubiales Shares are urged to consult with counsel to ensure that the resale of their Platino Energy Shares or Pacific Rubiales Shares, as applicable, complies with applicable securities legislation.

Expenses

The combined estimated fees, costs and expenses of C&C Energia and Platino Energy in connection with the Arrangement including, without limitation, payments to officers of C&C Energia under the Change of Control Agreements, severance payments to employees of C&C Energia, FirstEnergy's fees, filing fees, legal and accounting fees and printing and mailing costs are estimated to be approximately Cdn\$7.0 million.

RISK FACTORS

C&C Energia Shareholders should understand that if the Arrangement is approved at the Meeting, C&C Energia Shareholders (other than Dissenting C&C Energia Shareholders) will receive in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share pursuant to a series of transactions as set out in the Plan of Arrangement. Accordingly, a former C&C Energia Shareholder will become a shareholder of each of Pacific Rubiales and Platino Energy and will be subject to all of the risks associated with the business and operations of each of Pacific Rubiales and Platino Energy and the industry in which such corporations currently or will operate. Those risks include the factors affecting forward-looking statements, described in this Information Circular, including the risk factors set forth under the headings "Forward-Looking Statements" and under this heading, "Risk Factors", in this Information Circular, the risk factors relating to Pacific Rubiales included under the headings "Forward-Looking Information" and "Risk Factors" in the Pacific Rubiales AIF, incorporated by reference in this Information Circular, and set forth in Appendix H – Information Concerning Pacific Rubiales Energy Corp. to this Information Circular under the headings "Forward-Looking Information" and "Risk Factors", the risk factors relating to Platino Energy set forth in Appendix F – Information Concerning Platino Energy Corp. to this Information Circular, under the headings "Forward-Looking Statements" and "Risk Factors".

In assessing the Arrangement, C&C Energia Shareholders should carefully consider the risks described in the Pacific Rubiales AIF, Appendix H – Information Concerning Pacific Rubiales Energy Corp., the C&C Energia AIF, together with other information contained or incorporated by reference in this Information Circular, including the disclosure relating to Platino Energy set forth in Appendix F – Information Concerning Platino Energy Corp. and under the headings "Forward Looking Statements" and "Risk Factors" and the disclosure relating to Pacific Rubiales set forth in Appendix H – Information Concerning Pacific Rubiales under the headings "Forward-Looking Statements" and "Risk Factors". Additional risks and uncertainties, including those currently unknown to or considered immaterial by C&C Energia may also adversely affect the business of C&C Energia, Pacific Rubiales and Platino Energy going forward. In particular, the Arrangement and the operations of Platino Energy are subject to certain risks including the risks set forth below.

Risks Related to the Arrangement

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated by C&C Energia or Pacific Rubiales in certain circumstances. Accordingly, there is no certainty, nor can C&C Energia provide any assurance, that the Arrangement Agreement will not be terminated by either C&C Energia or Pacific Rubiales before the completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the trading price of the C&C Energia Common Shares. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the C&C Energia Board of Directors will be able to find a party willing to pay an equivalent or a more attractive price for C&C Energia Common Shares than the price to be paid pursuant to the terms of the Arrangement Agreement.

Conditions Precedent and Requirement for Regulatory Approvals

There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of C&C Energia and/or Pacific Rubiales, including the approval of the C&C Energia Shareholders, receipt of Regulatory Approvals and approval from the Court. There is no certainty, nor can C&C Energia provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of C&C Energia Common Shares may be adversely affected. Moreover, a substantial delay in obtaining satisfactory approvals could adversely affect the business, financial condition or results of operations of C&C Energia or result in the Arrangement not being completed. Certain jurisdictions may claim jurisdiction under their competition or antitrust laws in respect of acquisitions or mergers that may potentially affect their domestic marketplace. Although C&C Energia does not currently anticipate that there will be any investigation or proceeding in any jurisdiction that would have a material impact on the completion of the Arrangement, there is no assurance that such investigation or proceeding, whether by governmental authority or private party, will not be initiated or, if initiated, will not materially adversely affect the completion of the Arrangement.

Failure to Achieve Stock Exchange Listing for Platino Energy Shares

There is no guarantee that a stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will trade on any stock exchange. A failure to list the Platino Energy Shares on a designated stock exchange could result in a determination that the Platino Energy Shares are not qualified investments under the Tax Act for deferred plans. In the event that the Arrangement is completed, but Platino Energy fails to meet or maintain the conditions for listing of the Platino Energy Shares, then holders of Platino Energy Shares may have significant difficulty trading their Platino Energy Shares. See "The Arrangement – Stock Exchange Listings – Platino Energy Shares".

See also "Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Qualified Investment Status for Registered Plans" and Appendix F – Information Concerning Platino Energy Corp. – "Risk Factors – No Prior Public Market for the Platino Energy Shares".

Platino Energy Risks Relating to the Arrangement

The estimated cash position of Platino Energy upon completion of the Arrangement is inherently difficult to calculate and dependent upon assumptions such as future results of C&C Energia operations to the date of calculation, costs of the Arrangement and other factors. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate and such a difference could have a material adverse effect on the financial position of Platino Energy and its ability to fund its exploration, evaluation and development program relating to the Platino Energy Assets. See Appendix F – Information Concerning Platino Energy Corp. – "Risk Factors – Risks Related to the Arrangement".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to C&C Energia, the following is, as of the date of this Information Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a C&C Energia Shareholder who disposes of C&C Energia Common Shares under the Arrangement and who, at all relevant times, for purposes of the Tax Act, deals at arm's length and is not affiliated with C&C Energia, Platino Energy or Pacific Rubiales and holds the C&C Energia Common Shares and will hold the C&C Energia Class A Shares, Platino Energy Shares and Pacific Rubiales Shares (collectively, the "Securities") acquired under the Arrangement as capital property (a "Holder"). Generally, the Securities will be considered capital property to a person for purposes of the Tax Act provided the person does not hold those Securities in the course of carrying on a business and has not acquired such Securities in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a C&C Energia Shareholder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark to market property" rules contained in the Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the Tax Act; (iii) who has acquired C&C Energia Common Shares on the exercise of an employee stock option or upon exercise of C&C Energia Options as a step in the Arrangement; (iv) an interest in which is, or whose C&C Energia Common Shares are, a "tax shelter investment" as defined in the Tax Act; or (v) whose "functional currency" for purposes of the Tax Act is the currency of a country other than Canada, each as defined in the Tax Act. Such C&C Energia Shareholders should consult their own tax advisors.

This summary is based on representations from C&C Energia as to certain factual matters, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("Proposed Amendments") and counsel's understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency ("CRA"). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in administrative or assessing practices or policies, whether by way of legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all.

This summary is of a general nature only and neither is intended to be, nor should be construed to be, legal, tax or business advice to any particular C&C Energia Shareholder. Consequently, C&C Energia Shareholders should consult their own advisors regarding the tax consequences applicable to them in their particular circumstances. C&C Energia Shareholders who are resident in, or who otherwise are subject to tax in, jurisdictions other than Canada should consult their own advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

Holders Resident in Canada

This section of the summary is applicable to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for purposes of the Tax Act (a "**Resident Holder**"). Certain Resident Holders whose C&C Energia Common Shares otherwise might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have those shares, and any other "Canadian security", as defined in the Tax

Act, owned in the year of the election and any subsequent taxation year, deemed to be capital property. Resident Holders contemplating making such election should first consult their own tax advisors.

In addition, this summary does not apply to a Resident Holder that is a corporation resident in Canada that is, or becomes, controlled by a non-resident corporation and for whom a non-resident subsidiary of Platino Energy or Pacific Rubiales is, or becomes, a foreign affiliate of the Resident Holder for purposes of the Tax Act. Such Resident Holders should consult their own tax advisors.

Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights will be deemed to have transferred such Resident Holder's C&C Energia Common Shares to C&C Energia, and will be entitled to receive a payment from C&C Energia of an amount equal to the fair value of the Resident Holder's C&C Energia Common Shares. The Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received from C&C Energia for the C&C Energia Common Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital for purposes of the Tax Act of such C&C Energia Common Shares (as determined under the Tax Act). Any such deemed dividend will not be an eligible dividend for the purposes of the enhanced gross-up and dividend tax credit rules because it will not be designated as such by C&C Energia.

Where a Dissenting C&C Energia Shareholder is an individual, any deemed dividend will be included in computing that Resident Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends (other than eligible dividends) received from taxable Canadian corporations. In the case of a Dissenting C&C Energia Shareholder that is a corporation, any deemed dividend will be included in income and generally will be deductible in computing taxable income. However, in some circumstances, the amount of any such deemed dividend realized by a corporation may be treated as proceeds of disposition and not as a dividend under subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors in this regard.

"Private corporations" and "subject corporations" (as defined in the Tax Act) may be liable for an additional refundable Part IV tax on any dividends received to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year.

A Resident Holder will also be considered to have disposed of C&C Energia Common Shares for proceeds of disposition equal to the amount paid to such Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. Resident Holders may realize a capital gain or sustain a capital loss in respect of such disposition. The taxation of capital gains and capital losses is discussed below under the heading "Taxation of Capital Gains and Capital Losses".

Any interest awarded by the Court to a Dissenting C&C Energia Shareholder will be included in such Resident Holder's income for the purposes of the Tax Act.

Reorganization of the Capital of C&C Energia

Pursuant to the Arrangement, the capital of C&C Energia will be reorganized, resulting in each Resident Holder (other than a Dissenting C&C Energia Shareholder) exchanging each C&C Energia Common Share held for one C&C Energia Class A Share and one Platino Energy Share. This summary is based on the assumption that the fair market value of the Platino Energy Shares distributed on the reorganization of capital will not exceed the paid-up capital for the purposes of the Tax Act of the C&C Energia Common Shares. Management of C&C Energia has advised that the paid-up capital of the C&C Energia Common Shares immediately prior to the reorganization of capital will be at least Cdn\$4.00 per C&C Energia Common Share.

Based on this assumption and C&C Management's advice with respect to the paid-up capital of the C&C Energia Common Shares, no deemed dividend will arise on the exchange of C&C Energia Common Shares for Platino Energy Shares and C&C Energia Class A Shares in the course of the reorganization of capital. A Resident Holder whose C&C Energia Common Shares are exchanged for C&C Energia Class A Shares and Platino Energy Shares

will be considered to have disposed of the C&C Energia Common Shares for proceeds of disposition equal to the greater of the adjusted cost base to the Resident Holder of the C&C Energia Common Shares immediately before the exchange and the aggregate fair market value of the Platino Energy Shares distributed to the Resident Holder on the exchange.

A Resident Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base to the Resident Holder of the C&C Energia Common Shares immediately before the exchange. See "Taxation of Capital Gains and Capital Losses" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

The adjusted cost base to a Resident Holder of C&C Energia Class A Shares acquired on the exchange will be equal to the amount, if any, by which the aggregate adjusted cost base to the Resident Holder of the Resident Holder's C&C Energia Common Shares immediately before the exchange exceeds the aggregate fair market value at the time of the exchange of the Platino Energy Shares distributed to the Resident Holder on the exchange. The adjusted cost base, immediately following the exchange, to a Resident Holder of Platino Energy Shares acquired on the exchange will be equal to the fair market value of the Platino Energy Shares at the time of the exchange.

Management of C&C Energia will provide its estimate of the fair market value of the Platino Energy Shares and issue a press release to inform C&C Energia Shareholders. This determination of value will not, however, be binding on the CRA.

Disposition of C&C Energia Class A Shares for Pacific Rubiales Shares

Pursuant to the Arrangement, a Resident Holder (other than a Dissenting C&C Energia Shareholder) will dispose of each C&C Energia Class A Share received under the Arrangement to Pacific Rubiales for the Share Consideration and Cash Consideration.

A Resident Holder who receives the Share Consideration and Cash Consideration in this manner (other than a Resident Holder who is an Eligible Holder that makes a Joint Tax Election with Pacific Rubiales under Section 85 of the Tax Act, as described below under the heading "Joint Tax Election") will realize a capital gain (or capital loss) to the extent that the aggregate fair market value of the Share Consideration and the Cash Consideration received on the disposition, less any reasonable costs associated with the disposition, exceed (or are exceeded by) the aggregate adjusted cost base of the C&C Energia Class A Shares to the Resident Holder immediately before the disposition. See "Taxation of Capital Gains and Capital Losses" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

The cost to a Resident Holder (other than a Resident Holder who is an Eligible Holder that makes a Joint Tax Election) of Pacific Rubiales Shares received as Share Consideration will be equal to the fair market value of the Pacific Rubiales Shares at the time of the disposition. The cost of the Pacific Rubiales Shares received by a Resident Holder in exchange for C&C Energia Class A Shares will generally be averaged with the adjusted cost base of any other Pacific Rubiales Shares held by the Resident Holder as capital property to determine the adjusted cost base of each such Pacific Rubiales Share after the disposition for income tax purposes.

Joint Tax Election

A Resident Holder who is an Eligible Holder and who wishes to defer all or a part of the Resident Holder's capital gain on the disposition of C&C Energia Class A Shares will be entitled to make a joint election with Pacific Rubiales pursuant to subsection 85(1) of the Tax Act (or in the case of a Resident Holder that is a partnership, pursuant to subsection 85(2) of the Tax Act) ("Joint Tax Election") and thereby obtain a full or partial tax-deferred "rollover" for purposes of the Tax Act in respect of those C&C Energia Class A Shares. The extent of such rollover will depend on the amount specified (the "Elected Amount") in the Joint Tax Election and the adjusted cost base to the Eligible Holder of such C&C Energia Class A Shares immediately before their disposition. There are detailed rules set out in the Tax Act which prescribe limits as to the amount at which an Eligible Holder and Pacific Rubiales can elect in a Joint Tax Election. In general,

- the Elected Amount cannot be less than the aggregate amount of any non-share consideration received by the Eligible Holder for the C&C Energia Class A Shares transferred to Pacific Rubiales pursuant to the Arrangement;
- the Elected Amount cannot be less than the lesser of (i) the aggregate adjusted cost base of the exchanged C&C Energia Class A Shares to the Eligible Holder immediately before the Effective Time and (ii) the aggregate fair market value of the Eligible Holder's C&C Energia Class A Shares at the Effective Time; and
- the Elected Amount cannot exceed the aggregate fair market value of such C&C Energia Class A Shares at the Effective Time.

As a result of the Joint Tax Election,

- (a) the Eligible Holder will be deemed to have disposed of C&C Energia Class A Shares for proceeds of disposition equal to the Elected Amount and will realize a capital gain (or a capital loss) to the extent that such deemed proceeds of disposition, net of any reasonable costs associated with the disposition, exceed (or are exceeded by) the aggregate adjusted cost base of the C&C Energia Class A Shares to the Eligible Holder immediately before the Effective Time (See "Taxation of Capital Gains and Capital Losses" below for a general description of the treatment of capital gains and capital losses under the Tax Act); and
- (b) the cost of the Pacific Rubiales Shares received by an Eligible Holder in exchange for C&C Energia Class A Shares under the Arrangement will be equal to the Elected Amount less the aggregate Cash Consideration received by the Eligible Holder, and will generally be averaged with the adjusted cost base of any other Pacific Rubiales Shares held by the Resident Holder as capital property to determine the adjusted cost base of each such Pacific Rubiales Share after the disposition for income tax purposes.

Joint Tax Election Procedure

An Eligible Holder who intends to make a Joint Tax Election should indicate that intention by checking the appropriate box in the Letter of Transmittal. A tax instruction letter will be sent to an Eligible Holder that so indicates its intention to make a Joint Tax Election, at or about the time at which the Eligible Holder is sent the Cash Consideration and Share Consideration to which the Eligible Holder is entitled pursuant to the Arrangement. A tax instruction letter may also be obtained via the internet on Pacific Rubiales' website at www.pacificrubiales.com. The relevant federal tax election form is Form T2057 (or, in the event that the C&C Energia Common Shares are held by an Eligible Holder that is a "Canadian partnership" within the meaning of the Tax Act, Form T2058).

To make a Joint Tax Election, the Eligible Holder must provide two signed copies of the applicable tax election forms to Pacific Rubiales on or before the date that is 45 days following the Effective Date, duly completed and including (i) the required information concerning the Eligible Holder; (ii) the number of C&C Energia Class A Shares in respect of which the Eligible Holder is making a Joint Tax Election; (iii) the adjusted cost base of the Eligible Holder's C&C Energia Class A Shares; (iv) the amount of Cash Consideration and the number of Pacific Rubiales Common Shares received by such Eligible Holder pursuant to the Arrangement; and (iv) the applicable elected amount for such C&C Energia Class A Shares transferred.

Joint Ownership and Partnerships

Where the C&C Energia Class A Shares are held in joint ownership and two or more of the co-owners wish to make a Joint Tax Election, a co-owner designated for such purpose should file a copy of the federal election Form T2057 (and any other relevant provincial or territorial forms) for each co-owner. Such election forms must be accompanied by a list of the names, addresses and social insurance numbers or tax account numbers of each of the co-owners, along with a letter signed by each of the co-owners authorizing the designated co-owner to complete, sign and file the election forms.

Where the C&C Energia Class A Shares are held by an Eligible Holder that is a "Canadian partnership" within the meaning of the Tax Act and the partnership wishes to make a Joint Tax Election, a partner designated by the partnership must file a copy of the federal election Form T2058 (and any other relevant provincial or territorial forms) on behalf of all members of the partnership. Such election forms must be accompanied by a list of the names, addresses, social insurance numbers or tax account numbers of each of the partners, along with a letter signed by each partner authorizing the designated partner to complete, sign and file the election forms.

Provincial or Territorial Elections

Certain provinces or territories may require that a separate joint tax election be filed for provincial or territorial income tax purposes. Pacific Rubiales will also make a joint tax election with an Eligible Holder under the provisions of any relevant provincial or territorial income tax law having similar effect to Section 85 of the Tax Act, subject to the same limitations as described herein. Eligible Holders should consult their own tax advisors to determine whether separate election forms must be filed with any provincial or territorial taxing authority and to determine the procedure for filing any such separate election form. It will be the sole responsibility of each Eligible Holder who wishes to make such an election to obtain the appropriate provincial or territorial election forms and to duly complete and submit two signed copies of such election forms to Pacific Rubiales for its execution at the same time as the federal election forms.

Execution of Tax Election Forms by Pacific Rubiales

Subject to the election forms being correct and complete and complying with the provisions of the applicable income tax law and the Arrangement, Pacific Rubiales will sign the tax election forms received from an Eligible Holder on or before the day that is 45 days following the Effective Date (the "Section 85 Election Period") and return one copy to the Eligible Holder within 45 days after the end of the Section 85 Election Period. At its sole discretion, Pacific Rubiales may make a Joint Tax Election with Eligible Holders from whom it receives duly completed tax election forms after the Section 85 Election Period, but it shall have no obligation to do so.

Each Eligible Holder intending to make a Joint Tax Election is solely responsible for ensuring the necessary tax election forms are completed correctly and filed with the CRA and any other applicable provincial tax authority by the required deadline (as discussed below). With the exception of Pacific Rubiales' obligation to sign and return a properly completed tax election form delivered to it by an Eligible Holder within the Section 85 Election Period, neither Pacific Rubiales nor C&C Energia will be responsible for the proper or accurate completion of the tax election forms or have any other liability or obligation in respect thereof. Pacific Rubiales will not be responsible for any taxes, interest or penalties or any other costs or damages resulting from the failure by an Eligible Holder to properly and accurately complete or file the necessary election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation).

Filing of Election Forms

For the CRA to accept a tax election form without a late filing penalty being paid by an Eligible Holder, the election form, duly completed and executed by both the Eligible Holder and Pacific Rubiales must be received by the CRA on or before the earliest due date for the filing of either Pacific Rubiales' or the Eligible Holder's income tax return for the taxation year in which the exchange takes place.

In the absence of a transaction subsequent to the Effective Date but prior to January 1, 2013 that results in a taxation year end for Pacific Rubiales, the taxation year of Pacific Rubiales is expected to end on December 31, 2012. In such circumstances, if the Effective Date is on or before December 31, 2012, the Joint Tax Election generally must, in the case of an Eligible Holder who is an individual (other than a trust), be received by the CRA by April 30, 2012 (being generally the deadline when such Eligible Holder will be required to file a tax return for its 2012 taxation year).

Information concerning the filing deadline will be included in the tax election package that will be available on Pacific Rubiales' website at www.pacificrubiales.com and may be mailed to Eligible Holders.

Eligible Holders are strongly advised to consult their own tax advisors as soon as possible respecting the deadlines applicable to their own particular circumstances, including any similar deadlines required under any provincial or territorial tax legislation for provincial or territorial tax elections. However, regardless of such deadlines, properly completed tax election forms must be received by Pacific Rubiales at the address set out in the tax instruction letter (which will be available via the internet on Pacific Rubiales' website at www.pacificrubiales.com) before the expiry of the Section 85 Election Period. Any Eligible Holder who does not ensure that Pacific Rubiales has received the properly completed tax election forms within the Section 85 Election Period may not be able to benefit from the tax deferral provisions of the Tax Act and any applicable provincial or territorial tax legislation.

Disposition of Pacific Rubiales Shares and Platino Energy Shares

Where a Resident Holder disposes of a Pacific Rubiales Share or a Platino Energy Share (other than to Pacific Rubiales or Platino Energy, respectively, or in a tax-deferred disposition) the disposition will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base at the time to the Resident Holder of the Pacific Rubiales Share or the Platino Energy Share, as the case may be, and any reasonable costs of disposition. See "Taxation of Capital Gains and Capital Losses" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Taxation of Capital Gains and Capital Losses

Generally, one half of any capital gain (a "taxable capital gain") realized by a Resident Holder in a taxation year must be included in the income of the Resident Holder for that year, and one half of any capital loss (an "allowable capital loss") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year, to the extent and under the circumstances described in the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of C&C Energia Common Shares, C&C Energia Class A Shares, Platino Energy Shares or Pacific Rubiales Shares by a Resident Holder thereof that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares to the extent and in the circumstances prescribed in the Tax Act. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a beneficiary of a trust or a member of a partnership that owns such shares.

A Resident Holder that is a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6½ percent on certain investment income, including taxable capital gains. Capital gains realized by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for minimum tax under the Tax Act.

Taxation of Dividends

A Resident Holder who is an individual and receives or is deemed to receive dividends on the C&C Energia Common Shares, Pacific Rubiales Shares or the Platino Energy Shares will generally be required to include in computing income for the year the amount of such dividends and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. To the extent that C&C Energia, Pacific Rubiales or Platino Energy designate dividends on their respective securities as "eligible dividends" in the prescribed manner for purposes of the Tax Act, the holder will be subject to the enhanced gross-up and dividend tax credit rules.

Dividends received or deemed to be received by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for minimum tax under the Tax Act.

A corporation that receives or is deemed to receive a dividend will generally be required to include in computing income for the year the amount of such dividend, and normally that same amount will be deductible in computing its taxable income to the extent and in the circumstances provided in the Tax Act. A Resident Holder that is a "private corporation", as defined in the Tax Act, or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a "related group", as defined in the Tax Act, of individuals (other than trusts) may be liable to pay a refundable tax under Part IV of the Tax Act of 33½ percent on any dividends received or deemed to be received on the C&C Energia Common Shares, Pacific Rubiales Shares or the Platino Energy Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

Qualified Investment Status for Registered Plans

Based on the current provisions of the Tax Act and the regulations thereunder, and subject to the provisions of any particular plan, provided that the C&C Energia Common Shares, Platino Energy Shares and Pacific Rubiales Shares are listed on a designated stock exchange (which includes the TSX and TSXV), the C&C Energia Class A Shares, the Platino Energy Shares and the Pacific Rubiales Shares will be qualified investments for trusts governed by registered retirement savings plans ("RRSP"), registered retirement income funds ("RRIF"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("TFSA") under the Tax Act.

The C&C Energia Class A Shares, the Platino Energy Shares and the Pacific Rubiales Shares will not be a prohibited investment for an RRSP, RRIF or TFSA provided that the holder of the RRSP, RRIF or TFSA, for the purposes of the Tax Act, deals at arm's length with C&C Energia, Platino Energy and Pacific Rubiales, respectively, and does not have a significant interest (as defined in the Tax Act) in C&C Energia, Platino Energy or Pacific Rubiales, as applicable, or in a corporation, partnership or trust with which C&C Energia, Platino Energy or Pacific Rubiales, as the case may be, does not deal at arm's length. Generally, a holder will have a significant interest in C&C Energia, Platino Energy or Pacific Rubiales if the holder and/or persons not dealing at arm's length with the holder own, directly or indirectly, ten percent or more of the fair market value of the C&C Energia Common Shares, Platino Energy Shares or Pacific Rubiales Shares, respectively. Holders to whom C&C Energia, Platino Energy or Pacific Rubiales otherwise would be prohibited investments as described above should consult their own tax advisors, including with respect to the availability of any potential relief under an undated "comfort letter" provided by the Department of Finance in 2012 to the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the C&C Energia Common Shares, or the Platino Energy Shares and the Pacific Rubiales Shares to be received under the Arrangement, in the course of, or in connection with, a business carried on in Canada (a "Non-Resident Holder"). Special rules, which are not discussed in this summary, may apply to certain C&C Energia Shareholders that are insurers carrying on an insurance business in Canada and elsewhere.

Dissenting Non-Resident Holders

A Non-Resident Holder who validly exercises Dissent Rights will be deemed to have transferred such Non-Resident Holder's C&C Energia Common Shares to C&C Energia, and will be entitled to receive a payment from C&C Energia of an amount equal to the fair value of the Resident Holder's C&C Energia Common Shares. The Non-Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received from C&C Energia for the C&C Energia Common Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital of such C&C Energia Common Shares (as determined under the Tax Act). The amount of the dividend will be subject to Canadian withholding tax at the rate of 25 percent of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence.

A Non-Resident Holder of C&C Energia Common Shares will also be considered to have disposed of the C&C Energia Common Shares for proceeds of disposition equal to the amount paid to such Non-Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend, and will be subject to tax under the Tax Act on any gain realized as a result if such shares constitute "taxable Canadian property" as described under the below heading "Reorganization of the Capital of C&C Energia", unless relief is provided under an income tax treaty or convention between Canada and the Non-Resident Holder's country of residence.

Reorganization of the Capital of C&C Energia

Pursuant to the Arrangement, the capital of C&C Energia will be reorganized, resulting in each Non-Resident Holder (other than a Dissenting C&C Energia Shareholder) exchanging each C&C Energia Common Share held for one C&C Energia Class A Share and one Platino Energy Share. The tax consequences under the reorganization of capital that are described above under the heading "Holders Resident in Canada – Reorganization of the Capital of C&C Energia ", generally will apply except that a Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the exchange of C&C Energia Common Shares for C&C Energia Class A Shares and Platino Energy Shares unless such C&C Energia Common Shares constitute "taxable Canadian property", as defined in the Tax Act, to such holder at the time of disposition and the Non-Resident Holder is not entitled to relief from Canadian taxation under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

Generally, C&C Energia Common Shares will not be "taxable Canadian property" of a Non-Resident Holder at a particular time provided that C&C Energia Common Shares are listed on a designated stock exchange (which includes the TSX) at that time, unless: (A) at any time during the sixty-month period immediately preceding the disposition, (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, or the Non-Resident Holder together with all such persons, owned 25 percent or more of the issued shares of any class or series of the capital stock of C&C Energia and (ii) more than 50 percent of the fair market value of the C&C Energia Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" as defined in the Tax Act, "timber resource properties" as defined in the Tax Act, and options in respect of, interests in, or civil law rights in, an such properties; or (B) the Non-Resident Holder's Common Shares were acquired in certain types of tax-deferred exchanges in consideration for property that was itself taxable Canadian property.

Non-Resident Holders to whom C&C Energia Common Shares may constitute taxable Canadian property should consult their own tax advisors having regard to their particular circumstances, including the availability to them of a Joint Tax Election to obtain a full or partial tax-deferred rollover in respect of the exchange of C&C Energia Common Shares for C&C Energia Class A Shares and Platino Shares.

Exchange of C&C Energia Class A Shares for Pacific Rubiales Shares

A Non-Resident Holder generally will not be subject to tax in Canada in respect of the disposition of the Non-Resident Holder's C&C Energia Class A Shares to Pacific Rubiales unless the C&C Energia Class A Shares constitute "taxable Canadian property", as defined in the Tax Act, to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief from Canadian taxation under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

As the C&C Energia Class A Shares will not be listed on any designated stock exchange, the C&C Energia Class A Shares will constitute "taxable Canadian property" of a Non-Resident Holder if (A) at any time during the sixtymonth period immediately preceding the redemption of the C&C Energia Class A Shares more than 50 percent of the fair market value of the C&C Energia Class A Shares was derived directly or indirectly from one or any combination of (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" as defined in the Tax Act, (iii) "timber resource properties" as defined in the Tax Act, and (iv) options in respect of, interests in, or civil law rights in, an such properties; or (B) the Non-Resident Holder's C&C Energia Class A Shares were acquired in certain types of tax-deferred exchanges in consideration for property that was itself taxable Canadian property.

C&C Management has advised that it believes that the C&C Energia Class A Shares should not constitute taxable Canadian property to a Non-Resident Holder, as less than 50 percent of the fair market value of the shares should be considered, at all relevant times in respect of the C&C Energia Class A Shares, to be derived from any of the above enumerated property.

Non-Resident Holders to whom C&C Energia Class A Shares may constitute taxable Canadian property should consult their own tax advisors having regard to their particular circumstances, including the availability to them of a Joint Tax Election to obtain a full or partial tax-deferred rollover on the disposition of their C&C Energia Class A Shares to Pacific Rubiales.

Disposition of Pacific Rubiales Shares or Platino Energy Shares

A Non-Resident Holder generally will not be subject to tax in Canada in respect of the disposition of Pacific Rubiales Shares or Platino Energy Shares unless the Pacific Rubiales Shares or Platino Energy Shares, respectively, constitute "taxable Canadian property", as defined in the Tax Act, to such holder at the time of disposition and the Non-Resident Holder is not entitled to relief from Canadian taxation under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder. See "Reorganization of the Capital of C&C Energia" for a description of taxable Canadian property.

In the event the Pacific Rubiales Shares or Platino Energy Shares constitute, or are deemed to constitute, taxable Canadian property to a Non-Resident Holder, such Non-Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the Pacific Rubiales Shares or Platino Energy Shares, as the case may be, to the Non-Resident Holder. The tax consequences of realizing a capital gain or loss, which are described above under the heading "Holders Resident in Canada – Taxation of Capital Gains and Capital Losses", generally will apply.

Taxation of Dividends

Dividends received or deemed to be received on the C&C Energia Common Shares, Pacific Rubiales Shares or the Platino Energy Shares will generally be subject to Canadian withholding tax at the rate of 25 percent, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled pursuant to the provisions of an applicable income tax treaty or convention. For example, under the Canada-U.S. Income Tax Convention (1980) (the "Convention"), where a dividend is considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividend and is a U.S. resident for the purposes of, and is entitled to benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15 percent.

TAX CONSIDERATIONS IN OTHER JURISDICTIONS

C&C Energia Common Shareholders who are resident in (or citizens of) jurisdictions other than Canada should be aware that the disposition of C&C Energia Common Shares pursuant to the Arrangement may have tax consequences in their jurisdiction. All Securityholders should consult with their own tax and other professional advisors as to the relevant legal, tax, financial or other consequences of participating in the Arrangement, including any associated filing requirements and the effects of owning and disposing of Platino Energy Shares and Pacific Rubiales Shares in such jurisdictions.

OTHER MATTER OF SPECIAL BUSINESS RELATING TO PLATINO ENERGY

At the Meeting, C&C Energia Shareholders will be asked to consider and, if deemed advisable, approve the adoption of the Platino Energy Stock Option Plan.

The completion of the Arrangement is not conditional upon approval of the Platino Energy Stock Option Plan.

Approval of the Platino Energy Stock Option Plan

At the Meeting, C&C Energia Shareholders will be asked to consider and, if deemed advisable, ratify and approve the adoption by Platino Energy of the Platino Energy Stock Option Plan which will authorize the Platino Energy Board of Directors to issue stock options to directors, executive officers, employees and consultants of Platino Energy and its subsidiaries. To be adopted, the ordinary resolution must be approved by a simple majority of votes cast at the Meeting by C&C Energia Shareholders. Shareholder approval of the Platino Energy Stock Option Plan is expected to be required in connection with the possible listing of the Platino Energy Shares. In the event that the Platino Energy Stock Option Plan is not approved at the Meeting, it is expected that Platino Energy would consider the provision of comparable compensation to its directors, executive officers, employees and consultants in the form of cash or other appropriate arrangements. A copy of the Platino Energy Stock Option Plan is set out in Appendix G to this Information Circular.

The purpose of the Platino Energy Stock Option Plan is to assist directors, executive officers, consultants and employees of Platino Energy and its subsidiaries to participate in the growth and development of Platino Energy by providing such persons with the opportunity, through options to acquire Platino Energy Shares, to acquire an increased proprietary interest in Platino Energy that will be aligned with the interest of the shareholders of Platino Energy.

Under the Platino Energy Stock Option Plan: (a) unless Disinterested Shareholder (as defined in the Platino Energy Stock Option Plan) approval is obtained, the total number of Platino Energy Shares which may be granted to any optionee in a 12-month period under the Platino Energy Stock Option Plan and under all other security-based compensation arrangements must not exceed five percent of the issued and outstanding Platino Energy Shares at the date of grant of the option; (b) the total number of Platino Energy Shares which may be reserved for issuance under the Platino Energy Stock Option Plan upon the exercise of options granted to any one consultant within a 12-month period must not exceed two percent of the issued and outstanding Platino Energy Shares at the date of the grant of the option; and (c) the total number of Platino Energy Shares which may be reserved for issuance under the Platino Energy Stock Option Plan upon the exercise of options granted to a person employed to provide investor relations activities (as such term is defined by the TSXV policies) within a 12-month period must not exceed two percent of the issued and outstanding Platino Energy Shares at the date of the grant of the option.

Under the Platino Energy Stock Option Plan, the maximum number of Platino Energy Shares that may be reserved for issuance to insiders under the Platino Energy Stock Option Plan and all other security based compensation arrangements shall be ten percent of the Platino Energy Shares outstanding at the date of the grant of the option (on a non-diluted basis). Additionally, the maximum number of Platino Energy Shares that may be issued to insiders, in the aggregate, under the Platino Energy Stock Option Plan and all other security-based compensation arrangements within a one year period shall be ten percent of the Platino Energy Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Platino Energy Shares issued under the Platino Energy Stock Option Plan or any other security-based compensation arrangements over the preceding one year period.

The Platino Energy Stock Option Plan will be administered by the Platino Energy Board of Directors, or a committee thereof, subject to the policies of any stock exchange on which the Platino Energy Shares are listed. The Platino Energy Board of Directors (or a committee thereof) will have the discretion to determine to whom options will be granted, the number of such options, the exercise price of such options (which shall not be less than the Market Price as defined in the Platino Energy Stock Option Plan), and the terms and time frames in which the options will be exercisable, provided that options will be exercisable for a maximum of ten years from the date of grant.

The Platino Energy Stock Option Plan provides that if the expiration date for an option occurs during a Blackout Period (as defined below) applicable to the relevant optionee, or within ten business days after the expiry of a Blackout Period applicable to the relevant optionee, then the expiration date for that option shall be the date that is the tenth business day after the expiry date of the Blackout Period. "Blackout Period" is defined in the Platino Energy Stock Option Plan as a period of time during which the optionee cannot exercise an option, or sell the Platino Energy Shares issuable pursuant to an exercise of options, due to applicable policies of Platino Energy in respect of insider trading.

Subject to certain restrictions set forth in this paragraph and to any express resolution passed by the Platino Energy Board of Directors (and approved by any stock exchange on which the Platino Energy Shares are listed, if required) stating otherwise, an option shall terminate on the date that is three months from the date the optionee ceased to be a director, executive officer, employee or consultant of Platino Energy or its subsidiaries. Notwithstanding the above, where an optionee is terminated other than termination of an executive officer, employee or consultant by Platino Energy for cause or the optionee's death any option may, subject to the terms of the Platino Energy Stock Option Plan, be exercised by the optionee at any time within 30 days (or at the discretion of the Platino Energy Board of Directors, on a date within 180 days) from the date notice of termination of employment or directorship of such individual is given, as long as the options do not expire by such time and have vested in accordance with their terms prior to the date of notice of termination. Upon the death of an optionee all options previously granted to such optionee shall immediately vest. Subject to the terms of such options and the Platino Energy Stock Option Plan all such vested options will be exercisable within the first twelve months following the death of the optionee or prior to the expiry of options whichever is earlier by the legal personal representative(s) of the estate of the optionee.

The Platino Energy Stock Option Plan provides that if Platino Energy is listed on the TSXV and in compliance with applicable TSXV requirements and obtains approval from the TSXV and any other exchange upon which the Platino Energy Shares are then listed, options granted pursuant to the Platino Energy Stock Option Plan may be exercised by an optionee on a cashless basis. In such circumstances, an optionee may elect upon option exercise, instead of making a cash payment for the aggregate exercise price of the option, to receive a number of Platino Energy Shares equal to: (1) the difference between the aggregate Market Price (as defined in the Platino Energy Stock Option Plan) of the Platino Energy Shares underlying the option and the aggregate exercise price of such option divided by: (2) the Market Price (as defined in the Platino Energy Share.

The Platino Energy Stock Option Plan contains customary adjustment and anti-dilution provisions in the event of a merger, amalgamation, arrangement or sale of substantially all of the assets of Platino Energy or if there is a subdivision, consolidation or reclassification of the Platino Energy Shares. Additionally, the Platino Energy Stock Option Plan provides that if, during the term of an option, there takes place a change of control, Platino Energy shall give notice of such change of control to all optionees, and to the extent practicable, shall provide such notice at least 14 days before the effective date of such change of control. In the event of a change of control all options (whether vested or unvested) shall be immediately exercisable and each optionee shall have the right, whether or not such notice is given to it by Platino Energy, to exercise all options to purchase all of the Platino Energy Shares optioned to them (whether vested or unvested) which have not previously been purchased in accordance with the Platino Energy Stock Option Plan. If for any reason such change of control is not effected, any such Platino Energy Shares so purchased by an optionee shall be, and shall be deemed to be, cancelled and returned to the treasury of Platino Energy, shall be added back to the number of options, if any, remaining unexercised and upon presentation to Platino Energy of Platino Energy Share certificates representing such Platino Energy Shares properly endorsed for transfer back to Platino Energy, Platino Energy shall refund the optionee all consideration paid by the optionee in the initial purchase thereof.

For the purposes of the Platino Energy Stock Option Plan, "change of control" is defined as (a) the completion of a "take-over bid" (as defined in the Securities Act, as amended, or any successor legislation thereto) pursuant to which the "offeror" (as defined in the Securities Act) beneficially acquires Platino Energy Shares pursuant to the take-over bid and, when taken together with any other Platino Energy Shares held by the offeror, owns in excess of 30 percent of the issued and outstanding Platino Energy Shares; or (b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly (other than Platino Energy or one of its subsidiaries pursuant to an internal reorganization), including through an arrangement, amalgamation, merger or other form of reorganization, of Platino Energy Shares which in the aggregate with all other Platino Energy Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 30 percent or more of the then issued and outstanding Platino Energy Shares; or (c) any person becomes the beneficial owner, directly or indirectly, of more than 20 percent of the then issued and outstanding Platino Energy Shares and, within a period of six months, persons who were members of the Platino Energy Board of Directors immediately prior to any person becoming the beneficial owner, directly or indirectly, of more than 20 percent of the then issued and outstanding Platino Energy Shares represent less than a majority of the members of the Platino Energy Board of Directors; or (d) an arrangement, amalgamation, merger, business combination or other form of reorganization of Platino Energy where the holders of the outstanding voting securities or interests of Platino Energy immediately prior to the completion of such reorganization transaction will hold 50 percent or less of the outstanding voting securities or interests of the continuing entity upon completion of such arrangement, amalgamation, merger, business combination or other form of reorganization; or (e) the election of a slate of directors at a meeting of Platino Energy where one-third of the directors so elected are not persons who formed the slate of directors proposed by the management of Platino Energy; or (f) a determination by the Platino Energy Board of Directors that there has been a change, whether by way of a change in the holding of the voting securities of Platino Energy, in the ownership of Platino Energy's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of Platino Energy; or (g) the sale, lease or other disposition of all or substantially all of the assets of Platino Energy; or (h) the liquidation, winding-up, insolvency or dissolution of Platino Energy.

A full copy of the Platino Energy Stock Option Plan is attached hereto as Appendix G.

At the Meeting, the C&C Energia Shareholders will be asked to consider and, if deemed appropriate, pass the following ordinary resolution (the "**Platino Energy Stock Option Plan Resolution**") to approve the Platino Energy Stock Option Plan:

"BE IT RESOLVED as an ordinary resolution of the holders of Common Shares of C&C Energia Ltd. ("C&C Energia") that:

- 1. The Stock Option Plan of Platino Energy ("Platino Energy") in the form attached as Appendix G to the information circular of C&C Energia dated November 30, 2012, which provides for the rolling grant of options to acquire up to ten percent of the number of issued and outstanding common shares of Platino Energy, be and is hereby adopted, confirmed and approved.
- All unallocated options issuable pursuant to the Stock Option Plan of Platino Energy are approved and authorized.
- 3. The directors may in their sole discretion revoke this ordinary resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the shareholders of either C&C Energia or Platino Energy.
- 4. Any one director or officer of Platino Energy be and the same is hereby authorized and directed for and in the name of and on behalf of Platino Energy to execute or cause to be executed, whether under corporate seal of Platino Energy or otherwise, and to deliver or cause to be delivered all such documents, instruments and other writings and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of the foregoing resolutions, and to complete all transactions in connection with the Stock Option Plan of Platino Energy and in compliance with the policies of the TSX Venture Exchange, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

The C&C Energia Board of Directors recommends that the C&C Energia Shareholders vote in favour of the Platino Energy Stock Option Plan Resolution. To be effective, the Platino Energy Stock Option Plan Resolution must be approved by a simple majority of the votes cast by the shareholders of C&C Energia who vote in person or by proxy at the Meeting on the Platino Energy Stock Option Plan Resolution. In the absence of a contrary instruction, the persons named in the enclosed form of proxy, if named as proxy, intend to vote in favour of the Platino Energy Stock Option Plan Resolution.

INFORMATION CONCERNING PACIFIC RUBIALES

The information concerning Pacific Rubiales and its subsidiaries contained in this Information Circular has been provided by Pacific Rubiales. Although C&C Energia has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by Pacific Rubiales are untrue or incomplete, C&C Energia assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by Pacific Rubiales to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to C&C Energia. See Appendix H – Information Concerning Pacific Rubiales Energy Corp. to this Information Circular.

INFORMATION CONCERNING C&C ENERGIA

C&C Energia was incorporated as 1155275 Alberta Ltd. under the ABCA on February 28, 2005. On March 8, 2005, C&C Energia amended its articles to change its name to "C&C Energy Canada Ltd." On September 27, 2006, C&C Energia amended and restated its articles by removing preferred shares from the authorized capital structure of C&C Energia. On April 5, 2007, C&C Energia amended and restated its articles to add certain share transfer restrictions on the C&C Energia Common Shares, including the requirement of the C&C Energia Board of Directors' approval for such transfers.

On May 24, 2010, in preparation for the C&C IPO, C&C Energia amended its articles to change the name of the Corporation from "C&C Energy Canada Ltd." to "C&C Energia Ltd.", create a new class of preferred shares and remove provisions of the articles that required the approval of the C&C Energia Board of Directors for any share transfer and required share transfers to be in accordance with the provisions of an investor agreement among the shareholders of C&C Barbados. On May 24, 2010, C&C Energia also amended and restated its articles to give effect to a consolidation of its shares on a one-for-two basis. On May 25, 2010, C&C Energia amended its articles to give effect to a split of its shares on the basis of one Common Share being split into 1.01974861 Common Shares.

C&C Energia's registered office is located at 3500, 855 – 2nd Street SW, Calgary, Alberta, T2P 4J8. C&C Energia's primary head office in Canada is located at Suite 1250, 555 – 4th Avenue SW, Calgary, Alberta, T2P 3E7. C&C Energia conducts its operations in Colombia through Grupo C&C's Colombian office located at Carrera 4 No. 72-35, Suite 800, Bogotá, Colombia.

General Development of C&C Energia

C&C Energia is a resource company engaged in the exploration for, and the acquisition, development and production of, oil reserves in Colombia. C&C Energia is headquartered in Calgary, Alberta, Canada. C&C Energia's strategy is to develop producing oil assets by appraising and developing existing discoveries and exploring in areas assessed by C&C Management to be highly prospective for hydrocarbons. C&C Energia's principal assets are related to their interests in eight blocks (plus the LLA-83 Block which has been awarded but is yet to be assigned by the ANH from the 2012 Ronda Colombia) located within Colombia with a total acreage position of approximately 632,186 acres (513,721 net acres). C&C Energia has interests in each of the Llanos (five blocks), Middle Magdalena Valley (one block) and Putumayo (three blocks) Basins.

C&C Energia Share Capital

Prior to the Arrangement, C&C Energia is authorized to issue an unlimited number of C&C Common Shares and an unlimited number of C&C Preferred Shares. The following is a summary of the rights, privileges, restrictions and conditions attaching to the C&C Common Shares and the C&C Preferred Shares.

Common Shares

Holders of C&C Common Shares are entitled to one vote for each C&C Common Share held on all votes taken at meetings of holders of C&C Common Shares. The holders of C&C Common Shares are entitled to receive such dividends as C&C Energia's directors may from time to time declare. In the event of the winding up or dissolution of C&C Energia, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of C&C Common Shares are entitled to the surplus assets of C&C Energia and generally will be entitled to enjoy all of the rights attaching to shares of C&C Energia. As at November 28, 2012, there are 63,966,720 C&C Common Shares issued and outstanding. All of the C&C Common Shares currently outstanding are fully-paid and non-assessable.

Preferred Shares

The C&C Preferred Shares are issuable at any time and from time to time in one or more series. The C&C Energia Board of Directors are authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to the C&C Preferred Shares of each series, which may include voting rights, the whole

subject to the issue of a certificate of amendment to C&C Energia's articles setting forth the designation and provisions attaching to the C&C Preferred Shares or shares of the series. The C&C Preferred Shares of each series will rank on a parity with the C&C Preferred Shares of every other series and will be entitled to preference over the C&C Common Shares and any other shares ranking junior to the C&C Preferred Shares with respect to payment of dividends and distribution of any property or assets in the event of C&C Energia's liquidation, dissolution or winding-up, whether voluntary or involuntary. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the C&C Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such C&C Preferred Shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in full, as the case may be. As at the date of this Information Circular, there are no C&C Preferred Shares issued and outstanding.

Market for C&C Energia Shares

C&C Energia Common Shares are traded on the TSX. The following table sets forth, for the calendar periods indicated, the high and low closing sales prices and trading volume of the C&C Energia Common Shares on the TSX, expressed in Canadian dollars.

	C&C Energia Common Shares		
		TSX	
	High (Cdn\$/share)	Low (Cdn\$/share)	Volume
2011			
October	8.63	5.25	1,487,964
November	9.00	6.45	816,345
December	7.71	6.03	1,325,225
2012			
January	9.25	7.59	883,334
February	9.00	7.70	1,561,644
March	9.44	7.45	2,826,249
April	8.30	7.15	900,895
May	7.48	5.48	4,545,062
June	7.74	5.48	1,547,317
July	6.41	5.48	1,044,774
August	6.49	5.92	1,651,189
September	7.01	6.14	1,186,460
October	6.60	5.82	542,493
November $1 - 29$	9.41	5.75	10,636,997

On November 16, 2012, the last full trading day prior to the public announcement of the Arrangement, the closing trading price per C&C Energia Common Share as reported on the TSX was Cdn\$7.50. On November 29, 2012, the last full trading day prior to the date of this Information Circular, the closing sale price per C&C Energia Common Share as reported on the TSX was Cdn\$8.61.

Consolidated Capitalization of C&C Energia

The following table sets forth the consolidated capitalization of C&C Energia as at September 30, 2012 and after giving effect to the Arrangement. Other than with respect to the Arrangement, there have not been any material changes in the capitalization of C&C Energia since September 30, 2012.

Description and Amount Authorized	As at September 30, 2012	As at September 30, 2012 after giving effect to the Arrangement	
(Cdn\$, except share amounts)			
Debt:			
Bank Debt (1)(2)	\$0	\$0	
Shareholders' Capital:			
C&C Energia Common Shares (3)	\$292,523,590	\$316,824,529	
(unlimited)	(63,842,503 C&C Energia	(66,701,437 C&C Energia	
	Common Shares)	(66,701,437 C&C Energia Common Shares) ⁽⁴⁾	

Notes:

- (1) In the fourth quarter of 2011, C&C Energia completed a secured revolving credit facility (the "C&C Energia Facility") with a syndicate of banks. This is a reserve based facility with a current borrowing base set at US\$35.0 million. This C&C Energia Facility replaces the previous credit facility and is effective for three years as of December 2011. Letters of credit issued against the C&C Energia Facility reduce the amounts available under the C&C Energia Facility. As at September 30, 2012 there were no amounts drawn under the C&C Energia Facility and C&C Energia had no letters of credit to guarantee work commitments. In May 2012, the borrowing base of the C&C Energia Facility was increased to US\$90.0 million based on the Lonquist Reserve Report. Also in the second quarter of 2012, BNP Paribas sold the C&C Energia Facility to Wells Fargo Bank without any modification to the C&C Energia Facility.
- (2) In July 2011, C&C Energia's line of credit in Colombia was increased to approximately Col\$30.0 billion (approximately US\$16.7 million). Under the terms, the first Col\$18.0 billion advanced (approximately US\$10.0 million) would be uncollateralized. Advances over this amount and up to the remaining Col\$12.0 billion (approximately US\$6.7 million) would be collateralized by term deposits. This line of credit can be used for a variety of loans and bears interest at varying rates and conditions depending on the loan type. Letters of credit issued against this line-of-credit reduce the amounts available under the facility. At September 30, 2012, C&C Energia had drawn \$\text{nil}\$ and had letters of credit to guarantee work commitments for US\$7.6 million at a one percent annual interest rate under the Colombian line of credit.
- (3) As at September 30, 2012, 4,583,568 C&C Energia Options were outstanding with a weighted average exercise price of Cdn\$8.84 per share, 798,933 C&C Energia Warrants were outstanding with an exercise price of Cdn\$6.04.
- (4) Assuming no Dissent Rights are exercised pursuant to the Arrangement.

Auditors

C&C Energia's auditors are Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta. Deloitte & Touche LLP, Chartered Accountants have been the auditors of C&C Energia since their appointment in August, 2006

Previous Purchase and Sales

During the 12 months from the date of this Information Circular, C&C Energia issued the following C&C Energia Options and C&C Energia Warrants:

C&C Energia Options

Date of Issue	Number of C&C Energia Options	Exercise / Conversion Price (Cdn\$)	Expiry Date
April 5, 2012	570,000	\$8.57	April 5, 2017
June 15, 2012	240,000	\$6.15	June 15, 2017
October 1, 2012	75,000	\$6.45	October 1, 2017

C&C Energia Warrants

No C&C Energia Warrants were issued in the 12 months preceding the date hereof.

Dividends Paid

No dividends have been paid on any shares of C&C Energia since the date of its incorporation.

Documents Incorporated by Reference

Information in respect of C&C Energia and its material subsidiaries has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in the provinces of

Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of C&C Energia, at Suite 1250, 555 – 4th Avenue SW, Calgary, Alberta, T2P 3E7 (Telephone: (403) 262-6046) or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) web site at www.sedar.com.

The following documents of C&C Energia, filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Information Circular:

- (a) the C&C Energia AIF;
- (b) the audited consolidated financial statements and notes thereto of C&C Energia as at December 31 2011 and for the periods ended December 31, 2011 and December 31, 2010, together with the report of the auditors thereon dated March 9, 2012;
- (c) management's discussion and analysis of the financial condition and operating results of C&C Energia for the year ended December 31, 2011;
- (d) the unaudited interim consolidated financial statements of C&C Energia as at and for the nine months ended September 30, 2012;
- (e) management's discussion and analysis of the financial condition and operating results of C&C Energia for the nine months ended September 30, 2012;
- (f) the management proxy circular relating to the annual and special meeting of C&C Energia Shareholders held on May 10, 2012; and
- (g) material change report of C&C Energia dated November 29, 2012 in respect of the Arrangement.

Any documents of a type referred to in the preceding paragraph, including any material change reports (excluding confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by C&C Energia with the securities commissions or similar authorities in each of the provinces of Canada subsequent to the date of this Information Circular and prior to the completion of the Arrangement shall be deemed to be incorporated by reference in this Information Circular.

Any statement contained in this Information Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

Additional Information

C&C Energia files reports and other information with the Securities Authorities. These reports and information are available to the public free of charge on SEDAR at www.sedar.com. C&C Energia Shareholders may contact C&C Energia at its head office, at the following address, to request without charge copies of C&C Energia's financial

statements and management discussion and analysis: Suite 1250, $555 - 4^{th}$ Avenue SW, Calgary, Alberta, T2P 3E7 (Telephone: (403) 262-6046). Financial information of C&C Energia is provided in the comparative financial statements and management discussion and analysis.

INFORMATION CONCERNING PLATINO ENERGY

Platino Energy is a corporation incorporated under the ABCA. The principal business office of Platino Energy is located at Suite 1250, 555 – 4th Avenue SW, Calgary, Alberta, T2P 3E7 and the registered office of Platino Energy is located at Suite 3500, 855 – 2nd Street SW, Calgary, Alberta, T2P 4J8.

Platino Energy was incorporated on November 16, 2012 for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. C&C Energia presently owns all of the issued and outstanding shares of Platino Energy. Platino Energy does not currently have any subsidiaries.

Immediately following completion of the Arrangement, Platino Energy will carry on the business currently carried on by C&C Energia in respect of the Platino Energy Assets and it is currently estimated that Platino Energy will receive approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) from C&C Energia upon closing of the Arrangement, resulting in a net cash position of approximately US\$80.0 million. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate.

See Appendix F – Information Concerning Platino Energy Corp.

DISSENTING C&C ENERGIA SHAREHOLDER RIGHTS

The following description of the rights of Dissenting C&C Energia Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting C&C Energia Shareholder who seeks payment of the fair value of such shareholder's C&C Energia Common Shares and is qualified in its entirety by the reference to the full text of the Originating Application and Interim Order which is attached as Appendix B to this Information Circular and the full text of Section 191 of the ABCA which is attached as Appendix I to this Information Circular. A C&C Energia Shareholder who intends to exercise Dissent Rights should carefully consider and strictly comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order. Failure to strictly comply with the provisions of that section, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder. It is suggested that C&C Energia Shareholders wishing to avail themselves of their rights under those provisions seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order, a registered C&C Energia Shareholder who fully complies with the dissent procedures in Section 191 of the ABCA, as modified by the Interim Order, is entitled, when the Arrangement becomes effective, in addition to any other rights the holder may have, to be paid by C&C Energia the fair value of the C&C Energia Common Shares held by the holder in respect of which the holder dissents, determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved. A registered C&C Energia Shareholder may dissent only with respect to all of the C&C Energia Common Shares held by the C&C Energia Shareholder and registered in the Dissenting C&C Energia Shareholder's name. C&C Energia Shareholders who have voted any of their C&C Energia Common Shares in favour of the Arrangement Resolution, in person or by proxy, shall not be accorded a right of dissent. Persons who are beneficial owners of C&C Energia Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered owner of such C&C Energia Common Shares is entitled to dissent. Accordingly, a beneficial owner of C&C Energia Common Shares desiring to exercise Dissent Rights must

make arrangements for the C&C Energia Common Shares beneficially owned by that holder to be registered in the name of that C&C Energia Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by C&C Energia or, alternatively, make arrangements for the registered holder of such C&C Energia Common Shares to dissent on behalf of the holder.

A Dissenting C&C Energia Shareholder must send to C&C Energia a written objection to the Arrangement Resolution and such written objection must be received by C&C Energia c/o its counsel Blake, Cassels & Graydon LLP, 3500, 855 – 2nd Street SW, Calgary, Alberta, T2P 4J8, Attention: Daniel McLeod, by 10:00 a.m. (Calgary time) on December 27, 2012 (or such other date that is two business days immediately preceding the date of the Meeting as it may be adjourned or postponed from time to time). A vote against the Arrangement Resolution or an abstention shall not constitute the required written objection. No C&C Energia Shareholder who has voted any of their C&C Energia Common Shares in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

Under Section 191 of the ABCA, as modified by the Interim Order, an application may be made to the Court by C&C Energia or by a Dissenting C&C Energia Shareholder to fix the fair value of the Dissenting C&C Energia Shareholder's C&C Energia Common Shares. If such an application to the Court is made by either C&C Energia or a Dissenting C&C Energia Shareholder, C&C Energia must, unless the Court otherwise orders, send to each Dissenting C&C Energia Shareholder a written offer to pay such person an amount considered by the C&C Energia Board of Directors to be the fair value of the C&C Energia Common Shares held by such Dissenting C&C Energia Shareholder. The offer, unless the Court otherwise orders, will be sent to each Dissenting C&C Energia Shareholder who holds the C&C Energia Common Shares at least 10 days before the date on which the application is returnable, if C&C Energia is the applicant, or within 10 days after C&C Energia is served with notice of the application, if a Dissenting C&C Energia Shareholder is the applicant. The offer will be made on the same terms to each Dissenting C&C Energia Shareholder and will contain or be accompanied by a statement showing how the fair value was determined.

In such circumstances, a Dissenting C&C Energia Shareholder may make an agreement with C&C Energia for the purchase of the holder's C&C Energia Common Shares in the amount of C&C Energia's offer or otherwise, at any time before the Court pronounces an order fixing the fair value of the applicable C&C Energia Common Shares.

A Dissenting C&C Energia Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the C&C Energia Common Shares of all Dissenting C&C Energia Shareholders who are parties to the application, giving judgment in that amount against C&C Energia and in favour of each of those Dissenting C&C Energia Shareholders, and fixing the time within which C&C Energia must pay that amount to the Dissenting C&C Energia Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting C&C Energia Shareholder calculated from the date on which the Dissenting C&C Energia Shareholder ceases to have any rights as a C&C Energia Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between C&C Energia and the Dissenting C&C Energia Shareholder as to the payment to be made by C&C Energia to the Dissenting C&C Energia Shareholder, or the pronouncement of a Court order, whichever first occurs, the Dissenting C&C Energia Shareholder will cease to have any rights as a C&C Energia Shareholder other than the right to be paid the fair value for the C&C Energia Common Shares in the amount agreed to between C&C Energia and the C&C Energia Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the C&C Energia Shareholder may withdraw its dissent, or if the Arrangement has not yet become effective C&C Energia may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that C&C Energia Shareholder will be discontinued.

C&C Energia shall not make a payment to a Dissenting C&C Energia Shareholder if there are reasonable grounds for believing that C&C Energia is or would after the payment be unable to pay its liabilities as they become due, or the realizable value of the assets of C&C Energia would thereby be less than the aggregate of its liabilities. In such event, C&C Energia shall notify each Dissenting C&C Energia Shareholder that it is unable lawfully to pay Dissenting C&C Energia Shareholders for their C&C Energia Common Shares in which case the Dissenting C&C

Energia Shareholder may, by written notice to C&C Energia within 30 days after receipt of such notice, withdraw its written objection, in which case such Dissenting C&C Energia Shareholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a C&C Energia Shareholder. If the Dissenting C&C Energia Shareholder does not withdraw its written objection it retains its status as a claimant against C&C Energia to be paid as soon as C&C Energia is lawfully entitled to do so or, in a liquidation, to generally be ranked subordinate to creditors but prior to C&C Energia Shareholders.

All C&C Energia Common Shares held by registered C&C Energia Shareholders who exercise their Dissent Rights will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to C&C Energia in exchange for such fair value as of the Effective Date. If such C&C Energia Shareholders are ultimately not entitled to be paid the fair value for the C&C Common Shares, such C&C Energia Common Shares will be deemed to have participated in the Arrangement on the same basis as any non-dissenting C&C Energia Shareholder as at and from the Effective Time.

Pursuant to the Plan of Arrangement, in no event shall C&C Energia be required to recognize a Dissenting C&C Energia Shareholder as a C&C Energia Shareholder after the Effective Time and the names of such Dissenting C&C Energia Shareholders shall be removed from the applicable register of C&C Energia Common Shares at the Effective Time.

Unless waived by Pacific Rubiales, it is a condition to the obligations of Pacific Rubiales to complete the Arrangement that Dissent Rights shall not have been exercised by the holders of more than five percent of the outstanding C&C Energia Common Shares.

We urge any C&C Energia Shareholder who is considering exercising Dissent Rights in respect of the Arrangement to consult their own tax advisor with respect to the income tax consequences to them of such action. For a general summary of certain income tax implications to a Dissenting C&C Energia Shareholder, see "Certain Canadian Federal Income Tax Considerations" and "Tax Considerations in Other Jurisdictions".

INFORMATION CONCERNING THE MEETING

Purpose of the Meeting

The information contained in this Information Circular is furnished in connection with the solicitation of proxies by the C&C Management for use at the Meeting. At the Meeting, C&C Energia Shareholders will consider and vote upon the Arrangement Resolution, a resolution relating to the Platino Energy Stock Option Plan and such other business as may properly come before the Meeting.

The C&C Energia Board of Directors has reviewed the terms of the Arrangement Agreement and has determined that the Arrangement is in the best interests of C&C Energia and has, based upon, among other things, the Fairness Opinion, determined that the Arrangement is fair to the C&C Energia Shareholders. Accordingly, the C&C Energia Board of Directors has approved the Arrangement and recommends that C&C Energia Shareholders vote in favour of the Arrangement Resolution. See "The Arrangement – Background and Reasons for the Arrangement" and "The Arrangement – Approval and Recommendation of the C&C Energia Board of Directors".

The completion of the Arrangement is not conditional upon approval of the Platino Energy Stock Option Plan at the Meeting. See "Other Matter of Special Business Relating to Platino Energy".

Date, Time and Place of Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on December 28, 2012 at the Westwinds Meeting Room, 2nd Floor, 555 – 4th Avenue SW, Calgary, Alberta.

General

This Information Circular is furnished in connection with the solicitation of proxies by C&C Management for use at the Meeting at the place and for the purposes set out in the accompanying Notice of Meeting. As a C&C Energia Shareholder, you are invited to be present at the Meeting. To ensure that you will be represented at the Meeting in the event that you are a registered C&C Energia Shareholder and unable to attend personally, you are requested to date, complete and sign the accompanying instrument of proxy enclosed herewith and return the same to Valiant Trust Company in the enclosed addressed envelope or to Valiant Trust Company, Attention: Proxy Dept., Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, Fax: (403) 233-2857, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chairman of the C&C Energia Board of Directors in his discretion, without notice. If you are not a registered C&C Energia Shareholder and receive these materials through your broker or through another intermediary, please complete and return the instrument of proxy in accordance with the instructions provided therein. See "Information Concerning the Meeting – Information for Beneficial Holders of C&C Energia Common Shares".

The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, fax transmission or other electronic means of communication or in person by the directors, officers and employees of C&C Energia. C&C Energia has also retained the services of Kingsdale Shareholder Services Inc. as its proxy solicitation agent to provide, without limitation, the following services in connection with the Meeting: review and analysis of the Information Circular; liaison with proxy advisory firms; and development and implementation of solicitation of proxies, including contacting C&C Energia Shareholders by telephone. The total cost of the solicitation of proxies will be borne equally by C&C Energia and Pacific Rubiales. If you have any questions or need assistance completing your proxy, please contact Kingsdale Shareholders Services at 1-866-229-8874 toll free in North America, or 1-416-867-2272 outside of North America (collect calls accepted), or by email to contactus@kingsdaleshareholder.com.

Solicitation and Appointment of Proxies

The individuals named in the accompanying form of proxy are officers and/or directors of C&C Energia. A C&C Energia Shareholder wishing to appoint some other person (who need not be a C&C Energia Shareholder) to represent such shareholder at the Meeting has the right to do so, by inserting such person's name in the blank space provided in the accompanying form of proxy. Such a C&C Energia Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the C&C Energia Shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the C&C Energia Shareholder or the C&C Energia Shareholder's attorney authorized in writing or, if the C&C Energia Shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized. A proxy will not be valid for the Meeting or any adjournment or postponement thereof unless the completed form of proxy is delivered to Valiant Trust Company in the enclosed addressed envelope or to Valiant Trust Company, Attention: Proxy Dept., Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1, Fax: (403) 233-2857, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the Chairman of the C&C Energia Board of Directors in his discretion, without notice.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a C&C Energia Shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the C&C Energia Shareholder or by the C&C Energia Shareholder's attorney authorized in writing and deposited either at the registered office of C&C Energia at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the C&C Energia Shareholders who appoint them. Each C&C Energia Shareholder may instruct its proxyholder how to vote his or her C&C Energia Common Shares by completing the blanks in the form of proxy.

C&C Energia Common Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed proxy form will be voted or withheld from voting on any poll in accordance with the instructions made on the proxy forms and, if a C&C Energia Shareholder specifies a choice as to any matters to be acted on, such C&C Energia Shareholder's shares shall be voted accordingly. In the absence of such instructions, such shares will be voted in favour of all matters identified in the Notice of Meeting accompanying this Information Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of C&C Energia was not aware of any such amendments, variations or other matters which may be presented for consideration at the Meeting.

Voting Shares and Principal Holders Thereof

C&C Energia's issued and outstanding voting securities as at November 28, 2012 consist of 63,966,720 C&C Energia Common Shares. C&C Energia Shareholders present in person or by proxy at the Meeting are entitled to one vote for each C&C Energia Common Share held on all matters to be considered and acted upon at the Meeting or any adjournment or postponement thereof.

C&C Energia has set the close of business on November 28, 2012 as the record date for the Meeting. C&C Energia will prepare a list of C&C Energia Shareholders of record at such time. C&C Energia Shareholders named on that list will be entitled to vote the C&C Energia Common Shares then registered in their name at the Meeting.

To the knowledge of the directors and officers of C&C Energia, as at the date of this Information Circular, there are no persons or companies who beneficially own, directly or indirectly, or control or direct C&C Energia Common Shares carrying ten percent or more of the voting rights attached to all of the C&C Energia Common Shares, except as set forth below:

Name	Number of C&C Energia Common Shares Beneficially Owned or Controlled ⁽⁸⁾⁽⁹⁾	Percentage of Total C&C Energia Common Shares ⁽⁴⁾
C&C Investment Holdings ⁽¹⁾	16,802,095	26.3% ⁽⁵⁾
ARC Energy Fund 6 ⁽²⁾	7,200,000	$11.3\%^{(6)}$
Mason Hill Advisors, LLC ⁽³⁾	7,175,100	11.2% ⁽⁷⁾

Notes:

- (1) Based on C&C Investment Holdings' holdings of C&C Energia Common Shares disclosed in the Support Agreement among C&C Investment Holdings and Pacific Rubiales dated November 19, 2012.
- (2) Based on ARC Energy Fund 6's holdings of C&C Energia Common Shares disclosed in the Support Agreement among ARC Energy Fund 6 and Pacific Rubiales dated November 19, 2012.
- (3) Based on Mason Hill Advisors, LLC filing of an Alternative Monthly Report filed pursuant to Part 4 of National Instrument 62-103 as filed on C&C Energia's SEDAR profile on June 8, 2012.
- (4) Percentage based on the number of C&C Energia Common Shares issued and outstanding as at November 28, 2012.
- (5) On a fully-diluted basis C&C Investment Holdings will exercise control or direction over 24.9 percent of the issued and outstanding Platino Energy Shares following the completion of the Arrangement.
- (6) On a fully-diluted basis ARC Energy Fund 6 will exercise control or direction over 10.7 percent of the issued and outstanding Platino Energy Shares following the completion of the Arrangement.
- (7) On a fully-diluted basis Mason Hill Advisors, LLC will exercise control or direction over 10.6 percent of the Platino Energy Shares following the completion of the Arrangement.
- (8) In connection with the completion of the Arrangement and based on their shareholdings noted above, C&C Investment Holdings, ARC Energy Fund 6 and Mason Hill Advisors, LLC are expected to receive Cdn\$16,805, 5,927,779 Pacific Rubiales Shares and 16,802,095

- Platino Energy Shares, Cdn\$7,200, 2,540,160 Pacific Rubiales Shares and 7,200,000 Platino Energy Shares and Cdn\$7,181, 2,531,375 Pacific Rubiales Shares and 7,175,100 Platino Energy Shares, respectively, as consideration for their C&C Energia Common Shares.
- (9) Cash includes consideration for partial shares received through exercise of C&C Energia Options and C&C Energia Warrants.

Information for Beneficial Holders of C&C Energia Common Shares

The information set forth in this section is of significant importance to many investors in C&C Energia Common Shares who do not own shares in their own name. Beneficial C&C Energia Shareholders should note that only proxies deposited by C&C Energia Shareholders whose names appear on the records of C&C Energia as the registered holders of C&C Energia Common Shares can be recognized and acted upon at the Meeting. If C&C Energia Common Shares are listed in an account statement provided to a C&C Energia Shareholder by a broker, then in almost all cases those C&C Energia Common Shares will not be registered in the C&C Energia Shareholder's name on the records of C&C Energia. Such C&C Energia Common Shares will more likely be registered under the names of the C&C Energia 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 CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). C&C Energia Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial C&C Energia Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial C&C Energia Shareholders should ensure that instructions respecting the voting of their C&C Energia Common Shares are communicated to the appropriate persons.

Applicable regulatory policy in Canada requires intermediaries/brokers to seek voting instructions from Beneficial C&C Energia Shareholders in advance of the proxy cut-off. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial C&C Energia Shareholders in order to ensure that their C&C Energia Common Shares are voted at the Meeting. The voting information form ("VIF") supplied to a Beneficial C&C Energia Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered C&C Energia Shareholders by C&C Energia; however, its purpose is limited to instructing the registered C&C Energia Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial C&C Energia Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically asks Beneficial C&C Energia Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of shares to be represented at the Meeting. A Beneficial C&C Energia Shareholder receiving a Broadridge VIF cannot use that VIF to vote C&C Energia Common Shares directly at the Meeting. The Broadridge VIF must be returned to Broadridge well in advance of the Meeting in order to have the C&C Energia Common Shares voted.

Although a Beneficial C&C Energia Shareholder may not be recognized directly at the Meeting for the purposes of voting C&C Energia Common Shares registered in the name of the Beneficial C&C Energia Shareholder's broker (or agent of the broker), a Beneficial C&C Energia Shareholder may attend the Meeting as proxyholder for the registered C&C Energia Shareholder and vote the C&C Energia Common Shares in that capacity. Beneficial C&C Energia Shareholders who wish to attend at the Meeting and indirectly vote their C&C Energia Common Shares as proxyholder for the registered C&C Energia Shareholder should enter their own names in the blank space on the instrument 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 (or agent), well in advance of the Meeting.

If you have any questions respecting the voting of C&C Energia Common Shares held through an intermediary (such as a bank, trust company, securities broker, trustee or other), please contact that intermediary for assistance.

Depositary

C&C Energia has engaged Valiant Trust Company to act as depositary for the receipt of certificates representing C&C Energia Common Shares and Letters of Transmittal deposited pursuant to the Arrangement. The Depositary

will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by C&C Energia against certain liabilities under applicable Securities Laws and expenses in connection therewith.

No fee or commission is payable by any C&C Energia Shareholder who transmits its C&C Energia Common Shares directly to the Depositary. Except as set forth above or elsewhere in this Information Circular, C&C Energia will not pay any fees or commissions to any broker or dealer or any other person for soliciting deposits of C&C Energia Common Shares pursuant to the Arrangement.

Other Business

C&C Management does not intend to present and does not have any reason to believe that others will present, at the Meeting, any item of business other than those set forth in this Information Circular. However, if any other business is properly presented at the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form of proxy in their sole discretion, including with respect to any amendments or variations to the matters identified in this Information Circular.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon on behalf of C&C Energia by Blake, Cassels & Graydon LLP and with respect to Colombian law by Posse Herrera Ruiz Abogades. Certain legal matters in connection with the Arrangement will be passed upon by Norton Rose Canada LLP, on behalf of Pacific Rubiales. As at the date of this Information Circular, partners and associates of each of Blake, Cassels & Graydon LLP, Posse Herrera Ruiz Abogades and Norton Rose Canada LLP, respectively, owned beneficially, directly or indirectly, less than one percent of the outstanding C&C Energia Common Shares.

LEGAL PROCEEDINGS

There are no legal proceedings to which C&C Energia is a party that involve a claim for damages that exceed ten percent of the current assets of C&C Energia.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "The Arrangement – Interests of Certain Persons in the Arrangement", "The Arrangement – Minority Approval", or as may otherwise be disclosed in the Information Circular, no informed person of C&C Energia, or any associate or affiliate of any informed person, has had any material interest, direct or indirect, in any transaction, or proposed transaction, which has materially affected or would materially affect C&C Energia or any of its subsidiaries since the commencement of the most recently completed financial year of C&C Energia.

EXPERTS

Lonquist prepared the Lonquist Report. As at the date of the Lonquist Report, the principals of Lonquist owned beneficially, directly or indirectly, less than one percent of the outstanding C&C Energia Common Shares. The principals of Lonquist will own beneficially, directly or indirectly, less than one percent of the outstanding Platino Energy Shares following completion of the Arrangement. Lonquist neither received nor will receive any interest, direct or indirect, in any securities or other property of C&C Energia or its affiliates in connection with the preparation of the Lonquist Report.

Deloitte & Touche LLP are the auditors of C&C Energia and have confirmed that they are independent with respect to C&C Energia within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

A Fairness Opinion incorporated by reference in this Information Circular was provided to C&C Energia by FirstEnergy in connection with the Arrangement. As of the date hereof, the partners, employees and consultants of

 $First Energy, \ as \ a \ group, \ beneficially \ own, \ directly \ or \ indirectly, \ less \ than \ one \ percent \ of \ the \ outstanding \ C\&C$ $Energia \ Common \ Shares.$

CONSENTS

Consent of Deloitte & Touche LLP

We have read the information circular with respect to an arrangement involving C&C Energia Ltd. (the "Corporation") and Pacific Rubiales Energy Corp. and Platino Energy Corp. dated November 30, 2012 (the "Information Circular"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the shareholders of the Corporation on the consolidated balance sheet as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statement of operations and comprehensive income and consolidated statement of cash flows for the years ended December 31, 2011 and 2010. Our report is dated March 9, 2012.

We also consent to the use in the above-mentioned Information Circular of our report to the board of directors of the Corporation on the carve-out financial statements of the exploration assets of C&C Energia Ltd., which comprise the statement of financial position as at September 30, 2012, December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of comprehensive loss and cash flows for the nine months ended September 30, 2012 and for the years ended December 31, 2011 and 2010. Our report is dated November 30, 2012.

We also consent to the use in the above-mentioned Information Circular of our report to the Director of Platino Energy Corp. on the statement of financial position as at November 30, 2012. Our report is dated November 30, 2012.

Calgary, Canada November 30, 2012 (Signed) "Deloitte & Touche LLP" Chartered Accountants

Consent of Ernst & Young LLP

We have read the information circular of C&C Energia Ltd. dated November 30, 2012 relating to the arrangement involving C&C Energia Ltd., Pacific Rubiales Energy Corp. and Platino Energy Corp. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned information circular of our report to the shareholders of Pacific Rubiales Energy Corp. on the consolidated statements of financial position of Pacific Rubiales Energy Corp. as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years ended December 31, 2011 and 2010. Our report is dated March 13, 2012.

Toronto, Canada November 30, 2012

(Signed) "Ernst & Young LLP" Chartered Accountants Licensed Public Accountants

Consent of Blake, Cassels & Graydon LLP

We have read the information circular (the "Information Circular") of C&C Energia Ltd. ("C&C Energia") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. and Platino Energy Corp. We consent to the inclusion in the Information Circular of our opinion contained under "Tax Considerations to C&C Energia Shareholders – Certain Canadian Federal Income Tax Considerations" and references to our firm name and our opinion therein.

Calgary, Canada November 30, 2012 (Signed) "Blake, Cassels & Graydon LLP"

Consent of FirstEnergy Capital Corp.

We have read the information circular (the "Information Circular") of C&C Energia Ltd. ("C&C Energia") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. and Platino Energy Corp. We consent to the inclusion in the Information Circular of our fairness opinion dated November 30, 2012 and references to our firm name and our fairness opinion in the Information Circular.

Calgary, Canada November 30, 2012 (Signed) "FirstEnergy Capital Corp."

Consent of Longuist & Co., LLC

We have read the information circular (the "Information Circular") of C&C Energia Ltd. ("C&C Energia") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. and Platino Energy Corp.

We consent to the incorporation by reference in the Information Circular of our independent engineering evaluation of the crude oil reserves of C&C Energia, effective December 31, 2011, prepared by Lonquist & Co., LLC dated February 28, 2012 (the "**Lonquist Report**").

Calgary, Canada November 30, 2012 (Signed) "Lonquist & Co., LLC"

Consent of Longuist & Co., LLC

We have read the information circular (the "Information Circular") of C&C Energia Ltd. ("C&C Energia") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. and Platino Energy Corp.

We consent to the inclusion in the Information Circular of our independent engineering evaluation of crude oil reserves in Colombia to be transferred to Platino Energy Corp., effective September 30, 2012, prepared by Lonquist & Co., LLC dated November 27, 2012 (the "Platino Energy Lonquist Report").

Calgary, Canada November 30, 2012 (Signed) "Lonquist & Co., LLC"

Consent of RPS Energy Canada Ltd.

We have read the information circular (the "**Information Circular**") of C&C Energia Ltd. ("**C&C Energia**") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. ("**Pacific Rubiales**") and Platino Energy Corp.

We consent to the incorporation by reference in the Information Circular of: (a) the annual information form of Pacific Rubiales for the year ended December 31, 2011 dated March 14, 2012 and the report dated March 14, 2012, prepared in accordance with Form 51-101F1 Statement of Reserves Data and other Oil and Gas Information for the year ended December 31, 2011, both of which contain references to and/or extracts from our "Reserves Certification Report for the Rubiales Field, Colombia, as at December 31, 2011" dated February 23, 2012 and our "Reserves Certification Report for the Quifa Field, South-West Region, Colombia, as at December 31, 2011" dated February 23, 2012; and (b) the report dated March 9, 2012, prepared in accordance with Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor for the year ended December 31, 2011.

Calgary, Canada November 30, 2012 (Signed) "RPS Energy Canada Ltd."

Consent of Petrotech Engineering Ltd.

We have read the information circular (the "**Information Circular**") of C&C Energia Ltd. ("**C&C Energia**") dated November 30, 2012 relating to the special meeting of shareholders of C&C Energia to approve an arrangement under the *Business Corporations Act* (Alberta) involving, among others, C&C Energia, Pacific Rubiales Energy Corp. ("**Pacific Rubiales**") and Platino Energy Corp.

We consent to the incorporation by reference in the Information Circular of: (a) the annual information form of Pacific Rubiales for the year ended December 31, 2011 dated March 14, 2012 and the report dated March 14, 2012, prepared in accordance with Form 51-101F1 Statement of Reserves Data and other Oil and Gas Information for the year ended December 31, 2011, both of which contain references to and/or extracts from our "Evaluation of the Proved & Probable Reserves of Pacific Rubiales Energy Corp. in La Creciente, Guaduas, Abanico, Sabanero, Quifa Norte, CPE 6, Puli B, Guama, Buganviles and Cerrito Blocks in Colombia" dated December 31, 2011; and (b) the report dated February 27, 2012, prepared in accordance with Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor for the year ended December 31, 2011.

Calgary, Canada November 30, 2012 (Signed) "Petrotech Engineering Ltd."

APPROVAL OF THE C&C ENERGIA BOARD OF DIRECTORS

The contents of this Information Circular and its sending to C&C Energia Shareholders have been approved by the C&C Energia Board of Directors.

DATED at Calgary, Alberta, this 30th day of November, 2012

BY ORDER OF THE BOARD OF DIRECTORS OF C&C ENERGIA LTD.

(Signed) "Randy P. McLeod"
President and Chief Executive Officer

APPENDIX A – ARRANGEMENT RESOLUTION

FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF C&C ENERGIA LTD. THAT:

- 1. The arrangement (the "Arrangement") under Section 193 of the *Business Corporations Act* R.S.A. 2000, c. B-9 (the "ABCA") of C&C Energia Ltd. (the "Company"), as more particularly described and set forth in the Information Circular of the Company dated November 30, 2012 (the "Circular") accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted.
- 2. The plan of arrangement, as it may be or has been amended, (the "Plan of Arrangement") involving the Company, its shareholders, its optionholders and others made pursuant to an agreement dated as of November 19, 2012, between Pacific Rubiales Energy Corp. and the Company (the "Arrangement Agreement"), the full text of which is set out in Schedule A to the Arrangement Agreement and included as Appendix D to the Circular, is hereby authorized, approved and adopted.
- 3. The Arrangement Agreement, the actions of the directors of the Company in approving the Arrangement and the actions of the officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
- 4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Alberta Court of Queen's Bench (the "Court"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the shareholders of the Company (i) to amend the Arrangement Agreement, or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
- 5. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make application to the Court for an order approving the Arrangement and to deliver to the Alberta Registrar of Corporations a certified copy of the Final Order (as defined in the Arrangement Agreement) and to execute and, if appropriate, deliver such other documents as are necessary or desirable to the Alberta Registrar of Corporations for registration pursuant to the ABCA in accordance with the Arrangement Agreement.
- 6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX B – ORIGINATING APPLICATION AND INTERIM ORDER

Form 7 [Rule 3.8]



Clerk's stamp:

COURT FILE NUMBER:

1201-15149

COURT:

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF:

CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA), R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING C&C ENERGIA LTD., PACIFIC RUBIALES ENERGY CORP., PLATINO ENERGY CORP., AND THE SHAREHOLDERS OF C&C ENERGIA LTD.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2nd Street S.W.

Calgary, AB T2P 4J8

Attn: Melanie R. Gaston

Telephone: 403-260-9732 Facsimile: 403-260-9700

Email: melanie.gaston@blakes.com

File Ref.: 88127/17

Interim Order Application

Date November 30, 2012

Time 1:30 p.m. (MST)

Where Calgary Courts Centre, 601 - 5 Street SW, Calgary, AB, T2P

5P7

Before Justice K.M. Horner

Final Order Application

Date December 28, 2012

Time 2:00 p.m. (MST)

Where Calgary Courts Centre, 601 - 5 Street SW, Calgary, AB, T2P

5P7

Before <u>Justice B.E.C. Romaine</u>

ORIGINATING APPLICATION

Basis for this Originating Application

- This originating application (the "Application") is filed on behalf of C&C Energia Ltd. ("C&C Energia") with respect to a proposed arrangement (the "Arrangement") pursuant to Section 193 of the Business Corporations Act (Alberta), R.S.A. 2000, c. B-9, as amended (the "ABCA"), pursuant to the terms of an arrangement agreement dated November 19, 2012 (the "Arrangement Agreement"), between C&C Energia, Pacific Rubiales Energy Corp. ("Pacific Rubiales"), involving C&C Energia, Pacific Rubiales, Platino Energy Corp. ("Platino Energy") and the holders ("C&C Energia Shareholders") of common shares of C&C Energia and holders of share purchase options of C&C Energia (collectively, the "Arrangement Parties"), which Arrangement is described in greater detail in the Information Circular of C&C Energia attached to the Affidavit of Randy P. McLeod, to be filed.
- 2. C&C Energia is a corporation organized and existing under the laws of the Province of Alberta, with its head office located in Calgary, Alberta.
- 3. C&C Energia is not insolvent, is able to pay its liabilities as they become due, and the realizable value of C&C Energia's assets is more than the aggregate of its liabilities and stated capital of all classes.
- 4. Pacific Rubiales is a corporation organized and existing under the laws of the Province of British Columbia, with its principal office located in Toronto, Ontario.
- 5. Platino Energy was incorporated on November 16, 2012 pursuant to the laws of the Province of Alberta, and is a wholly-owned subsidiary of C&C Energia. The registered office of Platino Energy is located in Calgary, Alberta.
- 6. It is impracticable to effect a fundamental change of the nature contemplated by the Arrangement under any provisions of the ABCA other than Section 193 thereof.
- 7. The Arrangement is fair to the Arrangement Parties.
- 8. The Order of this Honourable Court approving the Arrangement will constitute a basis for an exemption from the registration requirements of the United States Securities Act of 1933, as amended, provided by Section 3(a)(10) thereof with respect to the securities to be issued pursuant to the Arrangement.
- 9. Notice of this Application has been given to the Executive Director of the Alberta Securities Commission as required by Section 193(8) of the ABCA.

Remedy Sought

- 10. In advance of the hearing of the Application, C&C Energia intends to seek an Interim Order and directions for, among other things:
 - (a) the calling and holding of a meeting of the C&C Energia Shareholders (the "Meeting") to consider and vote upon the Arrangement;
 - (b) the giving of notice of the Meeting;
 - (c) a declaration that registered C&C Energia Shareholders shall have the right to dissent in respect of the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order;
 - (d) the manner of conducting the vote at the Meeting;
 - (e) the return of this Application; and
 - (f) such other matters as may be required for the proper consideration of the Arrangement.
- 11. At the hearing of the Application, C&C Energia intends to seek:
 - (a) an Order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA;
 - (b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair, substantively and procedurally, to the Arrangement Parties;
 - (c) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement, become effective in accordance with its terms and will be binding on and after the Effective Date, as defined in the Arrangement Agreement; and
 - (d) such other and further orders, declarations and directions as the Court may deem just.

Materials Relied Upon

12. The materials upon which C&C Energia intends to rely include the Affidavits of Randy P. McLeod, to be sworn November 30, 2012 and December 28, 2012, to be filed, and such further and other materials as counsel may advise and this Honourable Court permit.

Rules and Statutes Relied Upon

13.	This Application is made in reliance on Section 193 of the Business Corporations Act, R.S.A. 2000, c.
	B-9, as amended.

Clerk's stamp:

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CALGARY

IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA), R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING C&C ENERGIA LTD., PACIFIC RUBIALES ENERGY CORP., PLATINO ENERGY CORP., AND THE SHAREHOLDERS OF C&C ENERGIA LTD.

DOCUMENT

INTERIM ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT BLAKE, CASSELS & GRAYDON LLP

3500, 855 – 2nd Street S.W. Calgary, AB T2P 4J8

Attn: Melanie R. Gaston

Telephone: 403-260-9732 Facsimile: 403-260-9700

Email: melanie.gaston@blakes.com

File Ref.: 88127/17

DATE ON WHICH ORDER WAS PRONOUNCED:

NOVEMBER 30, 2012

NAME OF JUDGE WHO MADE THIS ORDER:

JUSTICE K.M. HORNER

INTERIM ORDER

UPON the Originating Application (the "Application") of C&C Energia Ltd. ("C&C Energia") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended ("ABCA");

AND UPON reading the Application and the Affidavit of Randy P. McLeod sworn November 30, 2012 (the "Affidavit"), filed herein;

AND UPON hearing counsel for C&C Energia;

AND UPON noting the consent of Pacific Rubiales Energy Corp. ("Pacific Rubiales") and Platino Energy Corp. ("Platino Energy");

AND UPON being advised that the Executive Director (the "Executive Director") of the Alberta Securities Commission has been served with notice of this application as required by subsection 193(8) of the ABCA and that the Executive Director neither consented to nor opposed the Application, and did not appear or make submissions with respect to the Application;

FOR THE PURPOSES OF THIS INTERIM ORDER:

- (a) the capitalized terms not defined in this Interim Order shall have the meanings attributed to them in the information circular of C&C Energia (the "Information Circular"), a draft copy of which is attached as Exhibit "A" to the Affidavit; and
- (b) all references to the "Arrangement" used herein mean the plan of arrangement as described in the Affidavit and in the form attached as Appendix D to the Information Circular.

IT IS HEREBY ORDERED AND ADJUDGED THAT:

 The proposed course of action is an "arrangement" within the definition of the ABCA and C&C Energia, Pacific Rubiales and Platino Energy may proceed with the Arrangement.

IT IS HEREBY FURTHER ORDERED THAT:

General

 C&C Energia shall seek approval of the Arrangement by the holders (the "C&C Energia Shareholders") of common shares of C&C Energia (the "Common Shares") in the manner set forth below.

Meeting

3. C&C Energia shall call and conduct a special meeting (the "Meeting") of C&C Energia Shareholders to be held on December 28, 2012. At the Meeting, C&C Energia Shareholders will consider and vote upon a special resolution (the "Arrangement Resolution") and such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular. The Meeting shall be held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of C&C Energia in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Interim Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the ABCA or the articles or by-laws of C&C Energia, the terms of this Interim Order shall govern.

- 4. The quorum at the Meeting in respect of C&C Energia Shareholders shall be persons present not being less than two (2) in number and holding or representing by proxy not less than ten per cent (10%) of the Common Shares entitled to be voted at the Meeting. If, within 30 minutes of the appointed time of the Meeting, a quorum in respect of the C&C Energia Shareholders is not present, the Meeting shall stand adjourned to such time and place as may be appointed by the Chair of the Meeting. If, at such adjourned Meeting, a quorum is not present, the C&C Energia Shareholders present in person or represented by proxy shall be quorum for all purposes. If the Meeting is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned Meeting other than by announcement at the earliest Meeting that is adjourned. If the Meeting is adjourned for any aggregate of 30 days or more, notice of the adjourned Meeting shall be given in accordance with the ABCA.
- 5. The Board of Directors of C&C Energia has fixed a record date for the Meeting of November 28, 2012 (the "Record Date"). Only C&C Energia Shareholders whose names have been entered on the applicable register of C&C Energia Shares at the close of business on the Record Date will be entitled to receive notice of the Meeting and to vote at the Meeting.
- 6. Each C&C Energia Shareholder will be entitled to one vote for each Common Share held.
- 7. The Chair of the Meeting shall be any executive officer or director of C&C Energia.
- 8. The only persons entitled to attend and speak at the Meeting shall be C&C Energia Shareholders or their authorized representatives, C&C Energia's counsel, directors and officers and its auditors, representatives of and counsel for Pacific Rubiales and Platino Energy, the scrutineers for the Meeting and their representatives, the Executive Director and other persons with the permission of the Chair of the Meeting.
- 9. The requisite approval for the Arrangement Resolution is: (a) not less than two-thirds (66\%%) of the votes validly cast by C&C Energia Shareholders present either in person or by proxy, voting in respect of the Arrangement Resolution at the Meeting, and (b) a majority of the votes validly cast by the C&C Energia Shareholders, present in person or by proxy, at the Meeting, other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions. For this purpose any spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast.
- To be valid, a proxy must be deposited with C&C Energia in the manner described in the Information Circular.

11. Any accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

Adjournments and Postponements

12. The Meeting may be adjourned or postponed on one or more occasions and for such period or periods of time as C&C Energia deems advisable, in accordance with the Arrangement Agreement, without further order of this Court and without the necessity of first convening such Meeting or first obtaining any vote of C&C Energia Shareholders respecting the adjournment or postponement. Notice of any such adjournment or postponement shall be given by press release, newspaper advertisement, or by notice to the C&C Energia Shareholders by one of the methods specified in this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of C&C Energia. If the Meeting is adjourned or postponed in accordance with the Arrangement Agreement and this Interim Order, the references to the Meeting in this Interim Order shall be deemed to be the Meeting as adjourned or postponed.

Amendments to Arrangement

13. C&C Energia is authorized to make such amendments, revisions or supplements to the Arrangement as it may determine necessary or desirable, provided that such amendments are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement as so amended, revised or supplemented shall be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Interim Order.

Solicitation of Proxies

14. C&C Energia is authorized to use the proxies enclosed with the Information Circular, subject to its ability to insert dates and other relevant information in the final form of such proxy. C&C Energia, Pacific Rubiales and Platino Energy are each authorized, at their expense, to solicit proxies, directly and through their officers, directors and employees, and through such agents or representatives as they may retain for that purpose, and such solicitation may be by mail or such other forms of personal and electronic communication as they may determine.

Dissent Rights

15. Registered C&C Energia Shareholders are, subject to the provisions of this Interim Order and the Arrangement, accorded the right of dissent under Section 191 of the ABCA with respect to the Arrangement Resolution.

- 16. In order for a registered C&C Energia Shareholder to exercise such right of dissent (a "Dissenting Shareholder") under Section 191 of the ABCA:
 - (a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by C&C Energia c/o its counsel Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 2nd Street S.W., Calgary AB, T2P 4J8, Attention: Dan McLeod, by 10:00 a.m. (Calgary time) on December 27, 2012 (or such other date that is two business days immediately preceding the date of the Meeting as it may be adjourned or postponed from time to time);
 - (b) a Dissenting Shareholder shall not have voted at the Meeting any of his or her Common Shares, either by proxy or in person, in favour of the Arrangement Resolution;
 - (c) a C&C Energia Shareholder may not exercise the right of dissent in respect of only a portion of the Common Shares held by the C&C Energia Shareholder;
 - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified by this Interim Order; and
 - (e) a vote against the Arrangement Resolution or an abstention shall not constitute the written objection required under subparagraph (a) above.
- 17. The fair value of the Common Shares (the "Fair Value") shall be determined as of the close of business on the business day before the Arrangement Resolution is adopted, and shall be paid to the Dissenting Shareholders by C&C Energia.
- 18. Any registered Dissenting Shareholders who duly exercise the right of dissent, as set out in paragraphs 14 and 15 above, and who:
 - (a) are ultimately entitled to be paid the Fair Value of their Common Shares shall be deemed to have transferred such Common Shares to C&C Energia for cancellation on the Effective Date; or
 - (b) are ultimately not entitled to be paid the Fair Value for their Common Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting C&C Energia Shareholder notwithstanding the provisions of Section 191 of the ABCA;

but in no case shall C&C Energia, Pacific Rubiales, Platino Energy, or any other person, be required to recognize such holders as holders of Common Shares after the Effective Time, and the names of such holders shall be deleted from the register of C&C Energia Shareholders as at the Effective Time.

- 19. Subject to further order of this Court, the rights available to the C&C Energia Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the C&C Energia Shareholders with respect to the Arrangement Resolution.
- 20. Notice to the C&C Energia Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the Fair Value of their Common Shares shall be given by including information with respect to this right in the Information Circular to be sent to the C&C Energia Shareholders in accordance with this Interim Order.

Notice

- An Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit, with amendments thereto as C&C Energia may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Interim Order), and including a Notice of Special Meeting of the C&C Energia Shareholders (the "Notice of Meeting"), a Notice of Originating Application and this Interim Order, together with any other communications or documents determined by C&C Energia to be necessary or advisable (collectively, the "Finalized Meeting Materials"), shall be sent to those C&C Energia Shareholders who hold Common Shares as of the Record Date, holders of C&C Energia options, holders of C&C Energia SARs, holders of C&C Energia warrants (collectively, the "C&C Energia Securityholders"), the directors and the auditors of C&C Energia, and the Executive Director by one or more of the following methods:
 - (a) in the case of registered C&C Energia Shareholders, by first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of C&C Energia as of the Record Date not later than 21 days prior to the Meeting;
 - (b) in the case of non-registered C&C Energia Shareholders, by providing sufficient copies of the finalized Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 - Communications with Beneficial Owners of Securities of a Reporting Issuer;

- (c) in the case of the holders of C&C Energia options, holders of C&C Energia SARs, holders of C&C Energia warrants, directors and auditors of C&C Energia, by e-mail, first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and
- (d) in the case of the Executive Director, by email, facsimile, courier or delivery in person, addressed to the Executive Director prior to the date of the Meeting.
- 22. Delivery of the Finalized Meeting Materials in the manner directed by this Interim Order shall be deemed to be good and sufficient service upon the C&C Energia Securityholders, the directors and auditors of C&C Energia and the Executive Director of:
 - (a) the Originating Application;
 - (b) this Interim Order;
 - (c) the Notice of Application; and
 - (d) the Notice of the Meeting;

all in substantially the forms set forth in the Information Circular, together with instruments of proxy and such other material as C&C Energia may consider fit. Any amendments, updates or supplements to any of the information provided in the Finalized Meeting Materials may be communicated to C&C Energia Securityholders and to the directors and auditors of C&C Energia by press release, by posting such amendments, updates or supplements on the website of C&C Energia, by newspaper advertisement or by notice to such persons by ordinary mail, or by such other means as are determined to be the most appropriate method of communication by C&C Energia, in the circumstances.

Final Application

23. Subject to further Order of this Court and provided that the C&C Energia Shareholders have approved the Arrangement in the manner directed by this Court and the directors of C&C Energia have not revoked their approval, C&C Energia may proceed with an application for approval of the Arrangement and the Final Order on December 28, 2012 at 2:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard at the Calgary Courts Centre, Calgary, Alberta. Subject to the Final Order, and to the issuance of the Certificate, all C&C Energia Shareholders, C&C Energia, Pacific Rubiales, Platino Energy and all other persons will be bound by the Arrangement in accordance with its terms.

- Any C&C Energia Securityholder, including any holder of C&C Energia options, or any other interested party (other than Pacific Rubiales, Platino Energy and the Executive Director) (together, an "Interested Party") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon C&C Energia by 10:00 a.m. (Calgary time) on December 27, 2012, a Notice of Intention to Appear including the Interested Party's address for service in the Province of Alberta, indicating whether such Interested Party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Interested Party intends to advocate before the Court and any evidence or materials which the Interested Party intends to present to the Court. Service of this notice on C&C Energia shall be effected by service upon the solicitors for C&C Energia, Blake, Cassels & Graydon LLP, Suite 3500, Bankers Hall East Tower, 855 2nd Street S.W., Calgary AB, T2P 4J8, Attention: Melanie R. Gaston.
- 25. In the event that the application for the Final Order is adjourned, only those persons appearing before this Court for the application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 24 of this Interim Order, shall have notice of the adjourned date.

Extra-Territorial Assistance

26. C&C Energia seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in Canada and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Leave to Vary Interim Order

27. C&C Energia is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

Jústice of the Court of Queen's Bench of Alberta

APPENDIX C - ARRANGEMENT AGREEMENT

Dated	November 19, 2012
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Amended & Restated November 30, 2012

PACIFIC RUBIALES ENERGY CORP.

and

C&C ENERGIA LTD.

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ARRANGEMENT AGREEMENT

THIS AMENDED AND RESTATED ARRANGEMENT AGREEMENT is dated as of the 19th day of November, 2012.

BETWEEN:

PACIFIC RUBIALES ENERGY CORP., a corporation existing under the Laws of the Province of British Columbia (**Purchaser**)

- and -

C&C ENERGIA LTD., a corporation existing under the Laws of the Province of Alberta (**Target**)

WHEREAS Purchaser proposes to acquire all of the issued and outstanding securities of the Target;

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under section 193 of the ABCA substantially on the terms and conditions set forth in the Plan of Arrangement (annexed hereto as Schedule "A");

AND WHEREAS all members of the Target Board that have voted at a meeting to approve the Arrangement have: (i) determined that the Arrangement is in the best interests of Target; (ii) determined that the Arrangement is fair to the Target Shareholders; (iii) approved the Arrangement, this Agreement and the transactions contemplated hereby; and (iv) resolved to recommend that the Target Shareholders vote in favour of the Arrangement;

AND WHEREAS as an inducement to the willingness of Purchaser to enter into this Agreement, certain of the directors and executive officers of Target, and certain other Target Shareholders have entered into Target Lock-up Agreements with the Purchaser, which shall be delivered to the Parties contemporaneously with the execution of this Agreement;

AND WHEREAS the Parties hereto have entered into this Agreement to provide for the matters referred to in these recitals and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **ABCA** means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
- (b) Acquisition Proposal means any inquiry or the making of any offer or proposal, whether or not in writing, from any person or group of persons, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
 (i) any direct or indirect sale, issuance or acquisition of any of the securities of Target (other than on exercise of currently outstanding Target Options and Target Warrants) that, when taken together with the securities of Target held by the proposed acquiror, and any person

acting jointly or in concert with the acquiror, would constitute 20% or more of the voting securities of Target or its subsidiaries; (ii) any direct or indirect acquisition of a substantial amount of the assets of Target or its subsidiaries; (iii) an amalgamation, arrangement, merger, combination, consolidation or similar transaction involving Target or its subsidiaries; (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving Target or its subsidiaries; or (v) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Purchaser under this Agreement or the Arrangement; except that for the purpose of the definition of "Superior Proposal" below, the references in the definition of "Acquisition Proposal" to "20% or more of the voting securities" shall be deemed to be references to "50% or more of the voting securities", and the references to "a substantial amount of assets" shall be deemed to be references to "all or substantially all of the assets";

- (c) **affiliate** has the meaning set forth in the *Securities Act*, R.S.A. 2000, c. S-4;
- (d) Alternate ExploreCo Organization Transaction has the meaning set forth in subsection 3.7(b);
- (e) **Arrangement** means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement;
- (f) **Arrangement Resolution** means the special resolution in respect of the Arrangement to be considered at the Target Meeting;
- (g) Articles of Arrangement means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted and all other conditions to the completion of the Arrangement have been satisfied or waived, giving effect to the Arrangement;
- (h) **Assumed Liabilities** means all of the liabilities and obligations being assumed by ExploreCo (or a direct or indirect wholly-owned subsidiary of ExploreCo) pursuant to the ExploreCo Organization Transaction or Alternate ExploreCo Organization Transaction, as the case may be:
- (i) **Bbl/d** means barrel of crude oil per day;
- (j) **Business Day** means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta, the City of Toronto, Ontario or the City of Bogota, Colombia are not generally open for business;
- (k) Canadian GAAP means generally accepted accounting principles in Canada, being International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, for publicly accountable enterprises;
- (I) **Cash Consideration** means the cash portion of the consideration payable for the Target Shares under the Arrangement, being \$0.001 in cash for each Target Share;
- (m) Change of Control Payments has the meaning set forth in subsection 2.4(b);
- (n) **Code** has the meaning set forth in subsection 3.1(s);

- (o) Confidentiality Agreement means the mutual confidentiality and standstill agreement between Purchaser and Target dated November 13, 2012 in respect of information relating to Purchaser and Target;
- (p) **Court** means the Court of Queen's Bench of Alberta;
- (q) Director of Investments means the Director of Investments appointed under Section 6 of the Investment Canada Act:
- (r) **Dissent Rights** means rights of dissent in respect of the Arrangement as set forth in the Interim Order and described in the Plan of Arrangement;
- (s) **Effective Date** means the date the Arrangement becomes effective pursuant to the ABCA;
- (t) **Effective Time** means 12:01 a.m. (Calgary time), or such other time on the Effective Date as may be agreed to in writing by Purchaser and Target;
- (u) **Engineers** has the meaning set forth in subsection 4.1(k);
- (v) **Environmental Laws** has the meaning set forth in subsection 4.1(p)(i);
- (w) ExploreCo means a corporation to be incorporated under the Laws of the Province of Alberta or another jurisdiction acceptable to Purchaser and Target, acting reasonably, to hold, directly or indirectly, the ExploreCo Assets following completion of the Arrangement;
- (x) **ExploreCo Assets** means, collectively, the assets held directly or indirectly by Target as at the date hereof to be transferred directly or indirectly by Target to ExploreCo or a direct or indirect wholly-owned subsidiary thereof in connection with the ExploreCo Organization Transaction, that are located primarily in Colombia, which are described in Schedule "B" hereto;
- (y) **ExploreCo Information** means all information in respect of ExploreCo (including the ExploreCo Assets) required by applicable Laws and the Interim Order to be included in the Target Information Circular;
- (z) **ExploreCo Organization Transaction** has the meaning set forth in subsection 2.5(b);
- (aa) **ExploreCo Shares** means the common shares in the capital of ExploreCo;
- (bb) **ExploreCo Share Transaction** has the meaning set forth in subsection 3.1(m);
- (cc) **Final Order** means the final order of the Court approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA in respect of Target, as such order may be affirmed, amended or modified by the Court;
- (dd) **FirstEnergy** means FirstEnergy Capital Corp.;
- (ee) FirstEnergy Engagement Letter has the meaning set forth in subsection 4.2(t);
- (ff) **Governmental Entity** means any (i) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX and the

- TSXV), regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (gg) Interests has the meaning set forth in subsection 4.2(rr);
- (hh) Interim Order means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Target Meeting, as such order may be affirmed, amended or modified by the Court:
- (ii) **Investment Canada Act** means the *Investment Canada Act (Canada)*;
- (jj) Laws means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and Laws includes Environmental Laws;
- (kk) **Liens** means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse claims;
- (II) **Lonquist** has the meaning set forth in subsection 4.2(qq);
- (mm) **Longuist Report** has the meaning set forth in subsection 4.2(qq);
- (nn) **Mailing Date** means the date on which the Target Information Circular and other documentation required in connection with the Target Meeting are mailed to the Target Shareholders in connection with the Target Meeting;
- Material Adverse Change or Material Adverse Effect means, with respect to any Party, a (00) fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), operations or affairs of such Party and its subsidiaries, taken as a whole, except for any such fact, state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (i) any change in Canadian GAAP or changes in regulatory accounting requirements applicable to the oil and gas industry; (ii) any adoption, proposal, implementation or change in applicable Law or interpretations thereof by any Governmental Entity; (iii) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets: (iv) any change generally affecting the oil and gas industry in which the Party operates; (v) the execution, announcement or performance of this Agreement or consummation of the transactions contemplated hereby, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of such Party or any of its subsidiaries with any of their customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers arising as a direct consequence of same; (vi) any natural disaster; (vii) any change in the market price or trading volume of the securities of such Party (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred), or any

suspension of trading in securities generally on any securities exchange on which the securities of such Party trade; (vii) any actions taken (or omitted to be taken) at the written request or with the written consent of the other Party; (viii) any action taken by such Party or any of its subsidiaries which is required pursuant to this Agreement; or (ix) any matter that has been publicly disclosed or has been communicated in writing to the other Party prior to the execution of this Agreement; provided, however, that with respect to clauses (i), (ii), (iii), (iv) and (vi), such matter does not have a materially disproportionate effect on such Party and its subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the oil and gas industry. References in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a Material Adverse Change or Material Adverse Effect has occurred:

- (pp) **MI 61-101** means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the securities regulatory authorities of Ontario and Quebec;
- (qq) Option Election Agreements means the agreements entered into by each of the holders of Target Options with Target in a form satisfactory to Purchaser, acting reasonably, which form shall include an indemnity in favour of Target for any withholding taxes applicable in respect of all transactions contemplated by or in connection with the Plan of Arrangement, pursuant to which such optionholders elect to: (i) conditionally exercise the holder's Target Options, effective as of the Effective Date, at the applicable exercise prices in accordance with the Target Stock Option Plan; (ii) conditionally exercise the holder's Target Options on a cashless basis, effective as of the Effective Date, in accordance with the Target Stock Option Plan; or (iii) any combination of the above elections, whereafter such Target Options shall be terminated:
- (rr) **Outside Date** means March 31, 2013, subject to the right of Purchaser or Target to postpone the Outside Date for up to an additional 90 days (in 30-day increments) if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Purchaser and Target; provided that notwithstanding the foregoing, Purchaser or Target shall not be permitted to postpone the Outside Date if the failure to obtain a Regulatory Approval primarily results from Party seeking to postpone the Outside Date failing to cooperate in accordance with the provisions of this Agreement (including Section 3.4(c)) in obtaining such Regulatory Approval;
- (ss) Parties means, collectively, Purchaser and Target and Party means any one of them;
- (tt) **person** includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government authority or any other entity, whether or not having legal status:
- (uu) **PFIC** has the meaning set forth in subsection 3.3(b);
- (vv) **Plan of Arrangement** means the plan of arrangement substantially in the form set out in Schedule "A" to this Agreement as amended or supplemented from time to time in accordance with the terms thereof and Article 7 hereof:
- (ww) **Pre-Acquisition Reorganization** has the meaning set forth in Section 3.7;
- (xx) **Purchaser Damages Event** has the meaning set forth in Section 6.1;

- (yy) **Purchaser Financial Statements** means, collectively: (i) the audited consolidated financial statements of Purchaser for the year ended December 31, 2011 and 2010, together with the notes thereto and the report of the auditors thereon; and (ii) the unaudited interim consolidated financial statements of Purchaser for the three and nine month periods ended September 30, 2012, together with the notes thereto;
- (zz) **Purchaser Information** means all information in respect of the Purchaser required by applicable Laws and the Interim Order to be included in the Target Information Circular;
- (aaa) **Purchaser Public Record** means all information filed by or on behalf of Purchaser after December 31, 2010 with any securities commission or similar regulatory authority in compliance, or intended compliance, with any applicable Laws;
- (bbb) **Purchaser Report** has the meaning set forth in subsection 4.1(k);
- (ccc) **Purchaser Shares** means the common shares in the capital of the Purchaser;
- (ddd) **Purchaser Subsidiaries** means, collectively, Meta Petroleum Corp., Rubiales Holdings Corp., Pacific Stratus Energy Colombia Corp. and Pacific Stratus International Energy Ltd.;
- (eee) Reimbursement Agreement means the agreement to be entered into between ExploreCo and Target on the Effective Date substantially in the form set forth as Schedule "D" hereto, subject to such changes as the Parties may mutually agree;
- (fff) Registrar means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA:
- (ggg) **Regulatory Approvals** means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made), waivers, early terminations, authorizations, clearances, or written confirmations of no intention to initiate legal proceedings from Governmental Entities, in each case required to consummate the transactions contemplated by this Agreement (including, without limitation, the ability of ExploreCo to operate in Colombia);
- (hhh) **Representatives** has the meaning set forth in subsection 3.5(a);
- (iii) **Returns** shall mean all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;
- (jjj) **Severance** has the meaning set forth in subsection 2.4(a);
- (kkk) **Share Consideration** means 0.3528 of a Purchaser Share;
- (III) **subsidiary** has the meaning set forth in the *Securities Act*, R.S.A. 2000, c. S-4;
- (mmm) **Superior Proposal** has the meaning set forth in paragraph 3.5(b)(v)(A);
- (nnn) Target Board means the board of directors of Target as it may be comprised from time to time;
- (ooo) Target Damages Event has the meaning set forth in Section 6.2;

- (ppp) Target Debt means total consolidated indebtedness, including long term debt, bank debt and working capital deficiency (excluding future income taxes) (each, with the exception of working capital, as defined in accordance with Canadian GAAP), but excluding the Transaction Costs, the proceeds from the exercise of the Target Options, Target Warrants and Target SARs and any unrealized gain or loss in respect of financial instruments from and after the date hereof:
- (qqq) **Target Financial Statements** means, collectively: (i) the audited consolidated financial statements of Target for the year ended December 31, 2011 and 2010, together with the notes thereto and the report of the auditors thereon; and (ii) the interim unaudited consolidated financial statements of Target for the three and nine month periods ended September 30, 2012, together with the notes thereto;
- (rrr) **Target Information** means all information included in the Target Information Circular other than the Purchaser Information and the ExploreCo Information;
- (sss) **Target Information Circular** means the notice of the Target Meeting and accompanying management proxy circular of Target, together with all appendices, schedules and exhibits thereto, to be sent by Target to the Target Shareholders in connection with the Target Meeting, as amended, supplemented or otherwise modified;
- (ttt) Target Lock-up Agreements means the support agreements between Purchaser and each of the Target Lock-up Securityholders pursuant to which each of the Target Lock-up Securityholders has agreed to vote the Target Shares beneficially owned or controlled by such Target Lock-up Securityholder in favour of the Arrangement Resolution and to otherwise support the Arrangement and other related matters to be considered at the Target Meeting;
- (uuu) **Target Lock-up Securityholders** means each of the directors (other than Mr. Yanovich) and executive officers of Target and certain other Target Shareholders that have entered into Target Lock-up Agreements with Purchaser;
- (vvv) **Target Meeting** means the special meeting of Target Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;
- (www) **Target Options** means the outstanding stock options, whether or not vested, to acquire Target Shares granted pursuant to the Target Stock Option Plan;
- (xxx) **Target Public Record** means all information filed by or on behalf of Target after December 31, 2010 with any securities commission or similar regulatory authority in compliance, or intended compliance, with any applicable Laws;
- (yyy) **Target SARs Plan** means the Share Appreciation Rights Plan of the Target dated August 30, 2012;
- (zzz) **Target SARs** means outstanding share appreciation rights granted pursuant to the Target SARs Plan:
- (aaaa) **Target Shareholders** means the holders from time to time of Target Shares, collectively or individually, as the context requires;
- (bbbb) **Target Shares** means the common shares in the capital of Target;
- (cccc) Target Stock Option Plan means the stock option plan of Target dated May 25, 2010;

- (dddd) **Target Subsidiaries** means, collectively, C&C Energia Holding SRL, Grupo C&C Energia (Barbados) Ltd. and C&C Energia Llanos Ltd.;
- (eeee) **Target Warrants** means the outstanding share purchase warrants to acquire Target Shares;
- (ffff) **Target Warrantholders** means holders from time to time of Target Warrants, collectively or individually, as the context requires;
- (gggg) **Tax Act** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);
- (hhhh) **Taxes** shall mean all taxes, duties, assessments, imposts and levies however denominated, including any interest, penalties, fines, successor liabilities or other additions that may become payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which shall include those levied on, measured by, or referred to as, income, capital, gross receipts, profits (including federal income taxes and provincial income taxes), payroll and employee withholding, employment or unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing;
- (iiii) Third Party Beneficiaries has the meaning set forth in Section 10.10;
- (jjjj) **Transaction Costs** has the meaning set forth in subsection 4.2(u);
- (kkkk) **TSX** means the Toronto Stock Exchange;
- (IIII) **TSXV** means the TSX Venture Exchange;
- (mmmm) U.S. means the United States of America; and
- (nnnn) **U.S. Securities Act** has the meaning set forth in subsection 2.1(b).

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections, subsections and paragraphs is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Other Definitional and Interpretive Provision

References in this Agreement to the words "include", "includes" or "including" shall, unless the context otherwise requires, be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.4 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Agreement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.6 Entire Agreement

This Agreement has been amended and restated effective on November 30, 2012. Notwithstanding such restatement, this Agreement shall be dated as of November 19, 2012 and references to time herein and as of the date hereof shall be considered to speak as of November 19, 2012, except where the context otherwise indicates or requires. This Agreement, together with the agreements and documents herein and therein referred to, including the Confidentiality Agreement, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof, including the indicative letter of intent dated November 14, 2012 between Purchaser and Target.

1.7 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless stated otherwise.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with Canadian GAAP, and which incorporate International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board for periods beginning on and after January 1, 2011.

1.9 Disclosure in Writing

Reference to disclosure in writing herein, in the case of Purchaser, shall mean the Purchaser Public Record as supplemented by a written disclosure delivered by the Purchaser to the Target concurrently with this Agreement setting out certain factual disclosures as referred to in this Agreement, and in the case of Target, shall mean the Target Public Record as supplemented by a written disclosure delivered by the Target to the Purchaser concurrently with this Agreement setting out certain factual disclosures as referred to in this Agreement.

1.10 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.11 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.12 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of either Purchaser or Target, as applicable, it refers to the actual knowledge of the Executive Officers of the Purchaser or Target, as the case may be, after reasonable inquiry, and such Executive Officers shall make such inquiry as is reasonable in the circumstances. For the purposes of this Section 1.12, **Executive Officers** shall mean, in the case of Target, the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice-President, Exploration, and in the case of Purchaser shall mean the Chief Executive Officer, President, Chief Financial Officer and Senior Vice President, New Areas.

1.13 No Contra Preferentum Rule

The Parties acknowledge that their respective legal counsel have reviewed and participated in negotiating, drafting and settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.14 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule "A" - Plan of Arrangement; Schedule "B" - ExploreCo Assets;

Schedule "C" - ExploreCo Organization Transaction; and

Schedule "D" - Reimbursement Agreement

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

- (a) As soon as practicable following the date hereof, Target and Purchaser shall proceed to effect a plan of arrangement under section 193 of the ABCA pursuant to which, on the Effective Date, among other things, Purchaser will acquire all of the outstanding Target Shares (including the Target Shares to be issued pursuant to the exercise of the outstanding Target Options and outstanding Target Warrants) on the terms and subject to the conditions contained in the Plan of Arrangement, and each Target Shareholder will receive, for each Target Share held:
 - (i) the Share Consideration;
 - (ii) the Cash Consideration; and
 - (iii) one ExploreCo Share.
- (b) The Arrangement shall be structured such that, assuming the Arrangement Resolution is approved and the Final Order is obtained, the issuance of the Purchaser Shares and the ExploreCo Shares issuable to the Target Shareholders under the Arrangement will not require registration under the *United States Securities Act of 1933*, as amended (the **U.S. Securities Act**), and the rules and regulations promulgated thereunder, in reliance on Section 3(a)(10) thereof, and will be issued in compliance with all applicable U.S. state securities Laws.
- (c) Target will forthwith file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Target Meeting for the

purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided the Target Shareholders approve the Arrangement Resolution at the Target Meeting as required by the Interim Order, Target shall diligently pursue and apply to the Court for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Target shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to subsection 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Interim Order

The Interim Order shall provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Target Meeting and for the manner in which notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution shall be two-thirds of the votes cast on the Arrangement Resolution by the Target Shareholders, present in person or represented by proxy at the Target Meeting with each Target Shareholder being entitled to one vote for each Target Share;
- that, in all other respects, the terms, restrictions and conditions of the Target's articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Target Meeting;
- (d) for the grant of the Dissent Rights to the Target Shareholders who are registered holders of the Target Shares;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that the Target Meeting may be adjourned or postponed from time to time by the Target without the need for additional approval of the Court; and
- (g) that the record date for Target Shareholders entitled to vote at the Target Meeting shall not change in respect of any adjournment(s) or postponement(s) of the Target Meeting, unless required by applicable Law.

2.3 Information Circular and Meeting

As promptly as practical following the execution of this Agreement and in compliance with applicable Laws:

- (a) Target shall:
 - (i) prepare the Target Information Circular, in consultation with Purchaser, and cause such circular to be mailed to the Target Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
 - (ii) convene the Target Meeting.
- (b) Purchaser shall cooperate with Target in Target's preparation, filing and mailing of the Target Information Circular, including providing the Purchaser Information to the Target;

- (c) Target shall provide Purchaser and its Representatives with a reasonable opportunity to review and comment on the Target Information Circular and any other relevant documentation and reasonable consideration shall be given to any comments made by Purchaser, provided that all information relating solely to Target included in the Target Information Circular shall be in form and content satisfactory to Target and provided that the Target Information Circular shall comply in all respects with applicable Laws; and
- (d) Purchaser shall provide Target and its Representatives with a reasonable opportunity to review and comment on the Purchaser Information for inclusion in the Target Information Circular and any other relevant documentation and reasonable consideration shall be given to any comments made by Target, provided that all information relating solely to Purchaser included in the Target Information Circular shall be in form and content satisfactory to Purchaser and provided that the Purchaser Information to be included in the Target Information Circular shall comply in all respects with applicable Laws.

Without limiting the generality of subsection 2.3(a)(ii) hereof, and provided that this Agreement has not been terminated in accordance with its terms, notwithstanding the receipt by Target of a Superior Proposal in accordance with Section 3.5, the decision of the Target Board to accept, recommend, approve, agree, endorse such Superior Proposal or any other intervening event and unless otherwise agreed to in writing by the Purchaser, Target shall take all steps necessary to hold the Target Meeting and to cause the Arrangement Resolution to be voted on at the Target Meeting and shall not propose to adjourn or postpone the Target Meeting other than as required for quorum purposes, applicable Law or by a Governmental Entity.

2.4 Employees; Target Stock Option Plan and Target SARs Plan

- (a) Purchaser and Target acknowledge that certain employees and consultants of Target and the Target Subsidiaries shall be severed and terminated effective the Effective Time. If such an employee or consultant is thereby entitled to a severance payment under applicable Law (the aggregate of all such payments to any employees and consultants of Target herein referred to as **Severance**), the Parties agree that Severance to any employees or consultants following the Effective Time shall be paid, subject to and concurrent with the execution of a release from the payee in such form as is acceptable to Purchaser, acting reasonably.
- (b) The Parties acknowledge that completion of the Arrangement will result in a "Change of Control" for purposes of certain of the employment agreements to which the employees of Target and certain of the consulting services agreements to which the consultants of Target are a party. Target has disclosed in writing to Purchaser Target's bona fide good faith estimate by Target of all obligations of Target pursuant to all employment or consulting services agreements, termination, change of control, severance and retention plans or policies for severance, termination, change of control or bonus payments or any other payments related to any Target incentive plan (including, without limitation, the Target Options and Target SARs Plan) arising out of or in connection with the Arrangement (collectively, the **Change of Control Payments**). The Parties agree that any Change of Control Payments shall be paid in full by Target concurrent with the Effective Time subject to and concurrent with the execution of a release from the payee in such form as is acceptable to Purchaser, acting reasonably; it being understood that such person shall not be entitled to receive both a Change of Control Payment and Severance.
- (c) The Parties acknowledge that the Arrangement will result in a "change of control" for the purposes of the Target Option Plan and the Target SARs Plan and that all awards pursuant thereto will be accelerated thereunder and, in that regard:
 - (i) prior to the Effective Time, all outstanding Target Options shall be exercised, terminated or surrendered for cancellation pursuant to the Option Election Agreements or the Plan of Arrangement; and

(ii) prior to the Effective Time, all outstanding Target SARs shall be exercised, terminated, surrendered or redeemed by Target in accordance with the terms of the Target SARs Plan.

2.5 ExploreCo

- (a) Prior to the mailing of the Target Information Circular, Target shall cause ExploreCo to be incorporated under the ABCA. ExploreCo shall have such provisions included in its articles of incorporation as may be agreed to by Purchaser and Target, acting reasonably. Prior to the Effective Time, Target shall not cause or permit ExploreCo to: (i) issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of common shares on incorporation, or (ii) carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the transactions contemplated by the Plan of Arrangement unless previously consented to in writing by Purchaser. The establishment and organization of ExploreCo shall be on such terms as Purchaser may approve.
- (b) The ExploreCo Assets, related liabilities and cash of U.S.\$88.5 million will be transferred to ExploreCo and/or a direct or indirect wholly-owned subsidiary thereof in the manner set out in Schedule "C" (the **ExploreCo Organization Transaction**).
- (c) The board of directors, management and other governance matters relating to ExploreCo including any compensation arrangements shall be determined by Target, subject to the prior approval of Purchaser. The Parties acknowledge and agree that Target and ExploreCo may submit such compensation arrangements to the Target Shareholders at the Target Meeting for approval in accordance with the requirements of the TSX, TSXV or any other stock exchange on which ExploreCo intends to seek the listing of the ExploreCo Shares.
- (d) Target, as the sole shareholder of ExploreCo, covenants and agrees to cause ExploreCo to take all steps, to do and perform all such acts and things and to execute and deliver all such agreements, documents and other instruments as are necessary or desirable to effect and complete the transactions contemplated herein and in the Plan of Arrangement in accordance with the terms and conditions hereof and thereof and any and all covenants and agreements contained herein and in the Plan of Arrangement shall, to the extent that they are required to be performed by ExploreCo, be and be deemed to be covenants and agreements of Target.
- (e) ExploreCo will be organized in such a manner that, immediately following completion of the transactions contemplated by the Plan of Arrangement, Target shall continue to hold that number of common shares of ExploreCo that is equal to 5.0% of the number of the then outstanding common shares of ExploreCo on a fully diluted basis.

2.6 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date. The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur on or about December 31, 2012 or as soon thereafter as reasonably practicable and, in any event, by the Outside Date.

ARTICLE 3 COVENANTS

3.1 Covenants of Purchaser

From the date hereof until the Effective Date or termination of this Agreement (except in the case of subsections 3.1(m) and 3.1(n) hereof, until the periods of time set forth therein expire), except with the prior written consent of Target (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or required by applicable Laws:

- (a) Purchaser shall not, and shall cause Purchaser Subsidiaries not to, do any of the following:
 - (i) conduct any activity or operations that would otherwise be materially detrimental to the Arrangement; or
 - (ii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Arrangement;
- (b) Purchaser shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents in a manner materially adverse to the consideration to be received by Target Shareholders; (ii) declare, set aside or pay any dividend, distribution or payment (whether in cash, shares or property) in respect of the outstanding Purchaser Shares other than ordinary course dividends of Purchaser in amounts consistent with past practices; (iii) split, combine or reclassify any of the Purchaser Shares unless the Arrangement is amended upon the same terms and conditions; (iv) reduce the stated capital of Purchaser or any of its outstanding shares, as the case may be; or (v) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Purchaser shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (d) Purchaser shall promptly notify Target in writing of any Material Adverse Change (actual, anticipated, contemplated or, to the knowledge of Purchaser, threatened) in respect of Purchaser or of any change in any representation or warranty provided by Purchaser in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue if such change would result in a Material Adverse Change and Purchaser shall in good faith discuss with Target any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Purchaser, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Target pursuant to this provision;
- (e) Purchaser shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the amount which may be required by Section 6.2 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (f) Purchaser shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.3 hereof as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Purchaser;

- (g) Purchaser shall assist Target in the preparation of the Target Information Circular and provide to Target, in a timely and expeditious manner, the Purchaser Information, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof, the Arrangement and the transactions to be considered at the Target Meeting;
- (h) Purchaser shall assist Target in securing all consents of third parties who are required to provide consent for the inclusion of reference to their names on the reports in the Target Information Circular by virtue of a document incorporated by reference in the Purchaser Information, or otherwise;
- (i) Purchaser shall indemnify and save harmless Target and the directors, officers and agents of Target from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Target or any director, officer or agent thereof may be subject or which Target or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - any misrepresentation or alleged misrepresentation in the Purchaser Information or in any material filed by or on behalf of Purchaser in compliance or intended compliance with any applicable Laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Purchaser Information or in any material filed by or on behalf of Purchaser in compliance or intended compliance with applicable Laws, which prevents or restricts the trading in the Purchaser Shares; and
 - (iii) Purchaser not complying with any requirement of applicable Laws in connection with the transactions contemplated in this Agreement;

except that Purchaser shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based on the Target Information or ExploreCo Information included in the Target Information Circular or the negligence of Target;

- except for non-substantive communications, Purchaser shall furnish promptly to Target or Target's counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Purchaser from regulatory agencies in connection with the Arrangement; (ii) any filings under applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with stock exchanges, regulatory agencies or other Governmental Entities in connection with the transactions contemplated hereby;
- (k) Purchaser shall not disclose to any person, other than their respective officers, directors and key employees and professional advisors of Purchaser who have a need to know in order to evaluate the Arrangement, any confidential information relating to Target or its affiliates except information required to be disclosed by Law or otherwise known to the public and otherwise comply with the Confidentiality Agreement;
- (I) Purchaser shall make all necessary filings and applications under Canadian federal and provincial Laws and the Laws of any other applicable jurisdiction required to be made on the part of Purchaser in connection with the transactions contemplated herein and shall take all reasonable commercial action necessary to be in compliance with such Laws;

- (m) except as contemplated herein or in the Arrangement, Purchaser shall not directly or indirectly sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition (an ExploreCo Share Transaction) of any ExploreCo Shares it may acquire in connection with the Arrangement until the earlier of (i) six months following the Effective Time; and (ii) the board of directors of ExploreCo providing its consent to any such ExploreCo Share Transaction, such consent not to be unreasonably withheld;
- (n) if the Arrangement is completed, Purchaser shall not take any action to terminate or materially adversely affect any indemnity agreements or rights to indemnity in favour of past or present officers and directors of Target pursuant to the provisions of the articles, by-laws or similar constating documents of Target or written indemnity agreements between Target and its past and present directors and officers of Target that are in place as at the date hereof and in the form disclosed to Purchaser prior to the date hereof;
- (o) prior to the Effective Date, Purchaser shall cooperate with Target in making application to list the ExploreCo Shares to be issued pursuant to the ExploreCo Organization Transaction or Alternate ExploreCo Organization Transaction, as the case may be, on the TSX or the TSXV:
- (p) Purchaser shall make application to the TSX and use its reasonable commercial efforts to obtain the approval of the TSX for the listing on the Effective Date of the Purchaser Shares to be issued pursuant to the Arrangement;
- (q) Purchaser shall take all reasonable actions to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (r) Purchaser shall make joint elections with Eligible Holders in respect of their disposition of shares pursuant to Section 85 of the Tax Act (or any similar provision of provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement;
- Purchaser acknowledges and agrees that, as part of the transactions contemplated by the (s) Plan of Arrangement and hereby and as soon as practicable following the Effective Time (but in no event later than 30 days after the Effective Time), Purchaser shall cause Target to continue to British Columbia (thereby becoming a British Columbia limited company) and amalgamate (the Amalgamation) with either (i) Purchaser or (ii) an unlimited liability company organized under the laws of British Columbia, all of the stock of which is directly owned by Purchaser and for which no entity classification election has been made pursuant to U.S. Treasury Regulation 301.7701-3(c). Purchaser intends that the acquisition of the Target Shares pursuant to the Plan of Arrangement and the Amalgamation, together constitute a reorganization as defined in Section 368(a) of the U.S. Internal Revenue Code of 1986, as amended (the Code), and agrees that it shall take such action, or refrain from taking such action, as may be reasonably necessary to ensure that the Arrangement and related transactions are executed in a manner to satisfy the requirements of a "reorganization" under section 368(a) of the Code. Purchaser agrees, to the extent it is required to report the consequences of such transactions for U.S. federal income tax purposes, to file any and all U.S. federal tax and information returns consistent with this intended treatment, unless otherwise required by law; and
- (t) if Purchaser reasonably determines that Purchaser or any of its subsidiaries or affiliates is a PFIC, Purchaser shall comply with the information and other reporting requirements set forth in Subtitle A, Chapter 1 subchapter P, Part VI of the Code and the U.S. Treasury Regulations promulgated thereunder (including, but not limited to, the information and reporting requirements set forth in Section 1295 of the Code and the U.S. Treasury Regulations promulgated thereunder) and Purchaser shall provide any shareholder with such information

as it may request in writing, acting reasonably, with respect to Purchaser and its subsidiaries and affiliates that is reasonably necessary to permit such shareholder to elect to treat Purchaser or any of its subsidiaries or affiliates as a "qualified electing fund" (within the meaning of section 1295 of the Code) for U.S. federal income tax purposes.

3.2 Covenants of Target

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Purchaser (such consent not to be unreasonably withheld or delayed) and except as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) Target's business and the business of its subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), and subject to subsection 3.2(c), Target shall consult with Purchaser in respect of the ongoing business and affairs of Target and its subsidiaries and keep Purchaser apprised of all material developments relating thereto;
- (b) Target shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend, other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares other than ordinary course dividends of Target in amounts consistent with past practices; (iii) issue (other than on exercise of currently outstanding Target Options and Target Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Target, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Target; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof or as permitted in accordance with the terms hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation, combination or reorganization of Target or incorporate a subsidiary of Target; (vii) pursue or announce any acquisition of all or substantially all the assets or securities of any other person or make any material change to the business, capital or affairs of Target; (viii) reduce the stated capital of Target or any of its outstanding shares; (ix) conduct any activity or operations that would otherwise be detrimental to the completion of the Arrangement; (x) pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice; (xi) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement; or (xii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing:
- (c) Target shall not, and shall not permit any of its subsidiaries to, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of U.S.\$500,000, other than in the ordinary course of business; (ii) expend or commit to expend any amount with respect to any capital expenditures individually exceeding U.S.\$500,000 or U.S.\$1,000,000 in the aggregate; (iii) expend or commit to expend any amounts with respect to any operating expenses other than in the ordinary course of business or pursuant to the Arrangement and other transactions contemplated by this Agreement; (iv) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof which is not a subsidiary or affiliate of Target, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any assets with an acquisition cost individually exceeding U.S.\$500,000 or U.S.\$1,000,000 in the aggregate; (vi) incur any indebtedness for borrowed money in excess of \$1 million, in the aggregate, under existing credit facilities, or incur any other material liability or obligation or issue any

debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of the Arrangement; (vii) authorize, recommend or propose any release or relinquishment or any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

- (d) other than the Severance payments and the Change of Control Payments made on or prior to the Effective Date to directors, officers, employees and consultants of Target (which payments shall not exceed the amount disclosed in writing by Target to Purchaser), Target shall not, nor permit any of its subsidiaries to, make any payment to any director, officer, employee or consultant outside of their ordinary and usual compensation for services provided, which, for greater certainty, shall include reasonable compensation to be paid to members of the Special Committee of the Target Board appointed to review and consider the Arrangement (as disclosed in writing to Purchaser prior to the date hereof);
- (e) Target shall not, nor permit any of its subsidiaries to, adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement, including the Target Option Plan and Target SARs Plan, for the benefit of employees, except for the establishment of any such plan in respect of ExploreCo or as is necessary to comply with applicable Law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (f) Other than with respect to such matters applicable to establishment of ExploreCo's business (and, in that regard, only in relation to ExploreCo directly), Target shall not, nor permit any of its subsidiaries, to: (i) grant any officer, director, employee or consultant an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers, employees or consultants; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any outstanding rights thereunder; nor (v) advance any loan to any officer, director or any other party not at arm's length;
- (g) Target shall use its reasonable commercial efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (h) (i) Target shall not pay the holders of Target Options or Target SARs any amount of consideration therefor; and (ii) Target shall not make any amendment to the outstanding Target Options or Target SARs in each case without the prior written consent of Purchaser, except to permit the accelerated vesting thereof, and Target shall cause the exercise, cancellation, termination or expiry of the Target Options or Target SARs prior to the Effective Time as contemplated by subsections 5.2(c) and 5.2(d), as the case may be;
- (i) Target shall not pay the holders of Target Warrants any amount of consideration therefor nor shall they make any amendment to the outstanding Target Warrants, without the prior written

consent of Purchaser, and Target shall use its reasonable commercial efforts to ensure that, prior to the anticipated date of the application for the Interim Order, each holder of Target Warrants enters into an agreement with Target acceptable to Purchaser, acting reasonably, whereby such holders of Target Warrants will agree to exercise, cancel or terminate the Target Warrants at or prior to the Effective Date, including that such Target Warrants will be exercised effective at or prior to the Effective Time; it being agreed that if the Purchaser is not satisfied, in its sole discretion, that such agreements relating to the exercise, cancellation or termination of the Target Warrants have been made prior to the granting of the Interim Order, the Parties shall agree to amend the Plan of Arrangement to provide for the exercise or cancellation of all outstanding Target Warrants pursuant to the Plan of Arrangement;

- (j) Target shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (k) Target shall promptly notify Purchaser in writing of any Material Adverse Change (actual, anticipated, contemplated or, to the knowledge of Target, threatened) in respect of Target or of any change in any representation or warranty provided by Target in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue if such change would result in a Material Adverse Change and Target shall in good faith discuss with Purchaser any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Target, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Purchaser pursuant to this provision;
- (I) Target shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (m) Target shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Target;
- (n) Target shall provide notice to Purchaser of the Target Meeting and allow Purchaser's representatives to attend such meeting;
- (o) subject to compliance by Purchaser with subsection 3.1(g), Target shall ensure that the Target Information Circular provides Target Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them (including the Target Information and the ExploreCo Information), and shall set out the Purchaser Information in the Target Information Circular in the form approved by Purchaser, acting reasonably, and shall include: (i) any financial statements that are required to be included therein in accordance with applicable Laws; and (ii) the unanimous (other than the directors who have recused themselves from the process of considering the transactions contemplated herein due to an actual or potential conflict of interest with respect thereto) determination of the Target Board that the consideration to be received by the Target Shareholders pursuant to the Arrangement is fair to such securityholders, the Arrangement is in the best interests of Target, and include the unanimous (other than the directors who have recused themselves from the process of considering the transactions contemplated herein due to an actual or potential conflict of interest with respect thereto or who otherwise abstain from voting) recommendation of the Target Board that the Target Shareholders vote in favour of the Arrangement Resolution;

- (p) Target shall indemnify and save harmless Purchaser and the directors, officers and agents of Purchaser from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Purchaser, or any director, officer or agent thereof may be subject or which Purchaser, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation in the Target Information Circular or in any material filed by or on behalf of Target in compliance or intended compliance with any applicable Laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Target Information Circular or in any material filed by or on behalf of Target in compliance or intended compliance with applicable Laws, which prevents or restricts the trading in the Target Shares; and
 - (iii) Target not complying with any requirement of applicable Laws in connection with the transactions contemplated in this Agreement;

except that Target shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based on the Purchaser Information included in the Target Information Circular or the negligence of Purchaser;

- (q) Target shall provide to Purchaser reports on its operations and affairs as may be reasonably requested from time to time by Purchaser;
- (r) Target shall promptly keep Purchaser informed as to the material decisions with respect to the operation of its business unless, in the opinion of Target, acting reasonably, such disclosure is not permitted by reason of a confidentiality obligation issued to a third party or otherwise presented by applicable Laws;
- (s) Target shall use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (t) except for proxies and other non-substantive communications with securityholders, Target shall furnish promptly to Purchaser and Purchaser's counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Target from securityholders or regulatory agencies in connection with the Arrangement or the Target Meeting; (ii) any filings under applicable Laws; and (iii) any dealings with regulatory agencies or other governmental authorities in connection with the transactions contemplated hereby;
- (u) Target shall solicit proxies to be voted at the Target Meeting in favour of matters to be considered at the Target Meeting, including the Arrangement Resolution, and, if requested by Purchaser, shall hire a proxy solicitation agent to solicit proxies in this regard; provided that, in the event that this Agreement is terminated prior to the Target Meeting pursuant to subsections 8.1(a), 8.1(b), 8.1(c), 8.1(d) (provided Target is seeking such termination) or 8.1(f), the Parties agree that they shall share the expense of such proxy solicitation agent equally;

- (v) Target shall conduct the Target Meeting in accordance with the Interim Order, the by-laws of Target and any instrument governing the Target Meeting, as applicable, and as otherwise required by Law;
- (w) Target shall make all necessary filings and applications under Canadian federal and provincial and U.S. federal and state Laws and the Laws of any other applicable jurisdiction required to be made on the part of Target in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such Laws;
- (x) Target shall promptly advise Purchaser of any written notice of dissent or purported exercise by any Target Shareholder of Dissent Rights received by Target in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by Target and, subject to applicable Laws, any written communications sent by or on behalf of Target to any Target Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. Target shall not make any payment or settlement offer, or agree to any such settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights unless Purchaser shall have given its prior written consent to such payment, settlement offer or settlement as applicable:
- (y) Target shall, up to and including the Effective Date, continue to withhold from each payment to be made or deemed to be made to any of its present or former employees (which includes directors and officers) and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts that are required to be withheld by any applicable Laws and Target shall remit such withheld amounts to the proper governmental authority within the times prescribed by such applicable Laws;
- (z) prior to the Effective Date, Target shall cooperate with Purchaser in making application to list the Purchaser Shares to be issued pursuant to the Arrangement on the TSX;
- (aa) Target shall make application to the TSX or the TSXV and use its reasonable commercial efforts to obtain the approval of the TSX or the TSXV for the listing on the Effective Date of the ExploreCo Shares on such exchange;
- (bb) Target shall take all reasonable actions to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (cc) Target shall not take any action or enter into any transaction, other than a transaction contemplated by this Agreement or a transaction undertaken in the ordinary course of business consistent with past practice, that could reasonably be expected to have the effect of eliminating or reducing the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and (d) of the Tax Act otherwise available to Purchaser and its successors and assigns in respect of the non-depreciable capital properties owned by Target as of the date of this Agreement or acquired by such entities subsequent to the date of this Agreement in accordance with the terms of this Agreement, without first consulting with Purchaser and Target will use its commercially reasonable efforts to address the reasonable concerns of Purchaser in regards to such provisions prior to taking or allowing a Target subsidiary to take such action or transaction; and
- (dd) Target and its subsidiaries shall (i) duly and timely file, in accordance with applicable Laws, all Returns required to be filed by it on or after the date hereof within the time periods required; (ii) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws; (iii) not make or rescind any material election relating to Taxes; (iv) not make a request for a tax ruling or enter into a closing agreement with any taxing authorities; (v) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to

Taxes; and (vi) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending December 31, 2011, except as may be required by applicable Laws or accounting standards.

3.3 Covenants of Target with respect to ExploreCo

Target shall cause ExploreCo to acknowledge and agree that, from and after the Effective Date, ExploreCo shall make available to any owner of at least 1% of the outstanding ExploreCo Shares (an **ExploreCo Reporting Shareholder**):

- (a) any information reasonably available to ExploreCo and its subsidiaries and affiliates which is requested by an ExploreCo Reporting Shareholder in writing in order for the ExploreCo Reporting Shareholder or any of its beneficial owners to make required U.S. Internal Revenue Service filings relating to ExploreCo's status as a "controlled foreign corporation" within the meaning of section 957 of the Code;
- (b) any information reasonably available to ExploreCo and its subsidiaries and affiliates that is requested by an ExploreCo Reporting Shareholder in writing and is reasonably necessary in order to determine whether ExploreCo or any of its subsidiaries or affiliates is a "passive foreign investment company" (a **PFIC**) within the meaning of Section 1297 of the Code; and
- (c) if ExploreCo or any ExploreCo Reporting Shareholder reasonably determines that ExploreCo or any of its subsidiaries or affiliates is a PFIC, ExploreCo shall comply with the information and other reporting requirements set forth in Subtitle A, Chapter 1 subchapter P, Part VI of the Code and the U.S. Treasury Regulations promulgated thereunder (including, but not limited to, the information and reporting requirements set forth in Section 1295 of the Code and the U.S. Treasury Regulations promulgated thereunder) and ExploreCo shall provide any ExploreCo Reporting Shareholder with such information as it may request in writing with respect to ExploreCo and its subsidiaries and affiliates that is reasonably necessary to permit the ExploreCo Reporting Shareholder to elect to treat ExploreCo or any of its subsidiaries or affiliates as a "qualified electing fund" (within the meaning of section 1295 of the Code) for U.S. federal income tax purposes.

3.4 Mutual Covenants Regarding the Arrangement

From the date hereof until the Effective Date, each of Purchaser and Target shall use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) to effect all necessary registrations and filings and submission of information requested by Governmental Entities required to be effected by it in connection with the Arrangement, including without limitation, the Regulatory Approvals, and each of Purchaser and Target shall use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 including continuing to provide reasonable access to information and to maintain ongoing communications as

between representatives of Purchaser and Target, subject in all cases to the Confidentiality Agreement;

- (d) prior to the Effective Time, Target and its subsidiaries shall, and from and after the Effective Time if Target and its subsidiaries are unable to, Purchaser shall or shall cause Target and its subsidiaries to, obtain and fully pay a single premium for the non-cancellable extension of the directors' and officers' liability coverage of Target's and its subsidiaries' existing directors' and officers' insurance policies for a claims reporting or run-off and extended reporting period and claims reporting period of at least six years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as Target's current insurance carriers with respect to directors' and officers' liability insurance (D&O Insurance), and with terms, conditions, retentions and limits of liability that are no less advantageous to each present and former director and officer of Target and its subsidiaries than the coverage provided under the existing policies of Target and its subsidiaries in respect of claims arising from facts or events which existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby); provided, however, that Target and its subsidiaries shall not acquire such insurance (and Purchaser shall not be required to cause Target and its subsidiaries to purchase such insurance) if the premium therefor exceeds 200% of the annual premium paid by Target and its subsidiaries in respect of their existing D&O Insurance as of the date hereof. If Target and its subsidiaries for any reason fail to obtain such "run-off" insurance policies as of the Effective Time, Target and its subsidiaries shall continue to maintain in effect for a period of at least six years from and after the Effective Time the D&O Insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are no less advantageous than the coverage provided under Target's and its subsidiaries' existing policies as of the date hereof, or Target shall purchase comparable D&O Insurance for such six year period with terms, conditions, retentions and limits of liability that are at least as favourable as provided in Target's existing policies as of the date hereof; provided, however, that if such comparable insurance cannot be obtained, or can only be obtained by paying an annual premium in excess of 200% of the annual premium paid by Target and its subsidiaries in respect of their D&O Insurance as of the date hereof. Target shall only be required to obtain as much coverage as can be acquired by paying an annual premium equal to 200% of the annual premium paid by Target and its subsidiaries in respect of their existing D&O Insurance as of the date hereof; and
- (e) reasonably cooperate with the other Party and its tax advisors in structuring the Arrangement, the Pre-Acquisition Organization, the ExploreCo Organization Transaction and the Alternate ExploreCo Organization, as the case may be, in a tax effective manner, and assist the other Party and its tax advisors in making such investigations and inquiries with respect to such Party in that regard, as the other Party and its tax advisors shall consider necessary, acting reasonably, provided that such Party shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement by any of its securityholders.

Without limiting the generality of Section 3.3(c), as soon as reasonably practicable after the date hereof, Purchaser and Target shall identify any Regulatory Approvals deemed by them to be necessary to discharge their respective obligations under this Agreement and each Party, or where appropriate, the Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Entities required or advisable, and shall use its reasonable best efforts to obtain and maintain the Regulatory Approvals. Without limiting the generality of the foregoing, as soon as reasonably practicable after the date hereof: (i) Purchaser shall file an application for review pursuant to Section 17 of the Investment Canada Act to the Director of Investments in respect of the transactions contemplated by this Agreement and, contemporaneously therewith or promptly thereafter, shall submit to the Director of Investments under the Investment Canada Act proposed written undertakings or plans to Her Majesty in right of Canada; and (ii) Purchaser shall pay any filing fee payable to a Governmental Entity in connection with a Regulatory Approval. If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any

proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law or as not satisfying any applicable legal text under a Law necessary to obtain the Regulatory Approvals, the Parties shall use their reasonable best efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date. Notwithstanding any of the foregoing, the covenants of the Purchaser to use reasonable best efforts to obtain and maintain the Regulatory Approvals shall not require Purchaser to make or agree to any undertaking, plan, agreement, or action required to obtain and maintain such Regulatory Approvals that would have a substantial negative financial impact on, or impose a substantial negative burden on, Purchaser (on a consolidated basis).

3.5 Target's Covenants Regarding Non-Solicitation

- (a) Target shall immediately cease and cause to be terminated all existing discussions or negotiations (including through any of its officers, directors, employees, advisors (including investment bankers acting under an engagement with Target), representatives and agents (Representatives)), if any, with any parties initiated before the date of this Agreement with respect to, or which constitute or may reasonably be expected to constitute or lead to, an Acquisition Proposal and, in connection therewith, Target shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Target relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding Target and shall use all reasonable commercial efforts to ensure that such requests are honoured. Target agrees that it shall not terminate, waive, amend or modify any standstill provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it is a party, or otherwise (it being acknowledged and agreed that the automatic termination of any standstill provisions contained in any such agreement as the result of the entering into and announcement of this Agreement by Target, pursuant to the express terms of any such agreement, shall not be a violation of this subsection 3.5(a)). Target undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof.
- (b) Target shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:
 - (i) solicit, facilitate, initiate, encourage or take any action to solicit, facilitate, initiate, entertain or encourage any inquiries or communication regarding or the making of any proposal or offer that constitutes or may constitute an Acquisition Proposal, including by way of furnishing information, and shall promptly notify Purchaser in writing of any Acquisition Proposal that it or they receive after the date of this Agreement;
 - (ii) enter into or participate in any negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to its businesses, properties, operations or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing:
 - (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including any "standstill provisions" thereunder; or

(iv) accept, recommend, approve, agree to, endorse or propose publically to accept recommend, approve, agree to, or endorse any Acquisition Proposal or an agreement in respect thereof;

provided, however, that notwithstanding any other provision hereof, Target and its Representatives may prior to obtaining the approval of the Arrangement Resolution by the Target Shareholders at the Target Meeting (but not thereafter):

- (v) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Target or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Purchaser as set out below), may furnish to such third party information concerning Target and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a written bona fide Acquisition Proposal: (1) that did not result from a breach of this Agreement; (2) that is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the Target Board, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (3) that the Target Board determines in good faith after consultation with its financial advisor(s), would if consummated in accordance with its terms, result in a transaction financially superior for Target Shareholders compared to the transaction contemplated by this Agreement: (4) that the Target Board determines in good faith after consultation with its financial advisor(s) and outside legal counsel, is reasonably likely to be consummated without undue delay within the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (5) in respect of which the Target Board determines in good faith, as reflected in minutes of the Target Board, after receiving the advice of outside legal counsel, that the taking of such action is necessary for the Target Board to act in a manner consistent with its fiduciary duties under applicable Laws (any such Acquisition Proposal meeting all of the requirements of this subsection 3.4(b)(v)(A), a **Superior Proposal**);
 - (B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Target provides prompt notice to Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality and standstill agreement referenced above and if not previously provided to Purchaser, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Target shall notify Purchaser orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to Purchaser, copies of all information provided to such party and all other information reasonably requested by Purchaser),

within 24 hours of the receipt thereof, and Target shall keep Purchaser informed of the status and details of any such inquiry, offer or proposal and answer Purchaser's reasonable questions with respect thereto;

- (vi) comply with Multilateral Instrument 62-104 Take-over Bids and Issuer Bids and similar provisions under applicable Canadian securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
- (vii) (A) accept, recommend, approve or (B) enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Target Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of outside counsel as reflected in minutes of the Target Board, that the taking of such action is necessary for the Target Board in discharge of its fiduciary duties under applicable Laws and Target complies with its obligations set forth in Section 3.5(c) and, in the case of (B), terminates this Agreement in accordance with Section 8.1(g) and concurrently therewith pays the amount required by Section 6.1.
- (c) In the event that Target is in receipt of a Superior Proposal, it shall give Purchaser, orally and in writing, at least five complete Business Days advance notice of any decision by the Target Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall (i) confirm that the Target Board has determined that such Acquisition Proposal constitutes a Superior Proposal; (ii) identify the third party making the Superior Proposal; and (iii) include a true and complete copy thereof and any amendments thereto. During such five Business Day period, Target agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw. redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five Business Day period, Target shall, and shall cause its financial and legal advisors to, negotiate in good faith with Purchaser and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable Target to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Purchaser agrees to amend this Agreement and the Arrangement to provide that the holders of Target Shares shall receive a value per Target Share equal to or having a value greater than the value per Target Share provided in the Superior Proposal and so advises the Target Board, in writing, prior to the expiry of such five Business Day period, the Target Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, Purchaser shall have no obligation to make or negotiate any changes to this Agreement or the Arrangement in the event that Target is in receipt of a Superior Proposal.
- (d) Target shall ensure that its Representatives are aware of the provisions of this Section 3.5. Target shall be responsible for any breach of this Section 3.5 by its Representatives.

3.6 Access to Information

From the date hereof and until the earlier of the Effective Date and the termination of this Agreement, Target shall, subject to all applicable Laws and any confidentiality obligations owed by Target to a third party or in respect to customer specific or competitively sensitive information and in accordance with the Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, provide Purchaser and its Representatives access, during normal business hours and at such other time or

times as Purchaser may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to Purchaser all information concerning its business, properties and personnel as Purchaser may reasonably request, in order to permit Purchaser to be in a position to expeditiously and efficiently integrate the business and operations of Target with those of Purchaser immediately upon but not prior to the Effective Date. Target agrees to keep Purchaser fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of Target.

Without limiting the generality of any of the other provisions of this Agreement, Target shall make available to Purchaser all land, legal, title documents and related files, geologic maps, well files and well logs, books, papers, financial information and pertinent documents or agreements.

In addition, each of the Parties agrees to:

- (a) permit the legal and professional representatives and agents of the other full access to such other's books, records and documents, provided that the disclosing party is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith; and
- (b) endeavour to include in the information furnished to the other, or obtained by the other in the course of the aforesaid investigations, all information which would reasonably be considered to be relevant for the purposes of the other's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.

The Parties acknowledge and agree that all information provided by one Party to the other pursuant to this Section 3.6 shall remain subject to the provisions of the Confidentiality Agreement.

3.7 Pre-Acquisition Reorganizations

- (a) Target agrees that, upon request by the Purchaser, Target shall and shall cause the Target Subsidiaries to (i) effect such reorganizations (including for tax and regulatory purposes and to effect the transfer of the ExploreCo Assets to ExploreCo in accordance with Section 2.5 hereof) of its business, operations and assets or such other transactions as Purchaser may request, acting reasonably (each a **Pre-Acquisition Reorganization**) and (ii) co-operate with Purchaser and its Representatives in order to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they might most effectively be undertaken; provided that:
 - (i) any Pre-Acquisition Reorganization shall not become effective unless Purchaser shall have waived or confirmed in writing the satisfaction of all conditions in its favour in Section 5.1 and Section 5.2 and shall have confirmed in writing that it is prepared to promptly without condition (other than the satisfaction of the condition contemplated by Section 5.2(b)) proceed to effect the Arrangement;
 - (ii) the Pre-Acquisition Reorganizations are not prejudicial to Target, any Target Subsidiaries or the Target Shareholders in any material respect;
 - (iii) the Pre-Acquisition Reorganizations do not unreasonably interfere in the ongoing operations of Target or any Target Subsidiaries;
 - (iv) the Pre-Acquisition Reorganizations do not result in (i) any material breach by Target of an existing contract or commitment of Target; or (ii) a breach of any Law;

- (v) the Pre-Acquisition Reorganizations do not require the approval of the Target Shareholders or any other Target securityholders;
- (vi) Target and the Target Subsidiaries shall not be obligated to take any action that could result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of Target incrementally greater than the Taxes or other consequences to such party in connection with the Arrangement and the Amalgamation in the absence of any Pre-Acquisition Reorganization; and
- (vii) Target and the Target Subsidiaries shall not be obligated to take any action which may result in Target or its subsidiaries being unable to operate the ExploreCo Assets: (a) through ExploreCo or a direct or indirect subsidiary thereof; or (b) through Grupo C&C Energia (Barbados) Ltd., C&C Energia Llanos Ltd. or another subsidiary of Purchaser, on terms and conditions satisfactory to both Parties, acting reasonably.

Purchaser shall provide written notice to Target of any proposed Pre-Acquisition Reorganization at least ten Business Days prior to the Effective Date. Upon receipt of such notice, the Parties shall work co-operatively and use commercially reasonable efforts to prepare prior to the Effective Date all documentation necessary and all such other acts and things as necessary to give effect to such Pre-Acquisition Reorganization. Purchaser agrees to waive any breach of a representation, warranty or covenant by Target where such breach is a result of an action taken by Target or its subsidiary in good faith pursuant to a request by Purchaser in accordance with this Section 3.7. Purchaser shall indemnify Target, its subsidiaries and their respective officers, directors and employees (to the extent that such employees are assessed with statutory liability therefor) for all direct and indirect costs or losses, including any adverse Tax consequences, out-of-pocket costs and expenses, including out-of-pocket legal fees and disbursements, incurred in connection with any proposed Pre-Acquisition Reorganization or the unwinding of any Pre-Acquisition Reorganization.

(b) Notwithstanding subsection 3.7(a), the Purchaser and Target shall, each at their own expense, co-operate to determine the most advantageous manner to establish ExploreCo and directly or indirectly transfer the ExploreCo Assets and cash of U.S.\$88.5 million thereto (an Alternate ExploreCo Organization Transaction). In the event that the Purchaser and Target mutually agree to proceed with an Alternate ExploreCo Organization Transaction, the Parties shall take such steps as necessary to effect the Alternate ExploreCo Organization Transaction prior to the Effective Time, in which case the parties agree that the ExploreCo Organization Transaction as set out in Schedule "C" will not be effected.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Purchaser

Purchaser hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of Target and acknowledges that Target is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) Each of Purchaser and the Purchaser Subsidiaries is a corporation or partnership duly incorporated, amalgamated, continued or created, as applicable, and validly subsisting under the Laws of its jurisdiction of incorporation, amalgamation, continuation or creation, as applicable, and has the requisite power and authority to carry on its business as it is now being conducted. Each of Purchaser and the Purchaser Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except

where the failure to be so registered or in good standing would not have a Material Adverse Effect on Purchaser and the Purchaser Subsidiaries, taken as a whole.

- (b) As of the date hereof, Purchaser has no material subsidiaries other than the Purchaser Subsidiaries and, except as disclosed in writing, Purchaser has no interest in any partnership, corporation or other business organization. As of the date hereof, except as disclosed in writing, Purchaser directly or indirectly, owns all of the outstanding securities of each of the Purchaser Subsidiaries. All of the issued and outstanding securities of each of the Purchaser Subsidiaries held directly by Purchaser are duly authorized, validly issued, fully paid and non-assessable and, except as disclosed in writing, all such securities of the Purchaser Subsidiaries are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities of the Purchaser Subsidiaries.
- (c) Purchaser has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by the board of directors of Purchaser and no other corporate proceedings on the part of Purchaser are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.
- Neither the execution and delivery of this Agreement by Purchaser, the consummation by (d) Purchaser of the transactions contemplated hereby nor compliance by Purchaser with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Purchaser under, any of the terms. conditions or provisions of (x) the articles, by-laws or other constating documents of Purchaser, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust. agreement, lien, contract or other instrument or obligation to which Purchaser is a party or to which it or its properties or assets, may be subject or by which Purchaser is bound; or (ii) subject to compliance with applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Purchaser (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on Purchaser, taken as a whole, or on the ability of Purchaser to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on Purchaser, taken as a whole.
- (e) Other than in connection with or in compliance with the provisions of applicable Laws:
 - (i) there is no legal impediment to Purchaser's consummation of the transactions contemplated by this Agreement; and
 - (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Purchaser in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Purchaser to consummate the transactions contemplated hereby.

- (f) Purchaser has authorized an unlimited number of Purchaser Shares and an unlimited number of preferred shares issuable in series, of which, as at the date hereof, 295,537,819 Purchaser Shares are issued and outstanding. In addition, as at the date hereof, Purchaser has issued and outstanding 24,929,465 options entitling holders thereof to acquire 24,929,465 Purchaser Shares. As at September 30, 2012, Purchaser had 2,700 convertible debentures outstanding convertible into 210,444 Purchaser Shares, in aggregate. Except as aforesaid, there are no outstanding securities of Purchaser or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any securities of Purchaser or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Purchaser of any securities of Purchaser or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Purchaser. All outstanding Purchaser Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights.
- (g) Since the date of the Purchaser Financial Statements, except as disclosed in the Purchaser Public Record:
 - (i) there has not been any Material Adverse Change in respect of Purchaser on a consolidated basis and there have been no material facts, transactions, events or occurrences which, to the knowledge of Purchaser, would reasonably be expected to have a Material Adverse Effect on Purchaser and the Purchaser Subsidiaries (taken as a whole);
 - (ii) each of Purchaser and the Purchaser Subsidiaries has conducted its business only in the ordinary and normal course; and
 - (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Purchaser or the Purchaser Subsidiaries has been incurred other than in the ordinary and normal course of business.
- (h) The data and information in respect of Purchaser and their assets, reserves, liabilities, business and operations provided by Purchaser or its advisors to Target or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof. Purchaser has no knowledge of any Material Adverse Change to the oil and gas reserves of Purchaser from that disclosed in such data and information.
- (i) The information and statements set forth in the Purchaser Public Record as at the date hereof, as it relates to Purchaser, are true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Purchaser which is not disclosed in the Purchaser Public Record, and Purchaser has not filed any confidential material change reports which continue to be confidential.
- (j) Except as disclosed in the Purchaser Public Record or as otherwise disclosed in writing to Target by Purchaser prior to the date hereof, there are no outstanding claims, suits, actions or proceedings against Purchaser which, if determined adversely to Purchaser, taken as a whole, would have a Material Adverse Effect on Purchaser and the Purchaser Subsidiaries, taken as a whole, or on the ability of Purchaser to consummate the transactions contemplated hereby and, to the knowledge of Purchaser, no such claims, suits, actions or proceedings are pending or threatened.
- (k) Purchaser made available to Petrotech Engineering Ltd. and RPS Energy Canada Ltd. (collectively, the **Engineers**), prior to the issuance of such Engineers' reports dated February

27, 2012 and February 23, 2012, respectively, each report being effective December 31, 2011, (collectively, the **Purchaser Report**) evaluating the crude oil, natural gas and natural gas liquids reserves of Purchaser, for the purpose of preparing such report, all information requested by the Engineers, which information did not contain any material misrepresentation at the time such information was so provided and, except for any impact of changes in commodity prices, which may or may not be material, Purchaser has no knowledge of a Material Adverse Change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Purchaser Report. Purchaser believes that the Purchaser Report complies with the requirements of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities in all material respects and believes that the Purchaser Report reasonably presented the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the properties evaluated therein as at the date stated therein based upon information available at the time the Purchaser Report was prepared and the assumptions as to commodity prices and costs contained therein. The Engineers have not re-evaluated any of the reserves of Purchaser since the Purchaser Report.

- (I) Although it does not warrant title, Purchaser does not have reason to believe that Purchaser or any of the Purchaser Subsidiaries does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the **Interests**) and does represent and warrant that the Interests are free and clear of adverse claims created by, through or under Purchaser or the Purchaser Subsidiaries, except those related to bank financing or those arising in the ordinary course of business, and Purchaser and each of the Purchaser Subsidiaries holds its Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements except where the failure to so hold the Interest would not have a Material Adverse Effect upon Purchaser and the Purchaser Subsidiaries, taken as a whole.
- (m) Although it does not warrant title, Purchaser is not aware of any defects, failures or impairments in the title of Purchaser or any of the Purchaser Subsidiaries to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (A) the quantity and pre-tax present worth values of the oil and gas reserves of Purchaser or any of the Purchaser Subsidiaries shown in the applicable independent engineering report attributable to such properties; (B) the current production volumes of Purchaser or any of the Purchaser Subsidiaries; or (C) the current consolidated cash flow of Purchaser and the Purchaser Subsidiaries on a consolidated basis.
- (n) The Purchaser Financial Statements were prepared and present fairly, in accordance with International Financial Reporting Standards, consistently applied, the financial position and condition of Purchaser and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Purchaser and its subsidiaries on a consolidated basis for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Purchaser and its subsidiaries on a consolidated basis as at the dates thereof.
- (o) Except as disclosed in writing by Purchaser to Target, Purchaser is, and since December 31, 2011 has been, in compliance with, and to the knowledge of Purchaser is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable Law, except for failures to comply or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

- (p) Except to the extent that any violation or other matter referred to in this subsection does not have a Material Adverse Effect on Purchaser and the Purchaser Subsidiaries (taken as a whole), in respect of each of Purchaser and the Purchaser Subsidiaries:
 - (i) it is not in violation of any applicable federal, provincial, municipal or local Laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, the **Environmental Laws**);
 - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws:
 - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Purchaser or any of the Purchaser Subsidiaries that have not been remedied:
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Purchaser or any of the Purchaser Subsidiaries;
 - (v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law; and
 - (vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under applicable Environmental Laws in the jurisdiction in which it conducts its business, neither Purchaser nor any of the Purchaser Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.
- (q) Purchaser has complied with, performed, observed and satisfied all material terms, conditions, covenants, obligations and liabilities which have arisen under any title and operating documents affecting its interests in its assets or any applicable Laws relating to such interests and which are required to be satisfied, performed or observed by Purchaser except where such non-compliance would not reasonably be expected to have a Material Adverse Effect.
- (r) No securities commission or similar regulatory authority or stock exchange in Canada or any other jurisdiction applicable to Purchaser has issued any order which is currently outstanding preventing or suspending trading in any securities of Purchaser, no such proceeding is, to the knowledge of Purchaser, pending, contemplated or threatened and Purchaser is not, to its knowledge, in default of any requirement of any securities Laws, rules or policies applicable to Purchaser or its securities.
- (s) The board of directors of Purchaser has approved this Agreement.

- (t) The corporate records and minute books, books of account and other records of Purchaser and the Purchaser Subsidiaries have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.
- (u) Purchaser is a reporting issuer (where such concept exists) in all the provinces of Canada, except Quebec, and is in material compliance with all applicable Laws therein and the Purchaser Shares are listed and posted for trading on the TSX and Purchaser is in material compliance with the rules of the TSX.
- (v) Equity Financial Trust Company, at its principal office in Toronto, Ontario, is the duly appointed registrar and transfer agent of Purchaser with respect to the Purchaser Shares.
- (w) Purchaser and the Purchaser Subsidiaries has paid or provided adequate accruals in the Purchaser Financial Statements for the period ended December 31, 2011 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada.
- (x) All Returns required to be filed by Purchaser or any of the Purchaser Subsidiaries have been duly filed, in all material respects, on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes or instalments of Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes or instalments of Taxes are payable by Purchaser or any of the Purchaser Subsidiaries with respect to items or periods covered by such Returns.
- (y) No material deficiencies exist or have been asserted with respect to Taxes of Purchaser or any of the Purchaser Subsidiaries. Purchaser and each of the Purchaser Subsidiaries have withheld any Taxes required to be withheld pursuant to any applicable Laws and have paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable governmental authority.
- (z) To the knowledge of the Purchaser, Purchaser is not in default under its existing bank facilities and, to the knowledge of Purchaser, its banker is not contemplating any reduction in Purchaser's borrowing facilities, which are currently U.S.\$750 million in the aggregate, prior to giving effect to the Arrangement.
- (aa) To the knowledge of Purchaser, Purchaser has not withheld from Target any material information or documents concerning Purchaser or any of the Purchaser Subsidiaries or their respective assets or liabilities during the course of Target's review of Purchaser, the Purchaser Subsidiaries and their respective assets which have been requested by Target or any of its Representatives. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided to Target by Purchaser pursuant hereto contains any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (bb) Purchaser is a "foreign private issuer" within the meaning of Rule 3b-4 under the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**).
- (cc) Purchaser is not a "shell company" as such term is defined in Rule 405 under the U.S. Securities Act.
- (dd) Purchaser is not an "investment company" within the meaning of the U.S. Investment Company Act of 1940, as amended.

(ee) Based on Purchaser's income and assets for the current taxable year, Purchaser does not believe it is a "passive foreign investment company" for purposes of section 1297 of the Code and does not expect to become a PFIC in the foreseeable future.

4.2 Representations and Warranties of Target

Target hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of Purchaser and acknowledges that Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Each of Target and the Target Subsidiaries is a corporation or partnership duly incorporated, amalgamated, continued or created, as applicable, and validly subsisting under the Laws of its jurisdiction of incorporation, amalgamation, continuation or creation, as applicable, and has the requisite power and authority to carry on its business as it is now being conducted. Each of Target and the Target Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Target and the Target Subsidiaries, taken as a whole.
- (b) As of the date hereof, Target has no subsidiaries other than the Target Subsidiaries and, except as disclosed in writing, Target has no interest in any partnership, corporation or other business organization. As of the date hereof, except as disclosed in writing, Target directly or indirectly owns all of the outstanding securities of each of the Target Subsidiaries free and clear of any Liens. All of the issued and outstanding securities of each of the Target Subsidiaries held by Target are duly authorized, validly issued, fully paid and non-assessable and all such securities of the Target Subsidiaries are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities of the Target Subsidiaries.
- (c) Target has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Target of the transactions contemplated hereby have been duly authorized by the Target Board and, subject to obtaining approval of the Target Shareholders, no other corporate proceedings on the part of Target are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Target and constitutes a legal, valid and binding obligation of Target enforceable against Target in accordance with its terms.
- (d) Except as disclosed in writing, neither the execution and delivery of this Agreement by Target, the consummation by Target or any of its subsidiaries of the transactions contemplated hereby nor compliance by Target or any of its subsidiaries with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Target or any of the Target Subsidiaries under, any of the terms, conditions or provisions of (x) the articles, by-laws or other constating documents of Target or any of its subsidiaries, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Target or any of the Target Subsidiaries is a party or to which it, or its properties or assets, may be subject or by which Target or any of its subsidiaries is bound (subject to obtaining the consent of Target's bankers and the consent of Target's landlords under its office leases); or (ii) subject to compliance with applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree,

statute, ordinance, rule or regulation applicable to Target or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any Material Adverse Effect on Target and its subsidiaries, taken as a whole, or on the ability of Target or the Target Subsidiaries to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a Material Adverse Effect on Target and its subsidiaries (taken as a whole).

- (e) Other than in connection with or in compliance with the provisions of applicable Laws:
 - (i) there is no legal impediment to Target's consummation of the transactions contemplated by this Agreement; and
 - (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Target in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Target to consummate the transactions contemplated hereby.
- (f) Target has authorized an unlimited number of Target Shares and an unlimited number of preferred shares issuable in series, of which, as at the date hereof, Target has issued and outstanding 63,842,503 Target Shares. In addition, as at the date hereof Target has issued and outstanding 4,658,568 Target Options entitling the holders thereof to acquire 4,658,568 Target Shares and 798,934 Target Warrants entitling the holders thereof to acquire 798,934 Target Shares. Target has disclosed in writing to Purchaser prior to the execution of this Agreement the particulars of all grants and issuances of Target Options and Target Warrants, including the holders thereof, exercise prices, grant dates and expiry dates. Except as aforesaid, there are no outstanding shares of Target or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Target or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Target of any shares of Target (including Target Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Target. All outstanding Target Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights, and all Target Shares issuable upon exercise or conversion of outstanding Target Options and Target Warrants in accordance with their terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (g) Since the date of the Target Financial Statements, except as disclosed in the Target Public Record:
 - there has not been any Material Adverse Change in respect of Target on a consolidated basis and there have been no material facts, transactions, events or occurrences which, to the knowledge of Target, would reasonably be expected to have a Material Adverse Effect on Target and its subsidiaries (taken as a whole);
 - (ii) each of Target and the Target Subsidiaries has conducted its business only in the ordinary and normal course; and
 - (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Target or any of its subsidiaries has been incurred other than in the ordinary and normal course of business.

- (h) Target has no knowledge of any Material Adverse Change to the oil and gas reserves of Target from that disclosed in such data and information.
- (i) The information and statements set forth in the Target Public Record as at the date thereof, as it relates to Target, are true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Target which is not disclosed in the Target Public Record, and Target has not filed any confidential material change reports which continue to be confidential.
- (j) Except as disclosed in writing, there are no outstanding claims, suits, actions or proceedings against Target or any of its subsidiaries and, to the knowledge of Target, no such claims, suits, actions or proceedings are pending or threatened.
- (k) The Target Financial Statements were prepared and present fairly, in accordance with Canadian GAAP, consistently applied, the financial position and condition of Target and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Target and its subsidiaries on a consolidated basis for the periods then ended (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Target and its subsidiaries on a consolidated basis as at the dates thereof.
- (I) Except as disclosed in writing to Purchaser by Target prior to the execution of this Agreement, there are no material contracts or agreements to which Target or the Target Subsidiaries is a party or by which it is bound as at the date hereof. For the purposes of this subsection, any contract or agreement pursuant to which Target or the Target Subsidiaries will, or may reasonably be expected to, result in a requirement of Target or the Target Subsidiaries to expend more than an aggregate of \$3 million or receive or be entitled to receive revenue of more than \$3 million in either case in the next 12 months, or is out of the ordinary course of business of Target or the Target Subsidiaries, shall be considered to be material.
- (m) Target does not have in effect any commission plan, profit sharing plan, pension plan, royalty plan or arrangement, defined benefit plan or employee benefit plan for the benefit of any of its employees, officers, directors or shareholders, other than (i) the Target Stock Option Plan; (ii) the Target SARs Plan; (iii) the health benefit plans of Target; and (iv) the bonus plan of Target, the details of which have been disclosed in writing to Purchaser by Target prior to the execution of this Agreement, and Target has made no agreements or promises with respect to any such plans that shall survive the Effective Date.
- (n) Except as disclosed in writing to Purchaser prior to the execution of this Agreement, Target does not have in place or in effect any employment agreements, consulting agreements or other change of control agreements which provide for a payment accruing as a result of the Arrangement or other change of control of Target and Target shall have disclosed in writing to Purchaser prior to the execution of this Agreement all severance amounts, consulting contract termination obligations and/or retention or bonuses that may be payable by Target and Target does not have any consulting agreements that are not terminable on more than one month's notice.
- (o) Except as disclosed in writing to Purchaser prior to the execution of this Agreement Target does not have any currently outstanding hedges, swaps or other financial instruments or like transactions.
- (p) Target and its subsidiaries are, and since December 31, 2011 have been, in compliance with, and to the knowledge of Target, are not under investigation with respect to and have not been threatened to be charged with or given notice of any violation of, any applicable

Law, except for failures to comply or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

- (q) Target has complied with, performed, observed and satisfied all material terms, conditions, covenants, obligations and liabilities which have arisen under any title and operating documents affecting its interests in its assets or any applicable Laws relating to such interests and which are required to be satisfied, performed or observed by Target except where such non-compliance would not reasonably be expected to have a Material Adverse Effect.
- (r) No securities commission, stock exchange or similar regulatory authority in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Target, no such proceeding is, to the knowledge of Target, pending, contemplated or threatened and Target is not, to its knowledge, in default of any requirement of any securities Laws, rules or policies applicable to Target or its securities.
- (s) There are no payments to directors, officers and employees of Target prior to the Effective Date under all contract settlements, bonus plans, retention arrangements, change of control agreements and severance obligations (whether resulting from termination or alteration of duties) other than the amounts payable pursuant to payments referenced in subsection 3.2(d).
- (t) Other than the engagement of FirstEnergy pursuant to an agreement (the **FirstEnergy Engagement Letter**) dated October 18, 2012 between Target and FirstEnergy and as disclosed in writing to the Purchaser, Target has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have Purchaser pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. The aggregate fees payable to FirstEnergy pursuant to the FirstEnergy Engagement Letter shall not exceed the amount disclosed in writing to Purchaser by Target prior to the execution of this Agreement.
- (u) All Transaction Costs (including all Change of Control Payments and all financial advisory, legal, engineering, audit and insurance costs and expenses (other than the costs and expenses incurred or to be incurred to obtain insurance for the purpose of complying with the obligations set forth in subsection 3.4(d))) related to the Arrangement and the transactions contemplated hereby of Target (collectively, the **Transaction Costs**) will not exceed \$7 million.
- (v) The Target Board has unanimously (other than the directors who have recused themselves from the process of considering the transactions contemplated herein) endorsed the Arrangement and approved this Agreement, determined that the Arrangement and the entering into of this Agreement are in the best interests of Target, determined that the consideration to be received by the Target Shareholders pursuant to the Arrangement is fair to the Target Shareholders and resolved to recommend approval of the Arrangement by the Target Shareholders.
- (w) Target is not a party to and, prior to the Effective Date, Target will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Target Shares or other securities of Target or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (x) To the knowledge of Target, none of the Target Shares are the subject of any escrow, voting trust or other similar agreement.

- (y) As at September 30, 2012, Target has authorizations for expenditures and other like commitments, the outstanding portion of which, in the aggregate, does not exceed the amount disclosed in writing to Purchaser by Target and all such authorizations and commitments are disclosed in writing to Purchaser by Target prior to the execution of this Agreement.
- (z) To the knowledge of Target, all accounts receivable in any material amount of Target are collectible.
- (aa) Except to the extent that any violation or other matter referred to in this subsection does not have a Material Adverse Effect on Target and its subsidiaries, taken as a whole, in respect of each of Target and its subsidiaries:
 - (i) it is not in violation of any Environmental Laws;
 - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws:
 - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Target or any of its subsidiaries that have not been remedied:
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Target or any of its subsidiaries;
 - (v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law; and
 - (vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under applicable Environmental Laws in the jurisdiction in which it conducts its business, neither Target nor any of its subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.
- (bb) The corporate records and minute books, books of account and other records of Target and each of its subsidiaries have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.
- (cc) Target is a reporting issuer (where such concept exists) in all of the provinces of Canada and is in material compliance with all applicable Laws therein and the Target Shares are listed and posted for trading on the TSX and Target is in material compliance with the rules of the TSX.

- (dd) Valiant Trust Company, at its principal office in Calgary, Alberta, is the duly appointed registrar and transfer agent of Target with respect to the Target Shares.
- (ee) All Returns required to be filed by Target or the Target Subsidiaries have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes or instalments of Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes or instalments of Taxes are payable by Target or the Target Subsidiaries with respect to items or periods covered by such Returns.
- (ff) Target has paid or provided adequate accruals in the Target Financial Statements for the periods ended December 31, 2011 and September 30, 2012 for Taxes for the Target and the Target Subsidiaries, including income taxes and related future taxes, in conformity with Canadian GAAP.
- (gg) No material deficiencies exist or have been asserted with respect to Taxes of Target or any of its subsidiaries. Neither Target nor the Target Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor to the knowledge of Target, has such event been asserted or threatened against Target, the Target Subsidiaries or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to any Taxes or Returns of Target or the Target Subsidiaries. To the best of Target's knowledge, the Returns have never been audited by a governmental or taxing authority, nor is any such audit in process or to the knowledge of Target, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Target or the Target Subsidiaries. Target and each of its subsidiaries has withheld any Taxes required to be withheld pursuant to any applicable Laws and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable governmental authority. Neither Target nor the Target Subsidiaries is party to any tax sharing agreement or tax indemnification agreement with any person.
- (hh) For purposes of the Tax Act, the paid-up capital of Target for the Target Shares will be at least \$4.00 per Target Share immediately prior to the transactions contemplated pursuant to the Arrangement.
- (ii) Target has no outstanding obligations to incur and/or renounce "Canadian exploration expense" or "Canadian development expense" (each as defined in the Tax Act) in respect of "flow-through shares" that have been issued by Target.
- (jj) As at December 31, 2011, Target and its subsidiaries had available for deduction against future taxable income the tax pools as disclosed in writing to Purchaser by Target prior to the execution of this Agreement, and since December 31, 2011, Target has not taken any action or entered into any transaction outside of the ordinary course of business that would have the effect of materially reducing such amount.
- (kk) No director, officer, insider or other non-arm's length party to Target or any of its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Target or any of its subsidiaries that will be effective after the Effective Date.
- (II) Target has withheld from each payment made to any of its present or former employees (which includes officers and directors) and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by any applicable Laws and has remitted such withheld amounts within the prescribed periods to the appropriate governmental authority. Target has remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other taxes payable by it in

respect of its employees and has or will have remitted such amounts to the proper governmental authority within the time required by applicable Law. Target has charged, collected and remitted on a timely basis all Taxes as required by applicable Law on any sale, supply or delivery whatsoever, made by Target.

- (mm) All ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable by Target in respect of its oil and gas assets prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid taxes or assessments which could result in a lien or charge on its oil and gas assets.
- (nn) Except as disclosed in writing to Purchaser by Target prior to the execution of this Agreement, no director, officer, insider or other non-arm's length party of Target or any of its subsidiaries is indebted to Target or any of its subsidiaries.
- (oo) Neither Target nor any of its subsidiaries is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the respective corporation or applicable Laws and other than standard indemnity agreements in underwriting and agency agreements and the FirstEnergy Engagement Letter and in the ordinary course provided to its lenders and to service providers and in title documentation applicable to its assets) or any like commitment in respect of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person.
- (pp) Any and all operations of Target and each of its subsidiaries, and to the knowledge of Target, any and all operations by third parties, on or in respect of the assets and properties of Target or any of its subsidiaries, have been conducted in compliance with good oilfield practices in effect at the time of such operations.
- Target made available to Longuist & Co., LLC (Longuist), prior to the issuance of the report (qq) dated February 28, 2012 and effective December 31, 2011 (the Longuist Report) evaluating the crude oil, natural gas and natural gas liquids reserves of Target, for the purpose of preparing such report, all information requested by Lonquist, which information did not contain any material misrepresentation at the time such information was so provided and, except for any impact of changes in commodity prices, which may or may not be material, Target has no knowledge of a Material Adverse Change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Longuist Report. Target believes that the Longuist Report complies with the requirements of National Instrument 51-101 and believes that the Lonquist Report reasonably presented the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the properties evaluated therein as at the date stated therein based upon information available at the time the Lonquist Report was prepared and the assumptions as to commodity prices and costs contained therein. Lonquist has not provided any updates, amendments or revisions to the information contained in the Longuist Report, nor has Lonquist re-evaluated any of the reserves of Target since the Lonquist Report.
- (rr) Although it does not warrant title, Target does not have reason to believe that Target or any of its subsidiaries does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the Interests) and does represent and warrant that the Interests are free and clear of adverse claims created by, through or under Target or any of its subsidiaries, except those related to bank financing or those arising in the ordinary course of business, and Target and each of its subsidiaries holds its Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts,

- subleases, reservations or other agreements except where the failure to so hold the Interest would not have a Material Adverse Effect upon Target and its subsidiaries, taken as a whole.
- (ss) Although it does not warrant title, Target is not aware of any defects, failures or impairments in the title of Target or any of its subsidiaries to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (A) the quantity and pre-tax present worth values of the oil and gas reserves of Target or any of its subsidiaries shown in the applicable independent engineering report attributable to such properties; (B) the current production volumes of Target or any of its subsidiaries; or (C) the current consolidated cash flow of Target and its subsidiaries on a consolidated basis.
- (tt) Neither Target nor any of its subsidiaries is a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, transfer or move any of its assets or operations, where such covenant would have a Material Adverse Effect on the business of Target and its subsidiaries, taken as a whole.
- (uu) The policies of insurance in force at the date hereof naming Target as an insured and as disclosed to Purchaser prior to the date hereof to the knowledge of Target, remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein.
- (vv) Target is not in default under its existing bank facilities and, to the knowledge of Target, its banker is not contemplating any reduction in Target's borrowing facilities which are currently U.S.\$90 million and Colombian Pesos \$30 billion, in the aggregate, prior to giving effect to the Arrangement.
- (ww) Target has provided (or, upon written request from Purchaser, will provide with the consent of Target's auditors) to Purchaser copies of all management recommendation letters relating to Target or any of its subsidiaries received from Target's current auditor or any previous auditor during the two years prior to the date hereof.
- (xx) Target's average production, based on field estimates, for the period November 1, 2012 to November 15, 2012 inclusive, was not less than 11,100 Bbl/d (including Tormento 1 with production of 100 Bbl/d).
- (yy) Target's average production, based on field estimates, for the accounting month of October 2012 was not less than 10,900 Bbl/d (including Tormento 1 with production of 122 Bbl/d).
- (zz) The Target Debt as at the date of this Agreement does not exceed nil, prior to the inclusion of the Transaction Costs.
- (aaa) Target's net land position as at the date hereof is not less than 513,000 net acres.
- (bbb) Target has disclosed in writing to Purchaser prior to the execution of this Agreement a complete and accurate description of the wells, facilities and lands of Target and its subsidiaries as at the date hereof.
- (ccc) As at the date hereof, Target is not aware of any outstanding offset obligations, and has not received any offset notices or default notices under the terms of any lease to which it is a party which have not been satisfied or waived.

- (ddd) All of the directors and executive officers of Target and certain Target Shareholders, holding in the aggregate at least 41% of the outstanding Target Shares (on a fully diluted basis), have executed the Target Lock-up Agreements.
- (eee) To the knowledge of Target, Target has not withheld from Purchaser any material information or documents concerning Target or any of its subsidiaries or their respective assets or liabilities during the course of Purchaser's review of Target, its subsidiaries and their respective assets which have been requested by Purchaser or any of its Representatives. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided to Purchaser by Target pursuant hereto contains any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (fff) Target is a "foreign private issuer" within the meaning of Rule 3b-4 under the U.S. Exchange Act.
- (ggg) Target has no class of securities that is registered or required to be registered under section 12 of the U.S. Exchange Act, nor is Target subject to any reporting obligation under section 15(d) of the U.S. Securities Act. Target has never had a class of securities registered under section 12 of the U.S. Exchange Act.
- (hhh) Target is not an "investment company" within the meaning of the U.S. Investment Company Act of 1940, as amended.
- (iii) Target is not a "shell company" as such term is defined in Rule 405 under the U.S. Securities Act.
- (jjj) Target is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal offices within the United States.
- (kkk) Target (and all entities "controlled by" Target for purposes of the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the **HSR Act**)) does not hold assets located in the United States with a fair market value of greater than U.S.\$68.2 million and has not made aggregate sales in or into the United States of over U.S.\$68.2 million in its most recent fiscal year. If, before the Effective Time, the U.S. Federal Trade Commission changes the current U.S.\$68.2 million threshold amount for the exemption provided by Rule 802.51 of the HSR Act (Acquisition of voting securities of a foreign issuer), the new threshold amount shall apply and replace the U.S.\$68.2 million referenced above effective as of the date of this Agreement.

4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, the following definitions shall apply:
 - (i) **applicable law** means, in relation to any person, transaction or event, all applicable provisions of Laws, by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.
 - (ii) **applicable privacy laws** means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).

- (iii) **authorized authority** means, in relation to any person, transaction or event, any (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.
- (iv) **Personal Information** means information about an identifiable individual transferred to Target by Purchaser or to Purchaser by Target in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the **Disclosed Personal Information**).
- (c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and take reasonable steps in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a bona fide need to access to such information in order to complete the Arrangement.
- (g) Where not prohibited by applicable Law each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable Law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the party or,

at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof).

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to each of Purchaser and Target, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Purchaser and Target, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the holders of Target Shares on or prior to the Outside Date in accordance with the Interim Order and in form and substance satisfactory to each of Purchaser and Target, acting reasonably (including as may be required by MI 61-101);
- (c) on or prior to the Outside Date, the Final Order shall have been granted in form and substance satisfactory to each of Purchaser and Target, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Purchaser and Target, acting reasonably, on appeal or otherwise;
- (d) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Purchaser and Target, acting reasonably;
- (e) the Effective Date shall have occurred on or prior to the Outside Date;
- (f) Target and the ExploreCo shall have implemented the ExploreCo Organization Transaction or an Alternate ExploreCo Organization Transaction in such a manner that enables ExploreCo to receive cash of U.S.\$88.5 million and to operate the ExploreCo Assets: (i) through ExploreCo or a direct or indirect subsidiary thereof; or (ii) through Grupo C&C Energia (Barbados) Ltd., C&C Energia Llanos Ltd. or another subsidiary of Purchaser, on terms and conditions satisfactory to both Parties, acting reasonably;
- (g) Target and ExploreCo shall have executed the Reimbursement Agreement;
- (h) ExploreCo shall have obtained all material consents, orders, exemptions, permits and other approvals from Governmental Entities, in each case required to own and operate the ExploreCo Assets in the ordinary course;
- (i) the TSX shall have conditionally approved the listing of the Purchaser Shares issuable pursuant to the Arrangement;
- (j) the TSX or the TSXV shall have conditionally approved the listing of the ExploreCo Shares issuable pursuant to the Plan of Arrangement; and
- (k) the Parties shall have obtained or received all necessary consents, waivers, permissions and approvals by or from relevant third parties in order to carry out the transactions contemplated

hereby, including the Arrangement and the ExploreCo Organization Transaction or the Alternate ExploreCo Organization Transaction, as the case may be, on terms and conditions satisfactory to the Parties, acting reasonably, including:

- (i) all Regulatory Approvals (for greater certainty, all government and regulatory approvals, authorizations, waivers, permits, consents, reviews, orders, rulings, decisions, exemptions, notifications or clearances for the Arrangement and other transactions contemplated hereby comprising such Regulatory Approvals shall have been obtained without conditions or on conditions that are acceptable to the Purchaser, in its reasonable judgment, and/or all mandatory waiting or suspensory periods (including any extensions thereof) shall have expired or terminated, if the failure to so obtain or to so expire would, in the Purchaser's reasonable judgment, make the consummation of the transactions contemplated by the Arrangement and other transactions contemplated hereby a violation of any applicable Laws); and
- (ii) releases and registrable discharges in respect of all security interests held by third parties against Target or its assets;
- (I) there shall be no action taken under any existing applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Government Entity, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.
- (m) Target and ExploreCo shall have entered into a mutual tax indemnification agreement in a form satisfactory to Target and Purchaser, acting reasonably, which shall provide that:
 - (i) Target will be liable for an aggregate of US\$10,000,000 of tax payable: (A) by Target or any of its subsidiaries in respect of the completion of the ExploreCo Organization Transaction or the Alternate ExploreCo Organization Transaction, as applicable, resulting from the ExploreCo Organization Transaction or the Alternate ExploreCo Organization Transaction, as applicable; or (B) by ExploreCo or any of its subsidiaries in respect of gains incurred in respect of the ExploreCo Assets as a result of a merger transaction effected in 2013 where the merger has been effected solely to qualify ExploreCo or a subsidiary thereof as an operator for the purposes of the Agencia Nacional de Hidrocarburos; and
 - (ii) to the extent the total of such tax described in (A) and (B) above exceeds US\$10,000,000, such excess will be borne by Target and ExploreCo on a 50%-50% basis.

The foregoing conditions are for the mutual benefit of Purchaser and Target and may be asserted by Purchaser and Target regardless of the circumstances and may be waived by Purchaser and Target (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Purchaser or Target may have.

5.2 Additional Conditions to Obligations of Purchaser

The obligation of Purchaser to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) (i) the representations and warranties in subsections 4.2(f), 4.2(t), 4.2(u) and 4.2(zz) of this Agreement shall be true and correct in all material respects as of date of this Agreement and the Effective Date as if made on such date (except, it being understood that the number of Target Shares outstanding in subsection 4.2(f) may increase from the number outstanding on the date of this Agreement solely as a result of the conversion of securities of Target convertible into Target Shares, but only to the extent that such convertible securities are specifically described in subsection 4.2(f)); and (ii) the remaining representations and warranties made by Target in Section 4.2 of this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such remaining representations and 4.2(f) warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such remaining representations and warranties to be true and correct would not, or would not reasonably be expected to result in a Material Adverse Change in respect of Target or, would not, or would not reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms, and Target shall have provided to Purchaser a certificate of a senior officer of Target certifying, on behalf of Target, as to such matters on behalf of Target on the Effective Date;
- (b) Target shall have complied in all respects with its covenants in this Agreement except where the failure to comply in all respects with its covenants would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Target or would not, or would not reasonably be expected to, materially impede completion of the Arrangement and Target shall have provided to Purchaser a certificate of a senior officer of Target certifying, on behalf of Target, as to such compliance and Purchaser shall have no actual knowledge to the contrary;
- the Target Stock Option Plan shall have terminated and all outstanding Target Options shall be exercised or otherwise terminated in accordance with the Option Election Agreements and the holder thereof shall have remitted to Target, in addition to the exercise price, if applicable, cash in an amount equal to the amount of any Taxes, if any, required to be remitted by Target in connection with such exercise or termination, or made other arrangements satisfactory to Purchaser to satisfy the amounts to be remitted in connection with the exercise of the Target Options from amounts otherwise owing to the holder by Target in connection with the completion of the Arrangement, including, but not limited to, Severance, Change of Control Payments or proceeds from the exercise of Target SARs;
- (d) all of the outstanding Target SARs shall be exercised or otherwise terminated in accordance with the Target SARs Plan authorizing their creation;
- (e) all outstanding Target Warrants shall be exercised or otherwise terminated in accordance with the underlying agreements authorizing their creation and the holder thereof shall have remitted to Target the applicable exercise price and, to the extent not exercised on a cashless basis, cash in an amount equal to the amount of any Taxes required to be remitted by Target in connection with such exercise or termination;
- (f) Target shall have furnished Purchaser with:
 - (i) certified copies of the resolutions duly passed by the Target Board approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Target Shareholders, duly passed at the Target Meeting, approving the Arrangement Resolution;
- (g) there shall not have occurred any Material Adverse Change after the date hereof, or prior to the date hereof which has not been publicly disclosed or disclosed to Purchaser in writing

prior to the date hereof (or any condition, event or development that could reasonably be expected to result in a Material Adverse Change with respect to Target;

- (h) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken against or affecting Target before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Purchaser, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change in the affairs, operations or business of Target or would have a material adverse effect on the ability of the Parties to complete the Arrangement;
- (i) the Mailing Date shall occur not later than December 31, 2012, provided the failure to mail by such date is not caused by a breach of Purchaser's covenants under this Agreement;
- (j) Target shall have obtained or received all applicable consents and waivers of rights of first refusal or other restrictions on the direct or indirect transfer, sale or assignment of Target's assets or in respect of a change of control on terms and conditions satisfactory to the Purchaser, acting reasonably;
- (k) (i) the payments referenced in Section 2.4 shall have been made (or provisions to make such payments shall have been made to the satisfaction of Purchaser) to the directors, officers, employees and consultants of Target on the Effective Date; and (ii) each of the members of the Target Board and each of the officers of Target, and each of the directors and officers of the Target Subsidiaries shall have provided their written resignations as directors and officers effective on or before the Effective Date together with a mutual release, in form and substance satisfactory to Purchaser, acting reasonably, in favour of such directors and officers and Target, and the Target Board shall have been constituted with nominees of Purchaser as of the Effective Date; and
- (I) holders of not more than 5% of the issued and outstanding Target Shares, in the aggregate, shall have exercised rights of dissent in relation to the Arrangement.

The conditions in this Section 5.2 are for the exclusive benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances or may be waived by Purchaser, in whole or in part, at any time and from time to time without prejudice to any other rights Purchaser may have.

5.3 Additional Conditions to Obligations of Target

The obligations of Target to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) the representations and warranties made by Purchaser in Section 4.1 of this Agreement shall be true as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by the transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct would not, or would not reasonably be expected to result in a Material Adverse Change in respect of Purchaser or, would not, or would not reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms, and Purchaser shall have provided to Target a certificate of a senior officer of Purchaser certifying, on behalf of Purchaser, as to such matters on the Effective Date:

- (b) Purchaser shall have complied in all respects with its covenants in this Agreement except where the failure to comply in all respects with its covenants would not result or would not reasonably be expected to result in a Material Adverse Change in respect of the Purchaser or would not, or would not reasonably be expected to, materially impede completion of the Arrangement and the Purchaser shall have provided to Target a certificate of a senior officer of Purchaser certifying, on behalf of Purchaser, as to such compliance and Target shall have no actual knowledge to the contrary;
- (c) Purchaser shall have furnished Target with certified copies of the resolutions duly passed by the board of directors of Purchaser approving this Agreement and the consummation of the transactions contemplated hereby;
- (d) there shall not have occurred any Material Adverse Change after the date hereof, or prior to the date hereof which had not been publicly disclosed or disclosed to Target in writing prior to the date hereof (or any condition, event or development that could reasonably be expected to result in a Material Adverse Change) with respect to Purchaser; and
- (e) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken against or affecting Purchaser before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Target, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change in the affairs, operations or business of Purchaser or would have a material adverse effect on the ability of the Parties to complete the Arrangement.

The conditions in this Section 5.3 are for the exclusive benefit of Target and may be asserted by Target regardless of the circumstances or may be waived by Target in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Target may have.

5.4 Notice and Effect of Failure to Comply with Conditions

- Purchaser and Target shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder. In the event that a Party delivers a notice under this Section 5.4(a) and the other Party does not provide a notice to the breaching Party within 10 Business Days under Section 5.4(b) to the effect that the non-breaching Party intends to rely on such breach as a basis for non-fulfillment of a condition precedent, then the non-breaching Party will not thereafter be entitled to rely on such breach as a basis for asserting that the applicable condition precedent has not been satisfied.
- (b) If any of the conditions precedents set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be complied with or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at Law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters

which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and provides the other Party five Business Days to rectify the breaches before the effective date of rescission or termination, provided that no cure period shall be provided for a breach which by its nature cannot be cured. More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Purchaser Damages

If at any time after the execution of this Agreement:

- other than as a direct result of and in direct response to a material breach or nonperformance by Purchaser of any of its covenants, agreements, representations and
 warranties in this Agreement, the Target Board fails to unanimously (other than the directors
 who have recused themselves from the process of considering the transactions
 contemplated herein due to an actual or potential conflict of interest with respect thereto)
 recommend, or changes, withdraws or modifies any of their recommendations or
 determinations referred to in subsection 3.2(o) in a manner adverse to Purchaser or shall
 have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such
 recommendation upon the written request of Purchaser prior to the earlier of 72 hours
 following such request or 72 hours prior to the Target Meeting, or otherwise fails to mail the
 Target Information Circular to the Target Shareholders containing the recommendations or
 determinations referred to in subsection 3.2(o);
- (b) (i) a bona fide Acquisition Proposal (or bona fide intention to make one) is publicly announced, proposed, offered or made to the Target Shareholders or to Target or any person shall have publicly announced an intention to make a bona fide Acquisition Proposal prior to the termination of this Agreement; (ii) after such Acquisition Proposal shall have been made known, made or announced, the Target Shareholders do not approve the Arrangement, the Arrangement is not submitted for their approval or the Arrangement is not otherwise completed in the manner contemplated in this Agreement; and (iii) within twelve months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made a definitive agreement relating to any Acquisition Proposal is entered into or any Acquisition Proposal is consummated or effected;
- (c) the Target Board fails to promptly reaffirm any of its resolutions, recommendations or determinations within three Business Days following the day that an Acquisition Proposal is publicly announced;
- (d) Target (A) accepts, recommends, approves or (B) enters into an agreement to implement a Superior Proposal;
- (e) a material breach of Section 3.5 by the Target; or
- (f) Target breaches any of its representations, warranties or covenants made in this Agreement (without giving effect to the materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse

Change with respect to Target or materially impedes the completion of the Arrangement and Target fails to cure such breach within five Business Days after receipt of written notice thereof from Purchaser (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date):

(each of the above being a **Purchaser Damages Event**), then in the event of the termination of this Agreement pursuant to Section 8.1 as a result thereof, Target shall pay to Purchaser \$15 million as liquidated damages in immediately available funds to an account designated by Purchaser within one Business Day after the first to occur of the events described above, or in the case of paragraph (f) above, following Purchaser's demand therefor; provided that in the case of a Purchaser Damages Event pursuant to subsection 6.1(d)(B) such payment shall be made by Target to Purchaser concurrently with the entering into of an agreement to implement a Superior Proposal by Target. Target shall only be obligated to pay a maximum of \$15 million pursuant to this Section 6.1.

6.2 Target Damages

If at any time after the execution of this Agreement, Purchaser breaches any of its representations, warranties or covenants made in this Agreement (without giving effect to the materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to Purchaser or materially impedes the completion of the Arrangement and Purchaser fails to cure such breach within five Business Days after receipt of written notice thereof from Target (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date) (a **Target Damages Event**), then in the event of the termination of this Agreement pursuant to Section 8.1 as a result thereof, provided that no event in the nature of Section 6.1 has occurred, Purchaser shall pay to Target \$15 million as liquidated damages in immediately available funds to an account designated by Target following Target's demand therefor, and after such event but prior to payment of such amount, Purchaser shall be deemed to hold such funds in trust for Target. Purchaser shall only be obligated to pay a maximum of \$15 million pursuant to this Section 6.2.

6.3 Liquidated Damages

Each Party acknowledges that the payment of the amount set out in Section 6.1 or Section 6.2 is payment of liquidated damages which is a genuine pre-estimate of the damages which Purchaser or Target, as applicable, will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that if the payment of any amounts pursuant to Section 6.1 or 6.2, as applicable, is made to the such Party, such payment is the sole monetary remedy of such Party; provided, however, that this limitation shall not apply in the event of fraud or willful breach of this Agreement by the other Party.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Target Meeting be amended by written agreement of the Parties hereto without, subject to applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Target Shareholder without approval by the Target Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 8 TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Purchaser and Target;
- (b) by either Purchaser or Target if the Arrangement Resolution shall have failed to receive the requisite vote of the Target Shareholders for approval at the Target Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) by either Purchaser or Target if the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this subsection 8.1(c) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) as provided in Section 5.4; provided that the Party seeking termination is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 5.1, 5.2 and 5.3, as applicable, not to be satisfied;
- (e) by Purchaser upon the occurrence of a Purchaser Damages Event as provided in Section 6.1;
- (f) by Target upon the occurrence of a Target Damages Event as provided in Section 6.2; or
- (g) by Target if it enters into an agreement to implement a Superior Proposal pursuant to subsection 6.1(d)(B), provided that Target (i) has complied with its obligations set forth in Section 3.5 and (ii) concurrently pays the amount required pursuant to Section 6.1.

In the event of the termination of this Agreement in the circumstances set out in Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party hereunder except with respect to the obligations set forth in or as otherwise specified in Article 6 and subsection 3.1(k) which shall survive such termination. For greater certainty, unless payment is made to either Party by the other Party pursuant to Section 6.3, nothing contained in this Section 8.1 shall relieve either Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein prior to the date of such termination. No termination of this Agreement shall affect the obligations of the Parties pursuant to the Confidentiality Agreement, except to the extent specified therein.

Nothing herein shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

If this Agreement is validly terminated pursuant to any provision of this Agreement, the Parties shall return all materials and copies of all materials delivered to Target or Purchaser, as the case may be, or their agents.

ARTICLE 9 NOTICES

9.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

(a) Purchaser, addressed to:

Pacific Rubiales Energy Corp. 333 Bay Street, Suite 1100 Toronto, Ontario M5H 2R2

Attention: Peter Volk, General Counsel

Telecopier: (416)360-7783

with a copy to:

Norton Rose Canada LLP Suite 3800, 200 Bay Street Toronto, Ontario M5J 2Z4

Attention: Terence S. Dobbin Telecopier: (416) 216-3930

(b) Target, addressed to:

C&C Energia Ltd. Suite 1250, 555 - 4th Avenue S.W. Calgary, Alberta T2P 3E7

Attention: Randy P. McLeod, President and Chief Executive Officer

Telecopier: (403) 262-6076

with a copy to:

Blake, Cassels & Graydon LLP Suite 3500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4J8

Attention: Daniel McLeod Telecopier: (403) 260-9700

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 10 GENERAL

10.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto.

10.2 Assignment and Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any Party hereto without the prior consent of the other Party hereto.

10.3 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any director, officer, employee or agent to issue any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if either Party is required by Law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Party as to the wording of such disclosure prior to its being made.

10.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.5 Costs and Expenses

If the Arrangement is not consummated by the Parties pursuant to this Agreement and neither Party is entitled to payment pursuant to Section 6.1 or 6.2, each Party covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated by this Agreement.

10.6 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.7 Time of Essence

Time shall be of the essence of this Agreement.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of Alberta in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

10.9 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

10.10 Third Party Beneficiaries

The provisions of subsections 3.1(s), 3.1(t), 3.4(d), 3.1(n) and 4.1(ee) are to the extent applicable (a) intended for the benefit of the employees of Target and its subsidiaries and all present and former directors and officers of Target and its subsidiaries, in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the **Third Party Beneficiaries**) and Target shall hold the rights and benefits of subsections 3.1(s), 3.1(t), 3.4(d), 3.1(n) and 4.1(ee) in trust for and on behalf of the Third Party Beneficiaries and Target hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.11 Survival

The representations and warranties contained herein shall terminate on, and may not be relied upon, by any Party after the Effective Time. For the avoidance of doubt, any covenants contained herein which are by their terms intended to survive the completion of the Arrangement shall continue in full force and effect in accordance with their terms.

10.12 Counterparts

This Agreement may be executed by facsimile or other electronic signature in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

PACIFIC RUBIALES ENERGY CORP.

Per: "Ronald Pantin"

Chief Executive Officer

C&C ENERGIA LTD.

Per: "Randy McLeod"

President and Chief Executive Officer

SCHEDULE "A"

PLAN OF ARRANGEMENT UNDER SECTION 193

OF THE

BUSINESS CORPORATIONS ACT (ALBERTA)

Please see Appendix D to the Information Circular.

SCHEDULE "B"

EXPLORECO ASSETS

Interests	s in the following areas in Colombia:
Morpho	Block
Coati Bl	ock
Andaqu	ies Block

Putumayo-8 Block

SCHEDULE "C"

EXPLORECO ORGANIZATION TRANSACTION

Purchaser and Target agree that prior to the Effective Time the parties will implement the following steps in the order, and at the times specified below:

- 1. Prior to mailing the Target Information Circular, Target will incorporate a new corporation pursuant to the laws of the Province of Alberta (**ExploreCo**) as contemplated by Section 2.5(a) of the Agreement.
- 2. Immediately following step 1, Target will subscribe for 100 common shares of ExploreCo for aggregate consideration of \$100.
- 3. No later than 10 days prior to the Effective Date:
 - a. C&C Energia Holding SRL (Holding) will incorporate a new international business corporation pursuant to the laws of Barbados (Barbados 1). Holding will subscribe for 100 common shares of Barbados 1 for \$100;
 - Grupo C&C Energia (Barbados) Ltd. (Grupo) will incorporate a new business corporation pursuant to the laws of Barbados (Barbados 2). Grupo will subscribe for 100 common shares of Barbados 2 for \$100.
- 4. Prior to the Effective Time:
 - a. Grupo C&C Energia Llanos Ltd. (Bermuda) (**Llanos**) will distribute U.S.\$20 million to Grupo in a manner to be determined by the Purchaser and Target, acting reasonably;
 - b. Grupo will contribute the ExploreCo Assets and U.S.\$75 million to Barbados 2 in consideration for the assumption of liabilities and a promissory note (the **Note**), pursuant to a an agreement to be entered into by such parties and containing the terms set out in Exhibit 1 hereto and otherwise as each of the Purchaser and Target shall agree;
 - c. Grupo will distribute shares of Barbados 2 and the Note to Holding in a manner to be determined by the Purchaser and Target, acting reasonably;
 - d. Holding will contribute shares of Barbados 2 and the Note to Barbados 1 in consideration for shares in the capital of Barbados 1;
 - e. Barbados 1 will contribute the Note to Barbados 2 in consideration for shares in the capital of Barbados 2;
 - Holding will distribute all of the shares in the capital of Barbados 1 to Target in a manner in a manner to be determined by the Purchaser and Target, acting reasonably;
 - g. Target will contribute the shares of Barbados 1 and cash of U.S.\$13.5 million to ExploreCo in consideration of such number of common shares of ExploreCo that, after the distribution of ExploreCo by Target to the Target Shareholders as contemplated by the Arrangement, Target holds 5.0% of the issued and outstanding common shares of ExploreCo.

Notwithstanding the foregoing, in the event that Purchaser and Target agree to an alternate form of transaction whereby ExploreCo or its subsidiaries acquire the ExploreCo Assets and \$88.5 million as contemplated by the Agreement (an **Alternate ExploreCo Organization Transaction**), the parties shall

implement such alternate transaction pursuant to Section 3.6(b) of the Agreement instead of the ExploreCo Organization Transaction, as set out herein.

EXHIBIT 1 - EXPLORECO CONVEYANCE TERM SHEET

CONVEYANCE TERM SHEET

- 1. Grupo C&C Energia (Barbados) Ltd. ("Grupo") will transfer the Assets (defined in paragraph 2 below), on an "as-is, where-is" basis to [XX] ("ExploreCo") on the Effective Time, and for the consideration, as provided for in the Arrangement Agreement.
- 2. The assets (the "Assets") are comprised of:
 - (a) Grupo's participating interests in the blocks (the "Blocks") described in Schedule "B" to the Arrangement Agreement, insofar as rights pertaining to the petroleum substances underlying the Blocks are granted by the E&P Contracts described in said Schedule "B" (collectively, the "PNG Rights");
 - (b) Grupo's interests in the property, assets and rights to the extent relating to the PNG Rights, which for greater certainty includes any and all tangible property related thereto; and
 - (c) the Target's interests in and to the tangible property located at the Target's office located in Calgary, Alberta.
- 3. ExploreCo will assume certain employment agreements as the parties agree prior to closing, including accrued labour liabilities deriving from such agreements.
- 4. Any performance bonds, parent company guarantees, or any other guarantees, security deposits or financial assurances which have been issued in connection with the Assets will need to be cancelled or returned, as the case may be, and replaced by ExploreCo for its own account at closing, provided that Grupo will provide a guarantee that the National Hydrocarbon Agency ("ANH") requires from Grupo as a condition to its consent to the transfer to ExploreCo of: the Assets; or, operatorship of those Assets of which Grupo is currently operator and is permitted to transfer operatorship pursuant to the governing operating agreements. If Grupo is required to provide such guarantee, ExploreCo shall use its best efforts to satisfy ANH as soon as practicable thereafter that the Grupo guarantee is not required.
- 5. ExploreCo will be liable for, and indemnify Grupo against, all claims, losses, liabilities and obligations relating to or arising in connection with the Assets, whether same arose or arise before, on or after the Closing, and including without limitation all environmental liabilities and obligations, excluding those claims, losses, liabilities and obligations to the extent arising as a direct result of the gross negligence or wilful misconduct of those supervisory level employees of Grupo who are seconded to ExploreCo during the period commencing on the Effective Time and ending 6 months thereafter or as mutually agreed by Grupo and ExploreCo.
- 6. Grupo shall not make any representations or warranties, whether in relation to itself, the Assets or otherwise. ExploreCo shall be required to make appropriate representations in respect of itself and the conveyance, including its organization, subsistence and authority, the enforceability of the conveyance, absence of conflicts with its constating documents and agreements relating to or forming part of the Assets, and all required approvals.
- 7. If all required consents and approvals required for the transfer from Grupo to ExploreCo of operatorship of the Assets (as to those Assets that are currently operated by Grupo) have not been obtained by closing, Grupo shall continue to operate the Assets until all such consents and approvals are obtained on terms satisfactory to both parties, or, if such consents and approvals cannot be obtained within a reasonable time after closing, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement, or other arrangements are made to the mutual satisfaction of the parties. Grupo shall, while acting

as operator, provide to ExploreCo copies of all notices and requests for meetings relating to the Blocks as soon as practicable after Grupo's receipt thereof.

ExploreCo shall be liable for and indemnify Grupo against all costs, claims, losses, liabilities and obligations sustained, paid or incurred by Grupo in connection with acting as operator, whether due to the negligence, gross negligence or wilful misconduct, or other act or omission of Grupo or any of its directors, officers, employees, agents, contractors or other representatives, excluding those claims, losses, liabilities and obligations to the extent arising as a direct result of the gross negligence or wilful misconduct of those supervisory level employees of Grupo who are seconded to ExploreCo during the period commencing on the Effective Time and ending 6 months thereafter or as mutually agreed by Grupo and ExploreCo.

In addition, ExploreCo shall be responsible for an operating fee payable to Grupo during the exploration or evaluation phases consistent with industry standards as set out in Schedule "A" hereto. Any operating fee payable to Grupo by ExploreCo for the production or development phases shall be negotiated by the parties acting in good faith.

If any operations are to be conducted by Grupo in respect of the Assets, Grupo shall be entitled to require ExploreCo to pay a cash advance for such amounts before Grupo shall have any obligation to conduct or participate in such operations.

- 8. The conveyance shall contain typical provisions respecting specific conveyancing. ExploreCo shall be responsible for all costs, charges, fees and expenses required to register or give effect to the transfer.
- 9. The governing law and forum shall be Alberta.

Schedule "A"

Exploration or Evaluation Phases - Operating Fees

Fees of operator, as a percentage of expenses/costs in exploration and evaluation stages:

- i. 4% for the first US\$1,000,000
- ii. 3% for the following US\$4,000,000
- iii. 2% from US\$5,000,000 onwards

SCHEDULE "D" REIMBURSEMENT AGREEMENT

Dated •, 201•

[EXPLORECO]

and

C&C ENERGIA LTD.

REIMBURSEMENT AGREEMENT

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REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT is dated the ● day of ●, 201●.

BETWEEN:

[EXPLORECO], a corporation existing under the Laws of the Province of Alberta (**ExploreCo**)

- and -

C&C ENERGIA LTD., a corporation existing under the Laws of the Province of Alberta (**C&C**)

WHEREAS C&C and Pacific Rubiales Energy Corp. (**Pacific Rubiales**) have entered into an amended and restated arrangement agreement dated as of the 19th day of November, 2012 (as amended and restated effective on the 30th day of November 2012) (the **Arrangement Agreement**), pursuant to which each common share of C&C will be exchanged for 0.3528 of a common share of Pacific Rubiales and one common share of ExploreCo in accordance with a court-approved plan of arrangement under the ABCA (the **Arrangement**).

AND WHEREAS on the Effective Date (as defined herein), C&C will enter into and give effect to the ExploreCo Organization Transaction or Alternate ExploreCo Organization Transaction (each as defined in the Arrangement Agreement);

AND WHEREAS in connection with the Arrangement, ExploreCo has agreed to enter into this reimbursement agreement (**Agreement**);

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **ABCA** means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
- (b) Adjusted Current Assets means, on a consolidated basis, without duplication: cash, accounts receivable; inventory (valued at the current market value at the time); prepaid expenses; and all other current assets of C&C; provided that Adjusted Current Assets shall not include any deferred tax assets;
- (c) Adjusted Current Liabilities means, on a consolidated basis, without duplication: accounts payable; accrued expenses; and all other current liabilities of C&C; provided that Adjusted Current Liabilities shall not include, accrued interest payable, current principal amounts payable, liabilities of C&C addressed under the Tax Indemnification Agreement or deferred tax liabilities;
- (d) **affiliate** has the meaning set forth in the Securities Act, R.S.A. 2000, c. S-4;

- (e) Alternate ExploreCo Organizational Transaction has the meaning set forth in the Arrangement Agreement;
- (f) Arrangement has the meaning set forth in the Recitals hereto;
- (g) **Arrangement Agreement** has the meaning set forth in the Recitals hereto;
- (h) **Bogota Lease Agreement** means the lease agreement dated November 8, 2012 between Grupo Branch and Mario Jaramillo Corredor y Cia S.C.A. as representative of Finvest y Cia S.C.A.;
- (i) **Business Day** means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta or the City of Toronto, Ontario or the City of Bogota, Colombia are not generally open for business;
- (j) **C&C Financial Statements** means, collectively: (i) the audited consolidated financial statements of C&C for the year ended December 31, 2011 and 2010, together with the notes thereto and the report of the auditors thereon; and (ii) the interim unaudited consolidated financial statements of C&C for the three and nine month period ended September 30, 2012, together with the notes thereto;
- (k) Canadian GAAP means generally accepted accounting principles in Canada, being International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, for publicly accountable enterprises;
- (I) Change of Control Payments has the meaning set forth in the Arrangement Agreement;
- (m) Effective Date means the date the Arrangement becomes effective pursuant to the ABCA;
- (n) **Effective Date Adjusted Net Working Capital** means the Adjusted Current Assets minus the Adjusted Current Liabilities at the close of business on the Effective Date;
- (o) **Effective Date Adjusted Net Working Capital Statement** has the meaning set forth in Section 2.1(a);
- (p) **ExploreCo Organization Transaction** has the meaning set forth in the Arrangement Agreement;
- (q) **Governmental Authority** means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above;
- (r) Laws means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any governmental authorities (including any stock exchange or self-regulatory authority) and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;
- (s) Parties means, collectively, ExploreCo and C&C and Party means either of them;

- (t) person includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government authority or any other entity, whether or not having legal status;
- (u) **Severance** has the meaning set forth in the Arrangement Agreement;
- (v) **subsidiary** has the meaning set forth in the *Securities Act*, R.S.A. 2000, c. S-4;
- (w) Tax Act means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);
- (x) **Tax Indemnification Agreement** means the tax indemnification agreement dated ●, between ExploreCo and C&C dealing with certain potential tax liabilities of C&C and ExploreCo;
- (y) Third Party Beneficiaries has the meaning set forth in Section 6.9; and
- (z) **Transaction Costs** has the meaning set forth in the Arrangement Agreement.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections, subsections and paragraphs is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Other Definitional and Interpretive Provision

References in this Agreement to the words "include", "includes" or "including" shall unless the context otherwise requires be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.4 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Agreement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.6 Entire Agreement

This Agreement, together with the agreements and documents herein and therein referred to, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.7 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with Canadian GAAP, and which incorporate International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board for periods beginning on and after January 1, 2011.

1.9 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.11 No Contra Preferentum Rule

The Parties acknowledge that their respective legal counsel have reviewed and participated in negotiating, drafting and settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

ARTICLE 2 REIMBURSEMENT

2.1 Adjusted Net Working Capital Reimbursement

- (a) Within 60 days following the Effective Date, C&C shall prepare a statement setting out the Effective Date Adjusted Net Working Capital of C&C (the Effective Date Adjusted Net Working Capital Statement). The Effective Date Adjusted Net Working Capital Statement will be prepared in accordance with Canadian GAAP applied on a basis consistent with the preparation of the C&C Financial Statements.
- (b) In the event that the Effective Date Adjusted Net Working Capital as set out on the Effective Date Adjusted Net Working Capital Statement is less than zero, C&C shall deliver the Effective Date Adjusted Net Working Capital Statement to ExploreCo and ExploreCo shall, within two Business Days of receipt, pay to C&C the amount by which the Effective Date Adjusted Net Working Capital is less than zero, by way of bank draft or wire transfer.

2.2 Severance and Change of Control Payments Reimbursement

(a) Pursuant to Section 2.4 of the Arrangement Agreement, the Parties have agreed that certain obligations with respect to Severance and Change of Control Payments will be paid by C&C.

(b) Notwithstanding Section 2.4 of the Arrangement Agreement, in the event that any consultant or employee of C&C or any of its subsidiaries in respect of which Severance and/or Change of Control Payments were paid by C&C becomes an employee of ExploreCo or any of its affiliates before, on or within 30 days following the Effective Date, ExploreCo shall immediately notify C&C of same and shall, within two Business Days, pay to C&C the amount of the Severance and/or Change of Control Payments paid by C&C or any of its subsidiaries with respect to such employee or consultant.

2.3 Transaction Costs Reimbursement

- (a) Pursuant to Section 4.2(u) of the Arrangement Agreement, C&C has represented to Pacific Rubiales that all Transaction Costs will not exceed \$7 million.
- (b) The Parties hereby agree that all Transaction Costs other than Change of Control Payments shall be divided between the parties on the following basis:
 - (i) C&C: 80%; and
 - (ii) Exploreco: 20%.
- (c) Within 30 days following the Effective Date, C&C shall deliver to ExploreCo a statement setting out the Transaction Costs and ExploreCo shall, within two Business Days of receipt of such statement, pay to C&C 20% of the Transaction Costs other than Change of Control Payments of C&C and any of its subsidiaries by way of bank draft or wire transfer.

2.4 Bogota Lease Reimbursement

- (a) The Parties hereby agree that all costs relating to the termination of the Bogota Lease Agreement shall be divided between the parties on the following basis:
 - (i) C&C: 80%; and
 - (ii) Exploreco: 20%.
- (b) Within 30 days of the termination of the Bogota Lease Agreement, C&C shall deliver to ExploreCo a statement setting out the termination costs of the Bogota Lease Agreement and ExploreCo shall, within two Business Days of receipt of such statement, pay to C&C 20% of the termination costs by way of bank draft or wire transfer.

2.5 Bump Protection

(a) ExploreCo hereby covenants and irrevocably agrees from the date hereof until the date that is two years following the Effective Date, that ExploreCo shall not, and shall use commercially reasonable effort to cause any person with whom ExploreCo does not deal at arm's length, or any corporation of which ExploreCo or any person with whom ExploreCo does not deal at arm's length is a "specified shareholder" (as defined in paragraph 88(1)(c.2) of the Tax Act) not to, purchase or otherwise acquire, directly or indirectly, shares in the capital of Pacific Rubiales, debt of Pacific Rubiales, or shares in the capital of or debt of Pacific Rubiales' affiliates, or any securities convertible or exchangeable into any such securities, or that derive their value, directly or indirectly, from any such securities.

2.6 Access to Information

(a) C&C shall prepare and maintain appropriate books and records to evidence any amounts owing by Exploreco pursuant to this Agreement, including pursuant to Sections 2.1, 2.2, 2.3,

- 2.4, and 2.5, including all books, accounts, tax returns, contracts, commitments and records, whether in paper or electronic form or otherwise (collectively, the "**Records**") and shall provide such evidence as ExploreCo may reasonably require to confirm the calculation of the amounts to be so paid.
- (b) C&C shall give, and shall cause any person within its control or acting on its direction to give, to ExploreCo during normal business hours access to its premises or such other location as the Records may be kept, and shall provide reasonable access to the Records and to C&C's personnel and shall furnish to them such information relating to the Records as ExploreCo may reasonably require to confirm the calculation of amounts payable hereunder.

ARTICLE 3 PURCHASE PRICE ADJUSTMENT

3.1 Purchase Price Adjustment

In the event that any payment is made by ExploreCo to C&C pursuant to the provisions of Article 2, the Parties hereby agree: (i) to treat such payments as a reduction of the purchase price paid by C&C in connection with the acquisition of the shares of ExploreCo by C&C as part of the ExploreCo Organization Transaction or Alternate ExploreCo Organization Transaction, (ii) file all tax returns and other tax filings in a manner consistent with such characterization, and (iii) take such other steps as are necessary to give effect to same.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of ExploreCo

ExploreCo hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of C&C and acknowledges that C&C is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) ExploreCo is a corporation duly formed and validly subsisting under the Laws of its jurisdiction of formation.
- (b) ExploreCo has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of ExploreCo. This Agreement has been duly executed and delivered by ExploreCo and constitutes a legal, valid and binding obligation of ExploreCo enforceable against ExploreCo in accordance with its terms.
- (c) Neither the execution and delivery of this Agreement by ExploreCo, the consummation by ExploreCo of the transactions contemplated hereby nor compliance by ExploreCo with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of ExploreCo under, any of the terms, conditions or provisions of (x) the articles, by-laws or other constating documents of ExploreCo, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which ExploreCo is a party or to which it, or its properties or assets, may be subject or by which ExploreCo is bound; or

(ii) subject to compliance with applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to ExploreCo.

4.2 Representations and Warranties of C&C

C&C hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of ExploreCo and acknowledges that ExploreCo is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) C&C is a corporation duly formed and validly subsisting under the Laws of its jurisdiction of formation.
- (b) C&C has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of C&C. This Agreement has been duly executed and delivered by C&C and constitutes a legal, valid and binding obligation of C&C enforceable against C&C in accordance with its terms.
- Neither the execution and delivery of this Agreement by C&C, the consummation by C&C of the transactions contemplated hereby nor compliance by C&C with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of C&C under, any of the terms, conditions or provisions of (x) the articles, by-laws or other constating documents of C&C, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which C&C is a party or to which it, or its properties or assets, may be subject or by which C&C is bound; or (ii) subject to compliance with applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to C&C.

ARTICLE 5 NOTICES

5.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

(a) ExploreCo, addressed to:

•

Attention: Telecopier:

(b) C&C, addressed to:

C&C Energia Ltd. Suite 1250, 555 – 4th Avenue S.W. Calgary, AB T2P 3E7

Attention: • Telecopier: •

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 6 GENERAL

6.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

6.2 Amendment

This Agreement may only be amended, supplemented or otherwise modified by written agreement of ExploreCo and C&C.

6.3 Assignment

This Agreement may not be assigned by any Party hereto without the prior consent of the other Party hereto.

6.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

6.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

6.6 Time of Essence

Time shall be of the essence of this Agreement.

6.7 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of Alberta in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

6.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

6.9 Survival

The representations and warranties contained herein shall terminate on, and may not be relied upon, by any Party after the Effective Time.

6.10 Counterparts

This Agreement may be executed by facsimile or other electronic signature in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

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IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

[EXPLORECO]	
Per:	
Per:	
C&C ENERGIA LTD.	
Per:	
Per:	

APPENDIX D – PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193

OF THE

BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Plan of Arrangement, unless there is something in the context or subject matter inconsistent therewith, the following terms have the following meanings:
 - (a) **ABCA** means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
 - (b) Arrangement, herein, hereof, hereto, hereunder and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
 - (c) **Arrangement Agreement** means the amended and restated arrangement agreement dated as of the 19th day of November, 2012 (as amended and restated effective on the 30th day of November 2012), between Purchaser and Target with respect to the Arrangement and all amendments thereto;
 - (d) **Arrangement Resolution** means the special resolution in respect of the Arrangement to be considered at the Target Meeting;
 - (e) Articles of Arrangement means the articles of arrangement of Target in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted and all other conditions to the completion of the Arrangement have been satisfied or waived, giving effect to the Arrangement;
 - (f) **Business Day** means a day other than a Saturday, Sunday or other day when banks in the City of Calgary, Alberta, the City of Toronto, Ontario or the City of Bogota, Colombia are not generally open for business;
 - (g) Canadian Resident means a beneficial owner of either Common Shares or Exercised Target Options immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is (i) a resident of Canada for the purposes of the Tax Act and (ii) not a Tax Exempt Person;
 - (h) **Cash Consideration** means \$0.001 in cash;
 - (i) **Certificate** means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;
 - (j) Class A Share means a share of the new class A shares in the capital of Target created pursuant to paragraph 4.1(e)(i)(B) and issued pursuant to paragraph 4.1(e)(ii);
 - (k) **Common Shares** means the common shares in the capital of Target, as constituted immediately prior to the Effective Time;
 - (I) **Court** means the Court of Queen's Bench of Alberta;

- (m) **CRA** means the Canada Revenue Agency;
- (n) **Depositary** means such person as Purchaser may appoint to act as depositary in relation to the Arrangement, with the approval of Target, acting reasonably;
- (o) **Dissenting Shareholder** means a registered holder of Common Shares who validly exercises the rights of dissent provided to such holder pursuant to this Plan of Arrangement and the Interim Order;
- (p) Effective Date means the date the Arrangement becomes effective pursuant to the ABCA:
- (q) **Effective Time** means 12:01 a.m. (Calgary time), or such other time on the Effective Date as may be agreed to in writing by Purchaser and Target;
- (r) **Elected Amount** means the amount to be designated in the Section 85 Election form that will be deemed to be the proceeds of disposition of the particular Eligible Holder's Common Shares or Class A Shares, as the case may be, for Canadian income tax purposes;
- (s) Eligible Holder means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident;
- (t) **Eligible Non-Resident** means a beneficial owner of either Common Shares or Exercised Target Options immediately prior to the Effective Time who is not, and is not deemed to be, a resident of Canada for purposes of the Tax Act and whose Common Shares are, or with respect to Exercised Target Options would be, "taxable Canadian property" and not "treaty-protected property", in each case as defined in the Tax Act;
- (u) **Exercised Target Option** means a Target Option for which a Target Optionholder has entered into an Option Election Agreement (as defined in the Arrangement Agreement) with the Target and in respect of which the Target Optionholder has, prior to the Effective Time, paid to Target the aggregate of the exercise price of such Target Option, or effected a cashless exercise of such Target Option in accordance with the terms of the Target Options, and the amount of all taxes required to be remitted by Target in connection with the exercise thereof (or otherwise made arrangements satisfactory to Purchaser to satisfy the remittance obligation of Target from amounts otherwise owing to the Target Optionholders by Target);
- (v) **ExploreCo** means Platino Energy Corp., a corporation incorporated under the laws of Alberta;
- (w) **ExploreCo Assets** has the meaning ascribed thereto in the Arrangement Agreement;
- (x) **ExploreCo Consideration** means the portion of the consideration for each Common Share to be received in the form of one ExploreCo Share by the holders of Common Shares pursuant to subsection 4.1(e);
- (y) **ExploreCo Conveyance Agreement** has the meaning ascribed thereto in the Arrangement Agreement;
- (z) **ExploreCo Organization Transaction** means the transfer of the ExploreCo Assets and cash of \$88.5 million to ExploreCo and/or a direct or indirect wholly-owned subsidiary of ExploreCo in the manner set out in the ExploreCo Conveyance Agreement and in Schedule "D" to the Arrangement Agreement or in such other manner as agreed to by Purchaser and Target;

- (aa) **ExploreCo Shares** means the common shares in the capital of ExploreCo;
- (bb) **Final Order** means the final order of the Court approving this Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Target, as such order may be affirmed, amended or modified by the Court;
- (cc) Interim Order means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Target Meeting, as such order may be affirmed, amended or modified by the Court;
- (dd) Letter of Transmittal means the letter of transmittal accompanying the Target Information Circular to be delivered to Target Shareholders in connection with the Arrangement;
- (ee) **Purchaser** means Pacific Rubiales Energy Corp., a corporation existing under the laws of British Columbia;
- (ff) **Purchaser Consideration** means the Share Consideration and the Cash Consideration to be received for each Class A Share by holders of the Class A Shares pursuant to subsection 4.1(g);
- (gg) **Purchaser Shares** means the common shares in the capital of Purchaser;
- (hh) **Registrar** means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA:
- (ii) Section 85 Election has the meaning ascribed thereto in Article 7 hereof;
- (jj) Section 85 Election Information has the meaning ascribed thereto in Article 7 hereof;
- (kk) Section 85 Election Period has the meaning ascribed thereto in Article 7 hereof;
- (II) Share Consideration means 0.3528 of a Purchaser Share:
- (mm) **Target** means C&C Energia Ltd., a corporation existing under the laws of Alberta;
- (nn) **Target Information Circular** means the management proxy circular of Target to be sent by Target to the Target Shareholders in connection with the Target Meeting, as amended, supplemented or otherwise modified;
- (oo) **Target Meeting** means the special meeting of Target Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;
- (pp) **Target Optionholders** means the holders from time-to-time of Target Options, collectively or individually, as the context requires;
- (qq) **Target Options** means the outstanding stock options, whether or not vested, to acquire Common Shares granted pursuant to the Target Stock Option Plan;
- (rr) Target Shareholders means the holders from time-to-time of Common Shares or Class A Shares, collectively or individually, as the context requires;
- (ss) **Target Shares** means the Common Shares and the Class A Shares, collectively or individually, as the context requires;

- (tt) **Target Stock Option Plan** means the stock option plan of Target dated May 25, 2010;
- (uu) Tax Act means the Income Tax Act, R.S.C. 1985, c. 1 (5th Supp.); and
- (vv) **Tax Exempt Person** means a person who is exempt from tax under Part I of the Tax Act.
- 1.2 The division of this Plan of Arrangement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections and paragraphs are to articles, sections, subsections and paragraphs of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 Unless otherwise specified, all references to "dollars" or "\$" shall mean Canadian dollars.
- 1.6 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.7 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time-to-time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, will become effective at, and be binding upon the Target Shareholders, the Target Optionholders, Target, ExploreCo, Purchaser and all other persons as and from the Effective Time.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Plan of Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 4 has become effective in the sequence and at the times set out therein.

ARTICLE 3 PRE-ACQUISITION REORGANIZATION

3.1 Immediately prior to the Effective Time, the ExploreCo Organization Transaction shall become effective.

ARTICLE 4 ARRANGEMENT

- 4.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order (and each of the events in each of subsection 4.1(b), (c), (d), (e), (f) and (g) shall occur and shall be deemed to occur five minutes following the events described in the immediately preceding subsection) without any further act or formality except as otherwise provided herein:
 - (a) each Common Share held by a Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Target by the holder thereof, without any further act or formality by or on behalf of the Dissenting Shareholder, free and clear of all liens, encumbrances or claims for cancellation and thereupon each Dissenting Shareholder shall cease to have any rights as holders of such Common Shares other than the rights set out in Article 5 and the name of such Dissenting Shareholder shall be removed from the register of holders of Common Shares:
 - (b) each of the Exercised Target Options shall be, and shall be deemed to be, exercised and Target shall, and shall be deemed to, issue to the holder of such Exercised Target Options that number of Common Shares issuable pursuant to the terms of such Exercised Target Options;
 - (c) all outstanding Target Options shall be terminated without payment or compensation therefor, and neither Target nor Purchaser shall have any further liabilities or obligations to the former Target Optionholders thereof with respect thereto;
 - (d) each Common Share acquired on the exercise of an Exercised Target Option pursuant to subsection 4.1(b) shall be, and shall be deemed to be, transferred to the Purchaser (free and clear of any liens, encumbrances or claims) by former Target Optionholders in exchange for:
 - (i) the Share Consideration, and
 - (ii) a right to receive the ExploreCo Consideration (which ExploreCo Consideration shall be delivered by the Purchaser to such former Target Optionholders pursuant to subsection 4.1(f)):
 - (e) in the course of a reorganization of Target's authorized and issued share capital:
 - (i) the articles of Target shall be amended to:
 - (A) cancel the class of shares currently known as "Preferred Shares", as there are no issued or outstanding shares of that class; and
 - (B) to add a class of shares designated as "Class A Shares", having the following rights, privileges, restrictions and conditions attaching thereto:
 - (1) <u>Dividends</u>: The holders of the Class A Shares are entitled to receive dividends, if, as and when declared by the board of directors of Target, out of the assets of Target properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the board of directors of Target may from time-to-time determine. Subject to the rights of the holders of any other class of shares of Target entitled to receive dividends in priority to or rateably with

the Class A Shares, the board of directors of Target may in its sole discretion declare dividends on the Class A Shares to the exclusion of any other class of shares of Target;

- (2) <u>Voting Rights</u>: The holders of the Class A Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of Target, and to two votes at all such meetings in respect of each Class A Share held:
- (3) Participation upon Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of Target or other distribution of assets of Target among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Shares shall, subject to the rights of the holders of any other class of shares of Target upon such a distribution in priority to the Class A Shares, be entitled to participate rateably in any distribution of the assets of Target; and
- (4) Modification of Rights: The rights and restrictions attached to the Class A Shares shall not be modified unless the holders of the Class A Shares consent thereto by separate resolution. Such consent may be obtained in writing signed by the holders of all of the issued and outstanding Class A Shares or by a resolution passed by at least 75% of the votes cast at a separate meeting of the holders of Class A Shares who are present in person or represented by proxy at such meeting; and
- (ii) each issued and outstanding Common Share shall be exchanged with Target (free and clear of any liens, encumbrances or claims) for one Class A Share and one ExploreCo Share;
- (f) Purchaser shall deliver to each Target Shareholder whose Common Shares were transferred to Purchaser pursuant to subsection 4.1(d) such number of ExploreCo Shares as are deliverable to such Target Shareholder pursuant to subsection 4.1(d); and
- (g) each issued and outstanding Class A Share (other than Class A Shares already held by Purchaser) shall be, and shall be deemed to be, transferred to Purchaser (free and clear of any liens, encumbrances or claims) in exchange for the Purchaser Consideration.
- **4.2** With respect to each holder of Exercised Target Options or Target Shares (other than Dissenting Shareholders):
 - (a) upon the exercise of Exercised Target Options effected pursuant to subsection 4.1(b):
 - (i) each holder of an Exercised Target Option shall cease to be a holder of the Exercised Target Option and the name of such holder shall be removed from the register of holders of Target Options as it relates to the Exercised Target Options; and
 - (ii) Target shall allot and issue to such holder the number of Common Shares issuable to such holder on the basis set forth in subsection 4.1(b) and the name of such holder shall be added to the register of holders of Common Shares in respect of such Common Shares;
 - (b) upon the exchange of each Common Share effected pursuant to subsections 4.1(d):

- (i) such former Target Shareholder shall cease to be a holder of such Common Shares and the name of such former Target Shareholder shall be removed from the register of holders of Common Shares in respect of such Common Shares;
- (ii) Purchaser shall become the holder of such Common Shares and shall be added to the register of holders of Common Shares in respect of such Common Shares; and
- (iii) Purchaser shall allot and issue the number of Purchaser Shares deliverable to such former Target Shareholder;
- (c) upon the exchange of Common Shares for Class A Shares and ExploreCo Shares pursuant to paragraph 4.1(e)(ii):
 - (i) each such Common Share shall and shall be deemed to be exchanged as described in paragraph 4.1(e)(ii) without any further action being taken by the holder thereof:
 - (ii) each holder of such Common Shares shall cease to be the holder of such Common Shares and the names of such Target Shareholders shall be removed from the register of Common Shares with respect to such Common Shares:
 - (iii) each holder of such Common Shares thereafter shall and shall be deemed to hold as fully paid and non-assessable shares a number of Class A Shares equal to the number of Common Shares previously held by such holder and the name of such Target Shareholder shall be added to the register of Class A Shares as registered holder of such Class A Shares and the share certificate representing Common Shares shall represent Class A Shares of the same number after the above described change as the number of Common Shares it represented before the change;
 - (iv) Target shall cease to be the holder of the ExploreCo Shares deliverable in respect of such Common Shares and the name of Target shall be removed from the register of holders of ExploreCo Shares in respect of such ExploreCo Shares;
 - (v) such former holder of Common Shares shall become the holder of the ExploreCo Shares so deliverable and the name of such former Target Shareholder shall be added to the register of holders of ExploreCo Shares in respect of such ExploreCo Shares;
 - (vi) the stated capital of the Class A Shares shall be set at \$1.00 in the aggregate;
- (d) upon the delivery of the ExploreCo Shares by Purchaser pursuant to subsection 4.1(f):
 - (i) the Purchaser shall cease to be the holder of the ExploreCo Shares so delivered and the name of Purchaser shall be removed from the register of holders of ExploreCo Shares in respect of such ExploreCo Shares; and
 - (ii) such former Target Shareholder shall become the holder of the ExploreCo Shares so delivered and the name of such former Target Shareholder shall be added to the register of holders of ExploreCo Shares in respect of such ExploreCo Shares; and
- (e) upon the exchange of Class A Shares by a Target Shareholder pursuant to subsection 4.1(g):

- (i) such former Target Shareholder shall cease to be a holder of Class A Shares and the name of such Target Shareholder shall be removed from the register of holders of Class A Shares;
- (ii) the Purchaser shall become the holder of the Class A Shares so exchanged and shall be added to the register of holders of Class A Shares in respect of such Class A Shares;
- (iii) the Purchaser shall allot and issue the number of Purchaser Shares deliverable to such former Target Shareholder; and
- (iv) Target shall file an election with the Canada Revenue Agency to be effective immediately following the transfer described in paragraph 4.1(g) to cease to be a public corporation for purposes of the Tax Act.
- 4.3 Target will not file a joint tax election under Section 85 of the Tax Act with any former holder of Common Shares in respect of the exchange of Common Shares for Class A Shares and ExploreCo Shares described in paragraph 4.1(e)(ii).
- 4.4 Target, Purchaser, ExploreCo and the Depositary shall be entitled to deduct and withhold from any dividend or consideration otherwise payable to any holder of Target Options, Target Shares, Purchaser Shares or ExploreCo Shares such amounts as Target, Purchaser, ExploreCo or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Target, Purchaser, ExploreCo and the Depositary are hereby authorized to sell or otherwise dispose of any portion of the consideration otherwise deliverable to a holder of Target Options or Target Shares as is necessary to provide sufficient funds to Target, Purchaser, ExploreCo or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Target, Purchaser, ExploreCo or the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

ARTICLE 5 DISSENTING SHAREHOLDERS

5.1 Each registered holder of Common Shares shall have the right to dissent with respect to the Arrangement in the manner set out in Section 191 of the ABCA, as modified by the Interim Order and this Plan of Arrangement, provided that such holder's written notice of dissent to the Arrangement contemplated by Section 191 of the ABCA must be received by Target as set out in the Interim Order no later than 10:00 a.m. (Calgary time) on December 27, 2012 (or such other date that is two Business Days immediately preceding the date of the Target Meeting as it may be adjourned or postponed from time to time). A Dissenting Shareholder shall, on the Effective Date, cease to have any rights as a holder of Common Shares and shall only be entitled to be paid the fair value of the Dissenting Shareholder's Common Shares. A Dissenting Shareholder who is ultimately entitled to be paid the fair value of the holder's Common Shares shall be deemed to have transferred the holder's Common Shares to Target for cancellation on the Effective Date, notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who, for any reason, is not entitled to be paid the fair value of the holder's Common Shares shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Common Shares, notwithstanding the provisions of Section 191 of the ABCA. The fair value of the Common Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved at the Target Meeting; but in no event shall Target be required to recognize such Dissenting Shareholder as a Target Shareholder after the Effective Time and the names of such holders shall be removed from the applicable register of Common Shares as at the Effective Time. For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, any person who has voted in favour of the Arrangement shall not be entitled to dissent with respect to the Arrangement.

ARTICLE 6 OUTSTANDING CERTIFICATES, FRACTIONAL SECURITIES AND CASH CONSIDERATION

- 6.1 From and after the Effective Time, certificates formerly representing Target Shares or Target Options shall represent only the right to receive the consideration to which the former holder or Target Shares or Target Options are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 5.1, to receive the fair value of the Target Shares represented by such certificates.
- Purchaser and ExploreCo, as applicable, shall, as soon as practicable following the later of the Effective Date and the date of deposit by a former Target Shareholder of a duly completed Letter of Transmittal and the certificates representing such Target Shares, either:
 - (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in the Letter of Transmittal; or
 - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder;
 - a cheque representing the Cash Consideration and certificates representing the number of ExploreCo Shares and Purchaser Shares deliverable to such holder under the Arrangement.
- 6.3 If any share certificate which immediately prior to the Effective Time represented an interest in outstanding Common Shares that were exchanged pursuant to Section 4.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed share certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall as a condition precedent to the receipt thereof give a bond satisfactory to the Purchaser and the Depositary in such form as is satisfactory to Purchaser and the Depositary (acting reasonably) or otherwise indemnify Purchaser and the Depositary, to the reasonable satisfaction of such parties, against any claim that may be made against any of them with respect to the share certificate alleged to have been lost, stolen or destroyed.
- All dividends payable with respect to any Purchaser Shares and ExploreCo Shares deliverable pursuant to this Arrangement for which a share certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereon to which such holder, is entitled, net of applicable withholding and other taxes.
- 6.5 Subject to applicable law relating to unclaimed property, any share certificate formerly representing Common Shares that is not deposited with all other documents as required by this Arrangement on or before the day that is three years less one day from the Effective Date shall cease to represent a right or claim of any kind or nature and, for greater certainty, the right of the

holder of such Common Shares to receive certificates representing ExploreCo Shares and Purchaser Shares, together with all dividends, distributions or cash payments thereon held for such holder, shall be deemed to be surrendered to ExploreCo or Purchaser, respectively.

No certificates representing fractional Purchaser Shares or ExploreCo Shares shall be issued or delivered pursuant to the Arrangement. In the event a former Target Shareholder would otherwise be entitled to a fractional Purchaser Share or ExploreCo Share hereunder, the number of Purchaser Shares or ExploreCo Shares, as the case may be, issued to such former Target Shareholder shall be rounded up to the next greater whole number of Purchaser Shares or ExploreCo Shares, as the case may be, where the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Purchaser Shares or ExploreCo Shares, as the case may be, where the fractional entitlement is less than 0.5. In calculating such fractional interests, all Common Shares registered in the name of or beneficially held by such former Target Shareholder or their nominee shall be aggregated. If the aggregate amount of Cash Consideration to which a former Target Shareholder would otherwise be entitled pursuant to Section 4.1(g) hereof includes a fractional cent, such amount shall be rounded up to the nearest whole cent.

ARTICLE 7 SECTION 85 ELECTIONS

7.1 An Eligible Holder whose Target Shares are exchanged for the Share Consideration pursuant to the Arrangement shall be entitled to make a joint income tax election with Purchaser, pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) (the Section 85 Election) in order to obtain a full or partial tax-deferred rollover for Canadian income tax purposes in respect of the transfer of the Eligible Holder's Target Shares to Purchaser. To make a Section 85 Election, an Eligible Holder shall be required to remit the necessary tax election information, including the number of Target Shares exchanged, the adjusted cost base of the Eligible Holder's Target Shares, the amount of the Cash Consideration and the number of Purchaser Shares received on the exchange, and the applicable Elected Amount, (the Section 85 Election Information) on or before 45 days after the Effective Date (the Section 85 Election Period). Subject to the Eligible Holder furnishing Section 85 Election Information that is correct and complete and complying with the provisions of the Tax Act (and of any applicable provincial income tax law), Purchaser shall, within 45 days after the end of the Section 85 Election Period, deliver the signed and completed election forms for approval and signature for filing by the Eligible Holder with the CRA (or applicable provincial tax authority). Each Eligible Holder shall be solely responsible for ensuring the Section 85 Election is completed correctly and filed with CRA (and any applicable provincial income tax authorities) by the required deadline. With the exception of Purchaser's obligation to sign and deliver completed Section 85 Election forms, neither Target, Purchaser, nor any successor corporation shall be responsible for the proper completion of any Section 85 Election form or have any other liability or obligation respect thereof. For greater certainty, neither Target, Purchaser, nor any successor corporation shall be liable for or have any obligation in respect of any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and with the time prescribed by the Tax Act (or any applicable provincial legislation). At its sole discretion. Purchaser may make Section 85 Elections with Eligible Holders with whom it receives the Section 85 Election Information after the Section 85 Election Period, but it shall have no obligation to do so.

ARTICLE 8 AMENDMENTS

8.1 Target and Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time-to-time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (a) set out in writing, (b) approved by the other parties,

- (c) filed with the Court and, if made following the Target Meeting, approved by the Court, and (d) communicated to holders of Target Shares, if and as required by the Court.
- 8.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Target or Purchaser at any time prior to or at the Target Meeting (provided that the other parties shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Target Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 8.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Target Meeting shall be effective only if it is consented to by each of Target and Purchaser.
- 8.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Target, provided that it concerns a matter which, in the reasonable opinion of Target, is of an administrative nature required to better give effect to the implementation of this Arrangement and is not adverse to the financial or economic interests of Target or any former holder of Target Shares.

APPENDIX E - FAIRNESS OPINION OF FIRSTENERGY CAPITAL CORP.



November 30, 2012

The Board of Directors of C&C Energia Ltd. 1250, 555 - 4th Avenue S.W. Calgary, Alberta T2P 3E7

To the Board of Directors of C&C Energia Ltd.:

We understand that C&C Energia Ltd. ("C&C") has entered into an amended and restated arrangement agreement with Pacific Rubiales Energy Corp. ("Pacific Rubiales") dated November 30, 2012 (which amended and restated the arrangement agreement between C&C and Pacific Rubiales, dated November 19, 2012), ("Arrangement Agreement"), whereby Pacific Rubiales has agreed to acquire all of the issued and outstanding common shares of C&C ("C&C Shares"), including C&C Shares which may be issued upon the exercise or surrender of options to acquire C&C Shares, in exchange for common shares of Pacific Rubiales ("Pacific Rubiales Shares") by way of plan of arrangement (the "Arrangement") pursuant to the Business Corporations Act (Alberta). Pursuant to the Arrangement, the holders of C&C Shares (the "C&C Shareholders") will receive, for each C&C Share held (including C&C Shares issued pursuant to the exercise of options to acquire C&C Shares): (i) 0.3528 of a Pacific Rubiales Share; (ii) Cdn \$0.001, and (iii) one common share of a newly formed subsidiary of C&C ("Spinco"), ("Spinco Share"). Completion of the Arrangement is subject to a number of conditions which must either be satisfied or waived including, among other things: (i) the approval of not less than 663/4% of the votes cast by C&C Shareholders, at the special meeting of C&C Shareholders (the "C&C Meeting") to be held to permit C&C Shareholders to consider the Arrangement; (ii) the granting of the final order of the Court of Queen's Bench of Alberta in respect of the Arrangement; and (iii) receipt of all other consents and approvals. The terms and conditions of the Arrangement are more fully described in the information circular of C&C (the "Information Circular"), dated the date hereof.

We understand that pursuant to support agreements, certain C&C Shareholders representing approximately 42.7% of the outstanding C&C Shares (on a fully diluted basis), including all the directors and officers of C&C other than Messrs. Yanovich and Tricoli have entered into support agreements with Pacific Rubiales pursuant to which they have agreed to vote in favour of the Arrangement at the C&C Meeting.

FirstEnergy's Engagement

The Board of Directors of C&C (the "Board") formally retained FirstEnergy Capital Corp. ("FirstEnergy") pursuant to an engagement agreement dated October 18, 2012, (as amended on November 7, 2012 to contemplate a transaction with Pacific Rubiales) to provide the Board with, among other things, financial advice in connection with the Arrangement and to provide our opinion ("Opinion") as to the fairness, from a financial point of view, of the consideration to be received by the C&C Shareholders pursuant to the Arrangement (the "Engagement"). In consideration for our



services, including this Opinion, FirstEnergy is to be paid a fee and is to be reimbursed for reasonable out-of-pocket expenses. In addition, FirstEnergy is to be indemnified by C&C under certain circumstances. We have not been engaged to prepare, and have not prepared, a valuation or appraisal of C&C, Pacific Rubiales, or any of C&C's or Pacific Rubiales' assets or liabilities and the Opinion should not be construed as such.

FirstEnergy consents to the inclusion of this Opinion in its entirety and a summary thereof in the Information Circular, references to this Opinion in press releases issued in connection with the Arrangement and to the filing thereof, as necessary, by C&C and/or Pacific Rubiales with securities commissions or similar regulatory authorities in each province of Canada.

Credentials of FirstEnergy

FirstEnergy is a registered investment dealer focusing on Canadian and international companies participating in oil and gas exploration, production and services, energy transportation, electricity generation and energy technologies. FirstEnergy is one of the leading investment banking firms providing corporate finance, mergers and acquisitions, oil and gas property acquisition and divestiture services, equity sales, research and trading services to companies active in or investing in the energy industry. This Opinion expressed herein is the opinion of FirstEnergy and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture, and valuation matters.

Independence of FirstEnergy

None of FirstEnergy, its affiliates or associates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)), or a related entity of C&C or Pacific Rubiales or any of their respective associates or affiliates. FirstEnergy is not acting as an advisor to C&C or Pacific Rubiales or any of their respective associates or affiliates in connection with any other matter, other than acting as financial advisor to C&C as outlined herein.

FirstEnergy acts as a trader and dealer, both as principal and agent, in all major financial markets in Canada and, as such, may have had, may have today or in the future may have positions in the securities of C&C and Pacific Rubiales, and from time to time, may have executed or may execute transactions on behalf of C&C, Pacific Rubiales or clients for which it received or may receive compensation. In addition, as an investment dealer, FirstEnergy conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on issues and investment matters, including with respect to C&C and Pacific Rubiales.

Scope of Review

In connection with rendering this Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

- a) the Information Circular;
- b) the Arrangement Agreement;



- c) the Support Agreements as referred to in the Arrangement Agreement;
- d) the Plan of Arrangement as referred to in the Arrangement Agreement;
- e) C&C and Pacific Rubiales' audited consolidated annual financial statements as at and for the fiscal years ended December 31, 2010 and December 31, 2011;
- f) the unaudited consolidated interim financial statements and associated management discussion and analysis of C&C and Pacific Rubiales for the quarters ended September 30, 2012, June 30, 2012, March 31, 2012;
- g) C&C's independent reserve report effective as at December 31, 2011, prepared by Lonquist & Co., LLC;
- h) Pacific Rubiales independent reserve report effective as at December 31, 2011, prepared by Petrotech Engineering Ltd. and RPS Energy Canada Ltd.;
- i) certain internal financial information, financial and operational projections of C&C as provided by C&C management;
- j) due diligence responses by senior management of C&C and Pacific Rubiales;
- k) public information related to the business, operations and financial performance of C&C, Pacific Rubiales and other selected public oil and gas companies;
- discussions with management of C&C with regard to, among other things, the business, operations, quality of assets, and future potential of C&C;
- m) data with respect to other transactions of a comparable nature considered by FirstEnergy to be relevant; and
- n) other information, analyses and investigations as FirstEnergy considered appropriate in the circumstances.

We have not, to the best of our knowledge, been denied access by C&C to any information requested by us.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuation and Fairness Opinions of the Investment Industry Regulatory Organization of Canada but that organization was not involved in the preparation of the Opinion.

Assumptions and Limitations

We have relied upon, and have assumed the completeness, accuracy and fair representation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, including information relating to C&C, or provided to us by C&C and its affiliates or advisors or otherwise pursuant to our Engagement and this Opinion is conditional upon the completeness and accuracy of all such information. Subject to the exercise of professional judgement and except as expressly described herein, we have not attempted to verify independently the accuracy or completeness of any such information, data, advice, opinions and representations. Senior officers and managers of C&C have represented to us, in certificates



delivered as at the date hereof, amongst other things, that the historical and current information, data, opinions and other materials (the "Information") provided to us on behalf of C&C are, to the best of its knowledge, complete and correct at the date the Information was prepared and that since the date of the Information, there has been no material change, financial or otherwise, in the position of C&C, or in its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature as to render the Information, taken as a whole, untrue or misleading in any material respect.

This Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the condition and prospects, financial and otherwise, of C&C as they were reflected in the information and documents reviewed by us and as they were represented to us in our discussions with management of C&C. In rendering this Opinion, we have assumed that there are no undisclosed material facts relating to C&C or its operations or capital. Any changes therein may affect this Opinion and, although we reserve the right to change or withdraw our Opinion in such event, we disclaim any obligation to advise any person of any change that may come to our attention or to update this Opinion after the date hereof.

In our analyses and in connection with the preparation of this Opinion, we made numerous assumptions which we believe to be reasonable with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement. We have also assumed that all of the representations and warranties contained in the Arrangement Agreement are correct as of the date hereof and that the Arrangement will be completed substantially in accordance with its terms and all applicable laws and that the Information Circular will disclose all material facts relating to the Arrangement and will satisfy all applicable legal requirements.

We believe that the analyses and factors considered in arriving at our Opinion must be considered as a whole and are not necessarily amenable to partial analysis or summary description. Selecting portions of the analyses and the factors we considered, without considering all factors and analyses together, could create a misleading view of the process underlying this Opinion that we employed and the conclusions we reached in this Opinion.

This Opinion is not intended to be and does not constitute a recommendation to any C&C Shareholder to vote his/her/its shares in favour of the Arrangement at the C&C Meeting.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement or the sufficiency of this letter for your purposes.

Conclusion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion that the consideration to be received by the C&C Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the C&C Shareholders.

This Opinion may be relied upon by the Board for the purposes of considering the Arrangement and its recommendation to C&C Shareholders with respect to the Arrangement, but may not be used or



relied upon by any other person without our express prior written consent, except as otherwise provided herein.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Information Circular.

Yours very truly,

(Signed)

FirstEnergy Capital Corp.

APPENDIX F - INFORMATION CONCERNING PLATINO ENERGY CORP.

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- Audited statement of financial position of Platino Energy at November 30, 2012.
- Audited financial statements of the business comprised of the Platino Energy Assets, prepared on a carve-out basis, as at and for the years ended December 31, 2011 and 2010, as at and for the nine months ended September 30, 2012, for the nine months ended September 30, 2011 (unaudited) and as at January 1, 2010.
- Unaudited *pro forma* balance sheet of Platino Energy and the business comprised of the Platino Energy Assets as of September 30, 2012.

SCHEDULE B – BOARD OF DIRECTORS MANDATE

SCHEDULE C – AUDIT COMMITTEE CHARTER

NOTICE TO READER

As at the date of the Information Circular, Platino Energy has not carried on any active business other than in connection with the Arrangement and related matters. The Arrangement provides C&C Energia Shareholders with the opportunity to participate in the business of Platino Energy through the ownership of Platino Energy Shares. Assuming the Arrangement Resolution is approved, immediately following the Effective Time, a C&C Energia Shareholder (other than a Dissenting C&C Energia Shareholder) will receive, among other things, for each C&C Energia Common Share held, one Platino Energy Share, and Platino Energy will own the Platino Energy Assets. Unless otherwise noted, the disclosure in this Appendix F has been prepared assuming that the issuance of such Platino Energy Shares has been completed and that Platino Energy is the owner of the Platino Energy Assets.

No securities regulatory authority, nor the TSX or the TSXV, has expressed an opinion about the Arrangement or the Platino Energy Shares to be issued pursuant to the Arrangement and it is an offence to claim otherwise.

An investment in Platino Energy should be considered highly speculative due to the nature of its activities and the present stage of its development. Platino Energy was incorporated for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. See "Risk Factors".

The following information is a summary of the business and affairs of Platino Energy and should be read together with the more detailed information regarding the Arrangement contained elsewhere in the Information Circular and the financial statements relating to Platino Energy and the Platino Energy Assets, as applicable, in the Schedules attached to this Appendix F.

GLOSSARY OF TERMS

In this Appendix F, unless otherwise defined herein, capitalized terms and phrases shall have the meaning given to them in the "Glossary of Terms" contained in the Information Circular to which this Appendix F is attached.

FORWARD-LOOKING STATEMENTS

This Appendix F contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Securities Laws and U.S. Securities Laws and the *U.S. Private Securities Litigation Reform Act of 1995*. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should", "considers", "opportunity", "focused", "potential", "goal", "possible", "would" and variations of such words and similar expressions are intended to identify forward-looking statements. These statements and information are only predictions. Actual events or results may differ materially from the events and results expressed in the forward-looking statements. In addition, this Appendix F may contain forward-looking statements attributed to third-party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions and known and unknown risks and uncertainties, both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur.

Specific forward-looking statements contained in this Appendix F include, among others, statements regarding: activities, events or developments that either C&C Energia or Platino Energy expects or anticipates will or may occur in the future, including C&C Energia's and Platino Energy's assessment of future plans and operations; statements with respect to the Arrangement; the stock exchange listing of Platino Energy Shares issued under the Arrangement and the timing of commencement of trading of the Platino Energy Shares; the business of the Meeting; the acquisition of the Platino Energy Assets pursuant to the Arrangement; the estimate of the net cash that Platino Energy will have upon completion of the Arrangement; expectations regarding compensation plans of Platino

Energy; financial information relating to Platino Energy; business plans of Platino Energy and plans for the exploration, evaluation, delineation and development of the Spin-Off Properties; the work programs for the Spin-Off Properties; the status of Platino Energy as a reporting issuer; the terms pursuant to which the Platino Energy Assets will be transferred to Platino Energy; the expected costs and expenditures associated with exploration, evaluation, delineation and development of the Spin-Off Properties; timing and sources of financing; further capital requirements; estimated taxes; Platino Energy's estimated general financial performance in future periods; the timing of filing regulatory applications; Platino Energy's resource estimates relating to the Spin-Off Properties; expectations with respect to the officers, directors, employees and contractors of Platino Energy; estimated abandonment and reclamation costs; any expansion plans for Platino Energy's properties or assets, including acquisition opportunities; the impact of governmental controls and regulations on Platino Energy's operations; Platino Energy's competitive advantages and ability to compete successfully; Platino Energy's expectations regarding the development and production potential of its properties; the timing of receipt of required approvals and permits from regulatory authorities; expectations respecting a bank loan facility and the uses thereof; Platino Energy's assets, liabilities, financial resources, financial position and growth prospects; any anticipated amendments to the capital structure of Platino Energy; the impact of uncertainty in the capital markets on the debt and equity markets; Platino Energy's expectations regarding global capital markets; expectations with respect to the expiration of rights to explore, develop and exploit Platino Energy's properties; cash projections and the components thereof; expectations for uses of funds; expectations with respect to bank financing and hedging commitments; any decision to pay dividends in the future; principal shareholders of Platino Energy; anticipated shareholdings of directors and executive officers; establishment of committees of the Platino Energy Board of Directors; compensation of executive officers and fees for directors; expectations with respect to option grants; intentions with respect to compliance with environmental requirements; insurance policies of Platino Energy; community initiatives and relationships of Platino Energy; and intentions with respect to the implementation of programs that support an environmental management system and attempts to manage and mitigate the environmental impact of Platino Energy's operations.

Statements relating to "reserves" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated.

With respect to forward-looking statements contained in this Appendix F, C&C Energia and Platino Energy have made assumptions regarding, among other things: the expected costs to explore, evaluate and develop the Spin-Off Properties; future crude oil and natural gas prices; the plans of counterparties; Platino Energy's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demands; the regulatory framework with respect to royalties, taxes, environmental matters, resource recovery and securities matters in the jurisdiction in which Platino Energy will conduct its business; the timing and progress of work relating to the Spin-Off Properties; future production levels; future capital expenditures; future sources of funding for Platino Energy's capital program; future debt levels; future business plans of Platino Energy; Platino Energy's geological and engineering estimates; the geography of the areas in which Platino Energy will be exploring; the impact of increasing competition; Platino Energy's ability to obtain financing on acceptable terms; the sufficiency of budgeted capital expenditures in carrying out planned activities; the receipt, in a timely manner of regulatory, C&C Energia Shareholder and third-party approvals in respect of the Arrangement; costs of the Arrangement; and joint venture and other arrangements with counterparties and their applicability to the Arrangement. These assumptions are based on certain factors and events that are not within the control of C&C Energia and Platino Energy and there is no assurance they will prove to be correct.

The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied in such forward-looking statements. Such risks, uncertainties and factors include, among others: the early stage of development of Platino Energy and the Spin-Off Properties and the nature of the exploration, evaluation and development activities on the assets that will comprise the primary business of Platino Energy; difficulties attracting qualified personnel; the risk of termination or expiration of leases; operational hazards; relationships with counterparties; difficulties encountered during the exploration for, evaluation of, delineation, development and production of oil; costs and risks associated with exploration for, evaluation of, delineation, development and production of oil; the impact of competition; the need to obtain required approvals and permits from regulatory authorities; liabilities as a result of accidental damage to the environment; compliance with and liabilities under

environmental laws and regulations; the uncertainty of estimates by C&C Energia's independent consultants with respect to discovered petroleum resources relating to the Spin-Off Properties; risks and uncertainty relating to the development potential of such resources; the volatility of crude oil and natural gas prices; changes in the foreign exchange rate amount between the Canadian dollar, the Colombian peso and the U.S. dollar; risks that financial counterparties may not fulfill financial obligations due to C&C Energia or Platino Energy; liquidity and capital market constraints on Platino Energy; general economic conditions in Canada, the United States, and global markets; failure to obtain industry partners and other third-party consents and approvals when required; royalties payable in respect of Platino Energy's production; the impact of amendments to applicable tax legislation, including the Tax Act on Platino Energy; changes in or the introduction of new government regulations, in particular related to carbon dioxide, relating to Platino Energy's business; the uncertainty of Platino Energy's ability to attract debt or equity capital when necessary; risks relating to there being no prior public market for the Platino Energy Shares and the liquidity of the Platino Energy Shares; risks to Platino Energy relating to the Arrangement; the consummation of the Arrangement being dependent on the satisfaction of customary closing conditions, the approval of C&C Energia's Shareholders and the approval of the Court; the risk of termination of the Arrangement Agreement; and failure to achieve a stock exchange listing for the Platino Energy Shares. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate.

Readers are cautioned that the foregoing lists are not exhaustive. The information contained in this Appendix F, including the information provided under the heading "Risk Factors", and the information contained elsewhere in the Information Circular or the documents incorporated by reference therein, including the information provided under the heading "Risk Factors" in the Information Circular, discusses certain of the items identified above and their impact more fully and identifies additional uncertainties that could affect the performance and operating results of Platino Energy. Readers are urged to carefully consider those factors and the other information contained in this Appendix F and elsewhere in the Information Circular or the documents incorporated by reference therein. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on the assessment of all information at that time.

Management has included the above summary of assumptions and risks related to the forward-looking statements provided in this Appendix F in order to provide C&C Energia Shareholders with a more complete perspective on the future operations of Platino Energy and such information may not be appropriate for other purposes. Platino Energy's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, the benefits that Platino Energy will derive therefrom.

Neither C&C Energia nor Platino Energy give any assurance nor make any representations or warranties that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements in this Appendix F. All of the forward-looking statements made in this Appendix F are qualified by these cautionary statements. C&C Energia and Platino Energy undertake no obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by Securities Laws.

See also "Forward-Looking Statements" in the Information Circular.

CORPORATE STRUCTURE

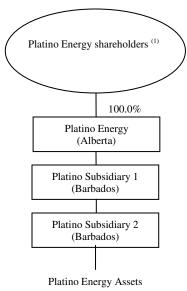
Name, Address and Incorporation

Platino Energy Corp. was incorporated under the ABCA on November 16, 2012. The principal office of Platino Energy is located at Suite 1250, $555 - 4^{th}$ Avenue S.W., Calgary, Alberta, T2P 3E7 and the registered office of Platino Energy is located at Suite 3500, $855 - 2^{nd}$ Street S.W., Calgary, Alberta, T2P 4J8.

Intercorporate Relationships

As at the date of the Information Circular, Platino Energy is a wholly-owned subsidiary of C&C Energia. After giving effect to the Arrangement and certain other transactions contemplated in the Arrangement Agreement, Platino Energy will be owned by the C&C Energia Shareholders who hold C&C Energia Common Shares immediately prior to the Effective Time (other than a C&C Energia Shareholder who validly exercises his, her or its Dissent Rights) and Pacific Rubiales, which will indirectly acquire a five percent interest in Platino Energy in connection with the Arrangement. Platino Energy does not have any subsidiaries currently.

Prior to the completion of the Arrangement, the Platino Energy Assets will be transferred to Platino Energy indirectly through Platino Subsidiary 1 and Platino Subsidiary 2, which will become wholly owned subsidiaries of Platino Energy through the Platino Reorganization, as described below under "The Platino Reorganization". Following completion of the Platino Reorganization and the Arrangement, the organizational structure of Platino Energy will be as follows:



Note:

(1) After giving effect to the Arrangement and certain other transactions contemplated in the Arrangement Agreement, Platino Energy will be owned by the C&C Energia Shareholders who hold C&C Energia Common Shares immediately prior to the Effective Time (other than a C&C Energia Shareholder who validly exercises his, her or its Dissent Rights) and Pacific Rubiales, which will indirectly acquire a five percent interest in Platino Energy in connection with the Arrangement.

GENERAL DEVELOPMENT OF THE BUSINESS

General

Platino Energy was incorporated for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. Following completion of the

Platino Reorganization and the Arrangement, Platino Energy will carry on the current exploration, evaluation and development business related to the Spin-Off Properties, being the Morpho, Coati, Andaquíes and Putumayo-8 Blocks in Colombia.

A description of the business to be carried on by Platino Energy following completion of the Arrangement is provided in this Appendix F.

The Arrangement and Other Matters to be Considered at the Meeting

The Arrangement

The following is a summary of certain terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement and the Plan of Arrangement, which are attached to the Information Circular as Appendix C and Appendix D, respectively.

Pursuant to the Plan of Arrangement, subject to certain conditions and other transactions set out in the Arrangement Agreement, Pacific Rubiales will acquire all of the issued and outstanding C&C Energia Common Shares. Under the Arrangement, a holder of C&C Energia Common Shares (other than a Dissenting C&C Energia Shareholder) will receive, in exchange for each C&C Energia Common Share, the Share Consideration, the Cash Consideration and one Platino Energy Share. In addition, pursuant to the Platino Reorganization, C&C Energia will indirectly transfer the Platino Energy Assets to Platino Energy and Platino Energy will indirectly assume the liabilities associated therewith.

After giving effect to the Arrangement and certain other transactions contemplated in the Arrangement Agreement, Platino Energy will be owned by the C&C Energia Shareholders who hold C&C Energia Common Shares immediately prior to the Effective Time (other than a C&C Energia Shareholder who validly exercises his, her or its Dissent Rights) and Pacific Rubiales, which will indirectly acquire a five percent interest in Platino Energy in connection with the Arrangement. See "The Arrangement" and "Dissenting C&C Energia Shareholder Rights" in the Information Circular.

Listing and Securities Law Matters

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that a stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on a stock exchange.

Upon completion of the Arrangement, Platino Energy will become a reporting issuer or the equivalent thereof in all Canadian provinces, and will become subject to the informational reporting requirements under Securities Laws. Platino Energy Shares to be issued to C&C Energia Shareholders pursuant to the Arrangement will, subject to certain trading restrictions under Securities Laws and U.S. Securities Laws, generally not be subject to any resale or transfer restrictions. See "The Arrangement – Canadian Securities Law Matters" and "The Arrangement – United States Securities Law Matters" in the Information Circular.

Other Matter to Be Considered at the Meeting

At the Meeting, C&C Energia Shareholders will be asked to consider and, if deemed appropriate, ratify and approve the adoption by Platino Energy of the Platino Energy Stock Option Plan, which will authorize the Platino Energy Board of Directors to grant options to purchase Platino Energy Shares ("Platino Energy Options") to directors, executive officers, employees and consultants of Platino Energy and its subsidiaries. To be adopted, the ordinary resolution must be approved by a simple majority of votes cast at the Meeting by C&C Energia Shareholders. It is expected that approval of the Platino Energy Stock Option Plan by C&C Energia Shareholders will be required by any stock exchange on which the Platino Energy Shares are listed. In the event that the Platino Energy Stock Option Plan is not approved at the Meeting, it is expected that Platino Energy would consider the provision of comparable

compensation to its directors, executive officers, employees and consultants in the form of cash or other appropriate arrangements. A copy of the Platino Energy Stock Option Plan is set out in Appendix G to the Information Circular.

See "Other Matter of Special Business Relating to Platino Energy – Approval of the Platino Energy Stock Option Plan" in the Information Circular.

The Platino Reorganization

The completion of the Arrangement is conditional upon completion of the Platino Reorganization whereby, among other things, C&C Energia will indirectly transfer the Platino Energy Assets to Platino Energy and Platino Energy will indirectly assume the liabilities associated therewith. See "The Arrangement – The Platino Reorganization" in the Information Circular.

The Platino Energy Assets

Immediately following completion of the Arrangement, Platino Energy will carry on the business currently carried on by C&C Energia in respect of the Platino Energy Assets and it is currently estimated that Platino Energy will receive approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) from C&C Energia upon closing of the Arrangement, resulting in a net cash position of approximately US\$80.0 million. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate. See "Risk Factors – Risks Related to the Arrangement".

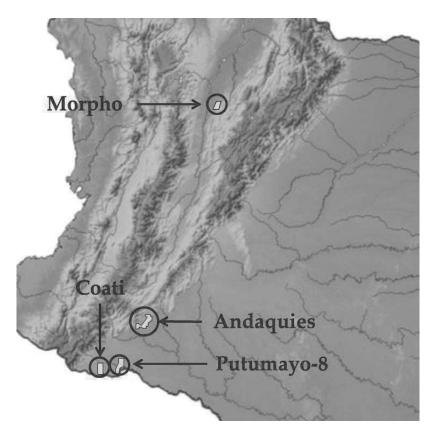
The Spin-Off Properties, which are exploration and development stage crude oil and natural gas properties, are outlined in the table below and displayed in the map below.

Basin	Block	Working Interest	Net Acres	Gross Acres	Operator
Middle Magdalena	Morpho	50%	25,710	51,420	Grupo C&C ⁽²⁾
Putumayo	Coati	$100\%^{(1)}$	61,840	61,840	Grupo C&C(2)
Putumayo	Andaquíes	64%	73,520	114,875	Grupo C&C ⁽²⁾
Putumayo	Putumayo-8	50%	51,400	102,800	Vetra
Total		·	212,470	330,935	

Notes:

- (1) Working interest will be reduced to 60% upon Canacol Energy Ltd. ("Canacol") earning-in in accordance with a farm-in agreement dated May 24, 2011.
- (2) The Parties expect that the ANH will not object to Platino Energy becoming a party to the E&P Contracts and the operator of the relevant Spin-Off Properties, as C&C Energia or Grupo C&C, as applicable, will continue to guarantee compliance in respect of obligations related to the Spin-Off Properties owed by Platino Energy or Platino Energy's subsidiary holding the Spin-Off Properties until Platino Energy or such subsidiary, as the case may be, is qualified to act as operator of such properties without any such guarantees. However, the Parties have agreed that if operation of the Spin-Off Properties by Platino Energy or its subsidiaries is objected to by the ANH, Grupo C&C will continue to operate the Spin-Off Properties:

 (a) until the ANH no longer objects to Platino Energy or its subsidiaries operating the Spin-Off Properties on terms satisfactory to both parties; (b) if such objections cannot be overcome within a reasonable period of time after the Effective Time, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement; or (c) until other arrangements are made to the mutual satisfaction of Platino Energy and Pacific Rubiales. There is no assurance that Platino Energy or a subsidiary thereof will be able to operate the Spin-Off Properties independently of Pacific Rubiales or Grupo C&C within a reasonable period of time after the Effective Time.



DESCRIPTION OF THE BUSINESS

Description of the Business

Platino Energy was incorporated for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters. Following completion of the Arrangement, Platino Energy will be a resource company engaged in the exploration for, and the acquisition, development and production of, hydrocarbons in Colombia. Platino Energy will carry on the exploration, evaluation and development business currently carried on by C&C Energia with respect to the Spin-Off Properties. Platino Energy intends to develop producing hydrocarbons by appraising and developing existing discoveries and exploring in areas considered by management to be prospective for hydrocarbon resources.

In 2013, it is anticipated that Platino Energy's management team will focus on activities related to progressing its understanding of the Spin-Off Properties including: (a) drilling two wells and continuing civil works and work on the development plan for the Morpho Block at an estimated cost of US\$7 to US\$8 million; (b) continuing civil works, acquiring 3D seismic and spudding the first exploratory well on the Coati Block at an estimated cost of US\$4 to US\$5 million; (c) continuing to evaluate the exploration plans, re-processing seismic and analyzing well test data for the Andaquíes Block at an estimated cost of up to US\$1 million; and (d) interpreting seismic results, continuing civil works and drilling the first exploratory well on the Putumayo-8 Block at an estimated cost of US\$7 to US\$8 million. In 2013, Platino Energy's management team also anticipates incurring total general and administrative expenses of US\$7 to US\$8 million, for a total estimated cost of approximately US\$25 to US\$30 million. In addition to its core activities on the Spin-Off Properties, the management team of Platino Energy will consider opportunities that will potentially yield value to the shareholders of Platino Energy. See "- Principal Properties".

Platino Energy will be initially capitalized, receiving approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) transferred from C&C Energia resulting in a net cash position of approximately US\$80.0 million on closing of the Arrangement, which will allow for the continued development of such assets and properties. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C

Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate. See "Risk Factors – Risks Related to the Arrangement".

Principal Properties

The following describes Platino Energy's principal properties following the completion of the Arrangement.

Middle Magdalena Basin

The Middle Magdalena Basin in central Colombia is an area where many significant commercial oil fields have been discovered. The Oleoducto Central S.A. export pipeline (the "OCENSA Pipeline") crosses Platino Energy's Morpho Block. There is a significant market for light oil to be used as a diluent for new heavy oil production in this part of Colombia, which is also shipped via the OCENSA Pipeline.

The Middle Magdalena Basin is an area of Colombia where Platino Energy's management team has prior experience. Management believes that Middle Magdalena Basin may contain the potential for significant additional resources. Platino Energy will participate in one block in the Middle Magdalena Basin, being the Morpho Block.

Morpho Block

Platino Energy will have a 50% Participating Interest in and will, subject to applicable regulations, be the operator of the Morpho Block (previously called the Zeus area), which is 51,420 gross acres in size (25,710 net acres).

The Morpho Block lies in the western foothills of the Eastern Cordillera. It contains the highest elevation of the western foothills of the Eastern Cordillera, which is composed of two subthrust structures separated by a fault. According to information provided to C&C Energia by C&C Energia's former partner Ramshorn International Limited ("Ramshorn"), the southern structure was drilled by Ecopetrol S.A. ("Ecopetrol") and its partners in 2007 with the Zeus-1 well to a total depth of approximately 17,000 feet, measured by field electric logs. The well was cased, but only one sandstone was tested. The sandstone was found to contain hydrocarbons of 39° API quality, reflecting a very low permeability and was abandoned by Ecopetrol.

Three Year History - Morpho Block

In May 2009, C&C Energia acquired from Ramshorn a 50% Private Participating Interest in the Morpho Block in exchange for a 50% Private Participating Interest in C&C Energia's Pájaro Pinto Block. The Morpho Block was carved out from the Rio Horta Block in 2008 pursuant to a negotiation between Ramshorn and Ecopetrol. C&C Energia also received approval from the ANH for the assignment to Grupo C&C of the operation of the Morpho Block.

During the third quarter of 2009, C&C Energia drilled a commitment well, Morpho-1, to a depth of 6,750 feet as a twin well to the Zeus-1 well. Three sandstone reservoirs were tested in the Morpho-1 well. Two did not produce any fluids because of operational issues and one sandstone of 22 feet at a depth of 4,600 feet tested small quantities of 37.6° API oil.

The Baco-1 well was drilled and cased to 12,664 feet during the third quarter 2010. C&C Energia completed two thick tight sand intervals, one at 12,125 feet that is approximately 60 feet thick and another at 10,215 feet that is approximately 50 feet thick. Both zones were fracture stimulated in late 2010; one has tested water and the other had low permeability and low flow rates. The Baco-1 well has since been plugged and abandoned.

In December 2010, C&C Energia re-entered the Morpho-1 well (originally drilled and tested in 2009) and completed three shallow oil bearing reservoirs in the Colorado formation at intervals of 4,940 feet to 4,950 feet, 5,560 feet to 5,570 feet and 6,520 feet to 6,530 feet. All three zones were fracture stimulated in late 2010 and placed on extended clean-up and production testing in 2011. The fourth Colorado sand between 4,600 feet and 4,617 feet has also been

re-opened and commingled with the other three zones. C&C Energia has installed production facilities and placed the well on an extended test. The Morpho-1 well produced 38° API at a steady production rate of 65 to 70 bopd with less than one barrel of water per day. The well was shut-in in December 2011 for an extended pressure build up test. In 2012, C&C Energia applied for commerciality to the ANH and is currently evaluating future development plans with its partner.

In 2011, C&C Energia signed an E&P Contract with the ANH and was acknowledged as operator of the Morpho Block.

Proposed Operations - Morpho Block

In 2013, Platino Energy plans to drill two wells on the Morpho Block and to continue work on its development plan with a view to initiating commercial production on the block.

Putumayo Basin

The Putumayo Basin, located in southern Colombia on the Ecuadorian border, is considered prospective. An export pipeline system exists in the area with excess capacity currently available.

The Putumayo Basin is an area of Colombia where Platino Energy's management team has prior experience. Based on its knowledge of the area and the location of Platino Energy's interests in this basin, management believes that Platino Energy has the potential for discoveries leading to additional resources.

Platino Energy will participate in three Putumayo Basin blocks: the Coati Block; the Andaquíes Block; and the Putumayo-8 Block.

Coati Block

Platino Energy will, subject to applicable regulations, be the operator and have a 100% Participating Interest in the Coati Block, which will be reduced to 60% upon Canacol satisfying its obligations to pay 80% of the cost associated with acquiring seismic and drilling one exploration well.

C&C Energia acquired a 50% Private Participating Interest in the Coati Block in 2005. C&C Energia acquired the remaining 50% Private Participating Interest and farmed-out a 60% Private Participating Interest in 2007. In November 2009, C&C Energia re-acquired the 60% Private Participating Interest and on January 29, 2010, the ANH approved the assignment to C&C Energia of a 100% Participating Interest and C&C Energia as operator.

The Coati Block is 61,840 gross acres in size, and is located in the southern Putumayo Basin adjoining the Colombian border with Ecuador. The Coati Block is on-trend with the large oil fields of Ecuador that were discovered between 1967 and 1969 by a consortium of multinational oil companies and are operated now by Empresa Estatal Petróleos del Ecuador. The Lago Agrio, Shushufindi and Sacha Fields in Ecuador all lie along north-south trending anticlines. The Shushufindi and Sacha fields in Ecuador produce oil from the Cretaceous Napo and Hollin Formations, which are temporally equivalent to the Villeta and Caballos Formations, respectively, in Colombia.

In Colombia, the Coati Block is near large producing fields. The Coati Block lies just to the south of the Orito Field in the Pital Block, which is the largest discovery in the basin, according to the December 2009 Monthly Statistical Bulletin of ACIPET, and 10 kilometres east of the Puerto Colón Acae Complex. The Caballos Formation is the most significant producing reservoir in this area.

The Coati Block contains multiple projects. 2D seismic data shows the presence of two structural highs, both with the potential for stacked reservoirs. The southern structure is a simple four-way closure and the northern structure is a three-way hanging-wall anticline closure against a reverse fault.

The southern structure of the Coati Block has at least four potential reservoirs in the Cretaceous section. The Caballos Formation contains hydrocarbons in the Coati Block, as demonstrated by the tests of the Temblon-1X well drilled by Ecopetrol in the early 1980s. The Caballos Formation is the main objective of the first exploratory well on the Coati Block.

The Villeta U and T sandstones contain 29° and 36° API oil, respectively, in the Coati Block structure as proved by extended production testing by C&C Energia of the Temblon-1X and Temblon-1V wells. These sandstones, however, are not connected to an aquifer and deplete rapidly with production. Water flooding may be necessary and as a result, the development of the Villeta T and U sandstones is therefore somewhat contingent upon success of the development of the Caballos Formation project, which Platino Energy believes is a strong aquifer-driven reservoir. Water from the Caballos formation, if compatible with the Villeta T and U reservoirs, would potentially be used for pressure support to deplete the oil from those reservoirs.

Three Year History - Coati Block

In 2010, the ANH approved the assignment to Grupo C&C of a 100% Participating Interest for the operation and ownership of the Coati Block.

In the second quarter of 2011, C&C Energia agreed to farm-out a portion of its working interest in the Coati Block to Canacol in return for Canacol paying the defined cost of acquiring additional 2D and/or 3D seismic and drilling one well on the block. Upon Canacol satisfying its obligations it will earn a 40% working interest in the Coati block, leaving Platino Energy with the remaining 60%.

In 2012, following an agreement with indigenous communities on access, the Participating Interest was taken out of force majeure and C&C Energia, together with its partner Canacol, commenced civil works on the block, including upgrading of roads and bridges, to facilitate the drilling of the first exploratory well on the Coati Block late in the first half of 2013.

In the third quarter of 2012, C&C Energia received the required environmental permits to move forward with the drilling of the first exploratory well on the Coati Block. There is an outstanding commitment to drill an exploration well within four months of receiving the environmental license. However, C&C Energia has requested from the ANH an extension of the term to drill the well until August 31, 2013 to facilitate enough time to properly complete all civil works. This extension is currently being reviewed by the ANH.

Proposed Operations – Coati Block

Platino Energy plans to continue civil works with anticipated completion in early 2013. It is expected that the first exploratory well on the Coati Block will be spud in the first half of 2013. Platino Energy is also planning to acquire 3D seismic on the northern half of the Coati Block.

Andaquíes Block

Platino Energy will have a 64% working interest in and will, subject to applicable regulations, be the operator of the Andaquíes Block.

C&C Energia's initial 90% Participating Interest in the Andaquíes Block was acquired on May 15, 2009. In the second quarter of 2011, C&C Energia agreed to farm-out a portion of its working interest in the Andaquíes Block to Canacol in return for Canacol paying 72% of the cost of acquiring additional 2D and/or 3D seismic and drilling one exploration well on the block. Upon Canacol satisfying its obligations, it earned a 36% working interest in the Andaquíes Block and C&C Energia's working interest was reduced from 90% to 54%. In addition, in the fourth quarter of 2011, C&C Energia acquired the minority interest of 10% from a third party. As a result of the aforementioned transactions, C&C Energia is operator and holds a 64% working interest while Canacol holds a 36% working interest.

The Andaquíes Block is 114,875 gross acres in size (73,520 net acres). The Andaquíes Block was converted from a TEA to an E&P Contract (both as described below) on August 5, 2010. The Andaquíes Block is situated in the central part of the Putumayo Basin. There is considerable drilling activity and production to the southwest of this area. The Santana Block holds the producing Miraflor, Mary, Linda and Torocayo Fields. Seismic data acquired in 2005 led to the Guayuyaco Block discoveries. In both blocks, the producing horizons are the Caballos and Villeta sands. The Guayuyaco reservoirs have at least 55 feet of net oil pay, 9% to 15% porosity, good permeability and produce oil of 28° API to 29° API.

Three Year History – Andaquíes Block

During 2010, Grupo C&C executed an E&P Contract with the ANH in regards to the Andaquíes Block.

In January 2011, C&C Energia commenced a 220 km 2D seismic program on the Andaquíes Block, which was completed in early March. Seismic interpretation indicates the presence of two structures, approximately 1,500 and 2,750 acres in size, in the northern portion of the block with potential drilling locations.

In the second quarter of 2011, C&C Energia agreed to farm-out a portion of its working interest in the Andaquíes Block to Canacol in return for Canacol paying the defined cost of acquiring additional 2D and/or 3D seismic and drilling one well on the block. Upon Canacol meeting its obligations to pay 72% of the cost associated with acquiring seismic and drilling one exploration well, it will earn a 36% working interest in the Andaquíes Block and Platino Energy's working interest will be reduced from 90% to 54%. Platino Energy will, subject to ANH approval, be the operator of the block.

In the fourth quarter of 2011, C&C Energia acquired the minority interest of 10% in the Andaquíes Block from a third party. The resulting acquisition resulted in C&C Energia having a 64% working interest in the Andaquíes Block and Canacol having a 36% working interest, upon completion of their farm-in obligations.

During the first quarter of 2012, C&C Energia drilled and evaluated the Cachalote-1 and Tardigrado-1 wells (64% working interest in 114,875 acres). These wells encountered prospective Neme and Caballos sandstone reservoirs with good porosity and oil shows but were found to be water bearing and were subsequently plugged and abandoned. C&C Energia and its partner Canacol are evaluating the future exploration plans for the Andaquíes Block.

Proposed Operations – Andaquíes Block

Platino Energy and its partner Canacol will be evaluating the future exploration plans for the Andaquíes Block.

Putumayo-8 Block

Platino Energy and Vetra Exploration and Production Colombia S.A. ("**Vetra**") each will hold a 50% participating interest in the Putumayo-8 Block, with Vetra being the operator. The Putumayo-8 Block is a 102,800 gross (51,400 net) acre block in the Putumayo Basin in southern Colombia.

The Putumayo-8 Block is immediately adjacent to the Platanillo Block which contains the Platanillo field, with a recently announced significant oil discovery in the Villeta Formation. C&C Energia is targeting the same pay horizons on an analogous play concept on the Putumayo-8 Block less than three kilometres from the Platanillo discovery.

Three Year History - Putumayo-8 Block

On June 22, 2010, C&C Energia and Vetra were selected as the successful bidders to explore for oil and natural gas on the Putumayo-8 Block, a 102,800 gross (51,400 net) acre block in the Putumayo Basin in southern Colombia. The E&P Contract was given final approval and executed by the ANH. In connection therewith, C&C Energia

made a total work commitment of US\$20.9 million (US\$10.5 million net) for seismic and drilling and also bid a 2% "x-factor", which equates to an incremental royalty on production.

In the second quarter of 2012, C&C Energia participated in a 95km² 3D seismic program on the Aguti prospect located on the eastern margin of the Putumayo-8 Block. This new 3D seismic data, completed in the third quarter of 2012, combined with existing 2D seismic is being used to identify and validate drilling locations. The data was provided to a third party for processing and was completed and returned to C&C Energia for in-house evaluation in the fourth quarter of 2012.

Proposed Operations - Putumayo-8 Block

Platino Energy and its partner Vetra intend to drill the first exploratory well on the Putumayo-8 Block late in 2013, pending seismic processing results and receipt of drilling permits.

Production and Production Disruptions

None of the Spin-Off Properties are currently producing oil or gas.

Royalties and Taxes

The Spin-Off Properties are subject to the applicable ANH royalties, high price sharing (other than Morpho) and corporate and equity taxes in Colombia. Platino Energy's taxable income will be subject to Colombian income tax at a statutory rate of 33% and Barbados income tax at a statutory rate of 1%. Platino Energy will have tax pools in Colombia and does not expect to become cash taxable in the foreseeable future. Platino Energy is not currently taxable in Barbados. Income tax expense is based on production levels and earnings of Platino Energy, as well as other factors.

In addition, production on the Coati Block is subject to a 6% royalty to Operaciones Petroleras Andinas, a Colombian company; and production on the Morpho Block is subject to a 6.5% royalty to Ecopetrol.

The Colombian government approved new legislation in December 2010 that requires Colombian corporations and branches of foreign corporations to pay an equity tax based on net equity as determined by Colombian law, as of January 1, 2011. The rate of tax applicable to Platino Energy is anticipated to be 6% of net equity based on the current Colombian tax regime.

2013 Capital Program

Platino Energy will start 2013 with four exploration blocks (Coati, Putumayo-8, Andaquíes and Morpho) and will be initially capitalized, receiving approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) transferred from C&C Energia resulting in a net cash position of approximately US\$80.0 million on closing of the Arrangement. Cash on hand will be sufficient to fund an exploration and development campaign for approximately 24 months. The capital program for 2013 is estimated to be between US\$25 million and US\$30 million net to Platino Energy, to be spent drilling four wells (one exploratory well at each of Coati and Putumayo-8 and two appraisal wells at Morpho).

The breakdown of the capital program is estimated as follows:

January 2013 - December 2013

Principal Purpose	Estimated Amount to be Expended (US\$ millions)
Civil	5 – 6
Drilling & Completions	9 – 10
Testing	0 - 1
Work-Overs/ESP's	4 – 5
G&A	7 - 8
Total	25 – 30

Environment

Platino Energy is committed to high environmental standards. The Ministry of Environment, Housing and Territorial Development of Colombia ("MAVDT") requires environmental licences for all new activities in accordance with strict national standards and closely monitors activities by reviewing reports and making onsite inspections. The environmental licences include very detailed plans, including contingency plans.

Platino Energy will have an environmental team based in Colombia which will be responsible for obtaining environmental licences and filing environmental reports. This team will work closely with Platino Energy's field-based operating teams who are responsible for implementing the environmental plans.

Platino Energy will carry out its activities and operations in compliance with all relevant and applicable environmental regulations and best industry practices. At present, Platino Energy believes that operations at the Spin-Off Properties meet all applicable environmental standards and regulations and appropriate amounts are included in its capital expenditure budget to continue to meet its continuing environmental obligations.

Foreign Operations

All of Platino Energy's operations will be in foreign jurisdictions. International operations are subject to political, economic and other uncertainties, including but not limited to, risk of terrorist activities, revolution, border disputes, expropriation, renegotiations or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over Platino Energy's international operations. Platino Energy's operations may also be adversely affected by applicable laws and policies of Colombia which could have a negative impact on Platino Energy.

Community Relations

Management of Platino Energy has a strong internal commitment to community relationships in the areas where Platino Energy will have operations. This commitment will be demonstrated by making community relationships a key responsibility in each area in which Platino Energy operates and assigning staff to ensure the community's needs and Platino Energy's impact on the community are addressed. Every project conducted by Platino Energy will be socialized with the communities and local employment promoted by indentifying, providing and supporting job opportunities. As part of the processes, social and environmental topics are presented and discussed with the local communities to minimize the impacts and/or identify alternatives where applicable. Platino Energy intends to continue C&C Energia's strategy with indigenous communities which has allowed C&C Energia to work in the properties of the middle Magdalena and Putumayo basins, and conduct different operations such as seismic acquisition programs, drilling of exploratory and development wells, re-entry of wells, and maintenance of production activities.

Competitive Conditions

The oil industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. Platino Energy's competitive position will depend on its geological, geophysical and engineering expertise, its financial resources, its ability to develop its properties and its ability to select, acquire and develop proved reserves. Platino Energy will compete with a substantial number of other companies having larger technical staff and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development and production of petroleum reserves, but also carry on refining operations and market refined products. Platino Energy will also compete with other oil companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies not previously invested in oil may choose to acquire reserves to establish a firm supply or simply as an investment. Such companies may also provide competition for Platino Energy. Platino Energy believes it is well positioned to succeed in the current economic climate in which it operates.

Seasonal Issues

Platino Energy's ability to explore for, produce and market crude oil arises from difficulty in accessing Platino Energy's properties during the rainy season in Colombia. Where appropriate Platino Energy will attempt to mitigate seasonal issues on any properties which become producing properties by constructing all-weather road access and locations constructed for year-round operation; however, unusually severe rains could affect access to such properties.

Components

Platino Energy expects to source materials such as pipe from suppliers located outside of Colombia. More than one supplier exists for such materials. In Platino Energy's management team's experience, the source, supply and price of materials has been consistent, although in periods of high industry activity there may be shortages of certain materials. To mitigate this risk, Platino Energy will work to maintain good relationships with suppliers and, where necessary, identify alternate sources of supply. Platino Energy intends to continue C&C Energia's practice of negotiating contracts on an annual basis at fixed prices to ensure adequate supply.

Employees

Platino Energy will appoint six officers who will be employed by Platino Energy or its subsidiaries following the completion of the Arrangement. See "Directors and Executive Officers". After giving effect to the Arrangement, Platino Energy or its subsidiaries are expected to have approximately 30 employees. To proceed with the development of the Spin-Off Properties, Platino Energy may require additional experienced employees and third-party consultants and contractors.

Specialized Skill and Knowledge

Exploration for and development of petroleum resources requires specialized skills and knowledge, including in the areas of petroleum engineering, geophysics, geology and land. Platino Energy's management team has the required specialized skills and knowledge to carry out Platino Energy's operations. While the current labour market in the industry is highly competitive, Platino Energy expects to be able to attract and retain appropriately qualified employees in 2013.

STATEMENT OF RESERVES AND OTHER OIL AND GAS INFORMATION

The statement of reserves and other oil and gas information (the "**Reserves Data**") set forth below is based upon an evaluation by Lonquist with an effective date of September 30, 2012 contained in the Lonquist Report.

The Reserves Data summarizes the oil reserves associated with the Morpho Block, the only property of the Spin-Off Properties to which reserves have been attributed, and the net present values of future revenue for such reserves using forecast prices and costs. The crude oil reserve estimates presented in the Lonquist Report are based on the guidelines contained in the Canadian Oil and Gas Evaluation Handbook ("COGEH") and the reserves definitions contained in both National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and COGEH. Lonquist was engaged to provide evaluations of proved reserves and proved plus probable reserves and no attempt was made to evaluate possible reserves.

The information regarding the Spin-Off Properties is in respect of all of the Spin-Off Properties, with all attributed reserves being in respect of the Morpho Block. All of the reserves associated with the Morpho Block are in Colombia.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil reserves and future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Appendix F are estimates only. The recovery and reserve estimates of the crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil, royalty rates, the assumed effects of regulation by governmental agencies and future net cash flows therefrom are based upon a number of variable factors and assumptions, such as the historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, among others, estimates of classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with the Morpho Block may vary from the information presented herein and such variations could be material.

In certain of the tables set forth below, the columns may not add due to rounding.

Disclosure of Reserves Data

SUMMARY OF OIL RESERVES AS OF SEPTEMBER 30, 2012 FORECAST PRICES AND COSTS

	LIGHT AND MEDIUM OIL		
RESERVES CATEGORY	Gross (Mbbls)	Net (Mbbls)	
PROVED:			
Developed Producing	-	-	
Developed Non-Producing	12.1	10.4	
Undeveloped			
TOTAL PROVED	12.1	10.4	
PROBABLE			
TOTAL PROVED PLUS PROBABLE	12.1	10.4	

SUMMARY OF PRESENT VALUE OF FUTURE NET REVENUE AS OF SEPTEMBER 30, 2012 FORECAST PRICES AND COSTS

NET PRESENT VALUE OF FUTURE NET REVENUE BEFORE INCOME TAXES DISCOUNTED AT (%/year)

RESERVES CATEGORY	0% (US\$000s)	5% (US\$000s)	10% (US\$000s)	15% (US\$000s)	20% (US\$000s)	Unit Value Before Income Tax Discounted at 10% (US\$/Bbl)
PROVED:						
Developed Producing	-	-	-	-	-	-
Developed Non-Producing	145.7	141.6	137.6	133.7	129.8	13.17
Undeveloped	-	-	-	-	-	-
TOTAL PROVED	145.7	141.6	137.6	133.7	129.8	13.17
PROBABLE	-	-	-	-	-	-
TOTAL PROVED PLUS PROBABLE	145.7	141.6	137.6	133.7	129.8	131.7

NET PRESENT VALUE OF FUTURE NET REVENUE AFTER INCOME TAXES DISCOUNTED $\mathrm{AT}^{(1)}\left(\%/\mathrm{year}\right)$

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RESERVES CATEGORY	0% (US\$000s)	5% (US\$000s)	10% (US\$000s)	15% (US\$000s)	20% (US\$000s)
PROVED:					
Developed Producing	-	-	-	-	-
Developed Non-Producing	145.7	141.6	137.6	133.7	129.8
Undeveloped					_
TOTAL PROVED	145.7	141.6	137.6	133.7	129.8
PROBABLE					
TOTAL PROVED PLUS PROBABLE	145.7	141.6	137.6	133.7	129.8

Note:

(1) It is not expected that Platino Energy will be taxable for the future net revenues currently associated with the Morpho Block.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) AS OF SEPTEMBER 30, 2012 FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (1) (US\$000)	ROYALTIES (2) (US\$000)	OPERATING COSTS (US\$000)	DEVELOP- MENT COSTS (US\$000)	WELL ABANDON- MENT AND RECLAMA- TION COSTS (US\$000)	FUTURE NET REVENUE BEFORE INCOME TAXES (US\$000)	INCOME TAXES (US\$000)	FUTURE NET REVENUE AFTER INCOME TAXES (US\$000)
Total Proved	1,291.8	174.7	826.4	-	145.0	145.7	-	145.7
Total Proved plus Probable	1,291.8	174.7	826.4	-	145.0	145.7	-	145.7

Notes:

- (1) Total revenue includes Platino Energy revenue before deductions of royalties and includes other income.
- (2) Royalties include ANH royalties as well as any gross over-riding royalties.
- (3) Platino Energy does not anticipate becoming taxable in the immediate future.

BEFORE INCOME **TAXES** UNIT VALUE(1) (discounted at 10%/year) (US\$000s) RESERVES CATEGORY PRODUCTION GROUP (US\$/Boe) 137.6 13.17 Proved Light and medium crude oil 137.6 13.17 **Total** 13.17 Proved plus Probable 137.6 Light and medium crude oil 137.6 13.17 **Total**

FUTURE NET REVENUE

Note:

(1) Unit values are based on net reserve volumes.

Pricing Assumptions

Lonquist employed the following pricing, exchange rate and inflation rate assumptions in estimating the Reserves Data using forecast prices and costs as of September 30, 2012.

Year	WTI Cushing Oklahoma (US\$/Bbl)	Inflation Rates (%/Year)
2011 (Historical)	95.11	0
2012	87.75	0
2013	90.25	0
2014	90.19	0
2015	88.45	0
2016	87.04	0
Thereafter	86.29	0

In 2011, C&C Energia received an average price of US\$106.31 per barrel of crude oil.

Reconciliation of Changes in Reserves

The following table summarizes the changes in gross reserves of the Morpho Block for the nine months ended September 30, 2012, derived from the Lonquist Report using forecast prices and costs estimates, reconciled to the gross reserves at December 31, 2011.

	L	Light and Medium Oil		
Factors	Gross Proved (Mbbls)	Gross Probable (Mbbls)	Gross Proved Plus Probable (Mbbls)	
December 31, 2011 ⁽²⁾	13.4	-	13.4	
Extensions & Improved Recovery	-	-	-	
Technical Revisions	-	-	-	
Discoveries	-	-	-	
Acquisitions	-	-	-	
Dispositions	-	-	-	
Economic Factors	(1.3)	-	(1.3)	
Production				
September 30, 2012	12.1	-	12.1	

Notes:

- (1) Based on gross reserves and using forecast price and cost cases.
- (2) December 31, 2011 ending reserve figure adjusted to correct for a working interest of 50% in the Morpho Block.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil prices, and reservoir performance. Such revisions can be either positive or negative.

Oil and Gas Properties and Wells

As at the effective date of the Arrangement, Platino Energy will have no material interest in any producing oil or gas well.

For a description of Platino Energy's principal properties following the Arrangement, see "Description of the Business – Principal Properties".

Properties with No Attributed Reserves

The Morpho Block is the only property for which reserves have been attributed. There are no reserves attributable to the other Spin-Off Properties and the production, gross revenue, royalty expenses, production costs and operating income associated with the Spin-Off Properties has been nil for the three most recently completed financial years.

As at the Effective Date, Platino Energy will have an interest in 330,935 gross acres and 212,470 net acres of unproved oil properties, all of which are located in Colombia. Platino Energy does not expect that any of its rights to explore, develop and exploit its properties will expire within one year.

Tax Horizon

Given that it is in an early development stage, it is not possible for Platino Energy to estimate when taxes may become payable.

Costs Incurred

The following table summarizes capital expenditures (including costs that were capitalized or charged to expense when incurred) incurred by C&C Energia with respect to the Spin-Off Properties for the period from January 1, 2011 to December 31, 2011 and for the period from January 1, 2012 to September 30, 2012.

	Capital expenditures for nine months ended September 30, 2012	Capital expenditures for year ended December 31, 2011
	(US\$000s)	(US\$000s)
Property acquisition costs:		
Unproved properties	-	-
Exploration costs	9,279	10,333
Total	9,279	10,333

Production History

In February 2011, C&C Energia commenced an extended production test of the Morpho-1 well. The Morpho-1 well produced 38° API oil at stable rates between 65 and 70 bopd with less than 2% water cut until year end 2011, when the well was shut-in for an extended pressure build-up test. The pressure build-up test data indicated no pressure depletion and there was no production decline during the year. C&C Energia applied for commerciality of the Morpho discovery with the ANH and is currently reviewing future development options.

Abandonment and Reclamation Costs

Platino Energy estimates liabilities for abandonment and reclamation costs for both legal and constructive obligations. Platino Energy recognizes abandonment and reclamation liabilities in the period when a legal or constructive liability exists and a reasonable estimate can be made based on legal and constructive obligations. The estimated fair value of such liability is capitalized and amortized on the same basis as the underlying asset. Fair value is estimated using the present value (discounted at the risk-free interest rate at each re-measurement date) of the estimated future cash outflows to abandon and reclaim the wells and well sites prior to relinquishment of land at the end of an exploration or production contract. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. The change in net present value of the future retirement obligation due to the passage of time is expensed as a finance cost. Actual abandonment and reclamation costs settled during the period reduce the liability.

Platino Energy expects to incur abandonment and reclamation costs for 3.5 net wells. This is based on three wells at the Morpho Block (1.5 net wells) and two wells at the Coati Block. The estimated discounted (at 10%) and

undiscounted values of Platino Energy's abandonment and reclamation costs are US\$2.2 million and US\$2.7 million, respectively, as at September 30, 2012. On an undiscounted basis, approximately US\$2.6 million of the US\$2.7 million is not deducted as abandonment and reclamation costs associated with estimating future net revenue. On an undiscounted basis, approximately US\$2.3 million of US\$2.7 million is expected to be paid by Platino Energy in the next three years.

C&C Energia drilled two wells in the most recent financial year, both of which were on the Andaquíes Block. Both wells were oil wells and dry holes.

INDUSTRY OVERVIEW

Colombian Market

Oil is currently Colombia's leading export and source of foreign income, constituting an estimated one third of the country's foreign revenue. Historically, all oil production was undertaken by Ecopetrol in contracts of association with foreign companies. Ecopetrol is the majority state-owned company responsible for the exploration, extraction, production, transportation and marketing of oil for export. Colombia was considered to be at risk of becoming a net oil importer and as a result, the regulatory regime in Colombia underwent a significant change effective January 1, 2004 with the formation of the ANH. The ANH has taken over the role of regulating the Colombian oil industry, forcing Ecopetrol to compete directly with foreign and domestic companies. Colombia has targeted several issues to encourage foreign investment, including improvements in security, implementing sound macroeconomic policies and maintaining openness to foreign investment and trade. These changes have contributed to increased exploration activity in Colombia, with a 360% increase in exploration wells drilled from 2005 to 2011, and help make Colombia an attractive environment for Platino Energy to conduct business.

Oil was first commercially produced in Colombia in 1918 at the La Cira-Infantas field, which has produced approximately 750 million bbls. From that date onward, fields in Colombia have produced over 6 billion bbls. Oil production in Colombia has increased from 525,000 bopd in 2005 to 956,000 bopd in September 2012.

There are seven commercial hydrocarbon producing basins in Colombia – the Upper, Middle, and Lower Magdalena Valley; Llanos; Putumayo; Catatumbo; and the Guajira Basins. Oil extracted from fields in these basins is transported through Colombia's five oil pipelines, four of which, (the OCENSA Pipeline, which transports oil from the Cusiana Cupiagua fields, the 490 mile Caño Limon pipeline, the Alto Magdalena and the Colombia Oil pipelines) connect production fields to the Caribbean port town of Coveñas through the Caño Limon – Coveñas pipeline. The fifth pipeline, the Transandino or Trans Andean pipeline, transports crude from the Orito field in the Putumayo Basin to Colombia's Pacific port of Tumaco. Infrastructure throughout Colombia is well developed. A sixth oil pipeline, the Oleoducto Bicentenario de Colombia, is currently under construction with Phase 1 expected to be completed in 2013. Phase 1 capacity is estimated at 120,000 bopd.

According to the ANH, Colombia's proved oil reserves at December 31, 2011 were 2.3 billion bbls. Venezuela, Colombia, Ecuador and parts of Peru share the "La Luna" oil source rock, which is one of the most prolific in the world, and holds the Venezuela Orinoco belt, one of the world's largest accumulations of hydrocarbons.

The ANH

The regulatory regime in Colombia underwent a significant change in 2004 with the creation by Decree 1760 of 2003 of the ANH. The ANH has taken over the role of regulating the Colombian oil industry and the amount of new exploration and production has increased significantly in the country. According to Decree 1760, as amended, the ANH's role is: (i) to act as the administrator of hydrocarbon resources; (ii) to award exploration and production areas; and (iii) to design, promote, execute and act as administrator of new exploration and production contracts.

Ecopetrol was formerly a wholly-owned state oil company and became a publicly-held, private company in 2004. Ecopetrol maintains its exploration and production activities throughout Colombia and enters as a competitor in exploration bid rounds.

The ANH originally considered exploration acreage proposals on a first-come, first-serve basis and, once the ANH was satisfied that an exploration and production company had the technical, legal, operational and financial capacities established in applicable regulations of the board of directors of the ANH, a definitive work program was negotiated which typically included technical studies, reprocessing or completing a new seismic program and/or drilling exploratory wells. The ANH began offering exploration areas under E&P Contracts via bid rounds in 2007. The ANH has commenced the following bid rounds: Mini Round 2007, Caribe Round 2007, Mini Round 2008, Colombia Round 2010 and Colombia Round 2012.

In May of 2012, the ANH issued Agreement 04 of 2012 ("**Agreement 04**"), which modified the criteria and the process to enter into E&P Contracts or TEAs with the ANH. Pursuant to Agreement 04, the general rule is that E&P Contracts or TEAs must be granted in competitive bidding processes. In exceptional situations, E&P Contracts and TEAs may be executed after a direct negotiation between the ANH and the contractor approved by the board of directors of the ANH.

The ANH has developed two different contracts for the development of exploration and production activities in Colombia: (i) TEAs; and (ii) E&P Contracts, which replaced the former association contracts. Under the association contracts, the then wholly state-owned Ecopetrol had an immediate right to back into production. Current TEAs and E&P Contracts provide full risk/reward benefits for exploration and production to the companies holding the contracts.

Since it introduced E&P Contracts and TEAs, the ANH has executed 304 E&P Contracts and 89 TEAs, covering a total of 101,866,507 hectares, with another 62,080,246 hectares pending approval by ANH's board of directors. In the Colombia Round 2012, the ANH granted 41 E&P Contracts and 8 TEAs.

The ANH Contracts

Technical Evaluation Agreements

A TEA is a short-term contract between an exploration company and the ANH, the objective of which is to analyze existing data and acquire new information to evaluate the prospects of an area of interest. Under a TEA, the contracting party must prepare an evaluation program that may consist of surface exploration activities, geological, geophysical and geochemical studies, and the drilling of stratigraphic wells among others.

A TEA has an 18 month term in continental areas and a 24 month term in offshore areas. A TEA may be converted into an E&P Contract subject to certain conditions imposed by the ANH. To enter into a TEA, a guarantee for 10% of the value of the evaluation program must be posted.

A third party may propose an E&P Contract over an area subject to a TEA but the holder of the TEA will be given a preference over a third party to enter into an E&P Contract if it matches the third party's proposal.

Exploration and Production Contracts

An E&P Contract is the principal contract used by the ANH to grant exploration and production rights. Under the terms of an E&P Contract, an exploration and production company retains the exclusive: (i) rights from the ANH to explore and produce conventional hydrocarbons; (ii) rights to the income from any new exploration block, subject to royalties to be paid to the ANH; and (iii) contractual rights for the use of subsoil. E&P Contracts also include a provision for a high price share if a cumulative production of 5 million bbls is reached. An E&P Contract is a long term contract divided into the following stages: Exploration Period, Evaluation Period and Production Period as described below.

Exploration Period

This stage has a six-year term divided into several (typically one year) exploration phases. Each phase may be extended for two additional months if the contracting party complies with the conditions contained in the E&P Contract to obtain such extensions.

At the start of each exploration phase, a bank guarantee for a percentage of the value of the work program budget will be established. This amount may vary in the special bid rounds according to its terms of reference. During this period, the exploration and production company has to carry out a minimum exploration program to determine if a commercial prospect exists. During the first phase, this commitment typically involves completing a new seismic program or the drilling of an exploratory well.

At any time during the exploration period, the contracting party may relinquish part of the contracted area by demonstrating that, despite the relinquishment, it will be able to comply with its obligations under the E&P Contract for the remaining part of the contracted area.

If there is a discovery, a written declaration to such effect must be submitted to the ANH by the contracting party.

Evaluation Period

This stage is designed to allow the contracting party to determine the commercial viability of a discovery by conducting an evaluation program for a maximum of two years, depending on the activities to be performed. This period may be extended for an additional year subject to the conditions established in the E&P Contract and for two additional years if the evaluation plan relates to gas or heavy oil. Once the evaluation program is completed, the contracting party must submit written notice to the ANH of its unconditional decision to commercially exploit the discovery or not.

According to an E&P Contract, if the exploration and production company considers that the evaluated area has no commercial potential it must relinquish such area to the ANH.

Production Period

The production period has a duration of 24 years per productive field and can be extended until the end of the economic life of the field subject to certain requirements established in the E&P Contract, including: (i) continuous production in the field during the preceding four years; (ii) demonstration by the contracting party that during the previous four years it has drilled one exploratory well each calendar year; and (iii) payment of 5 to 10% of the value of the remaining reserves to the ANH, depending on whether such payments relate to oil (10%), gas (5%) or heavy oil (5%).

Royalties

Royalties payable during the production period are calculated on a field-by-field basis using a sliding scale that ranges from 8% (for incremental production up to 5,000 bbls/d) up to a maximum of 25% (for incremental production above 600,000 bbls/d) as illustrated below:

Production (bbls/d)	Royalty (%)
<5,000	8
5,000-125,000	8 to 20
125,000-400,000	20
400,000-600,000	20 to 25
>600,000	25

Hydrocarbons with equal or less gravity than 15° API pay 75% of the royalties applicable to light crude. The conversion factor for natural gas is 1 bbl = 5.700 cubic feet of gas.

High Price Share

Prior to 2008, E&P Contracts included a high price sharing formula (the "**Original HPS Formula**") which fixed the government's participation percentage at 30%. In 2008, the formula was amended so that the government's participation percentage increases as oil prices increase (the "**Amended HPS Formula**"). The Amended HPS Formula only applies to E&P Contracts signed in 2008 or later. The Original HPS Formula applies to the Coati Block. The Amended HPS Formula applies to the Andaquíes Block and Putumayo-8 Block. The Morpho Block is not subject to either the Original HPS Formula or the Amended HPS Formula because the original agreement between Ecopetrol and the ANH for the Rio Horta Block (from which the Morpho Block was carved out of) is not subject to either formula.

Original HPS Formula (Liquids)

High price sharing for liquids is triggered when gross cumulative production exceeds 5 MMbbls and oil price (WTI) is in excess of the contract reference price, according to the following formula:

ANH Payment = Price of Hydrocarbons at Delivery Point x Contractor Net Volume x Q

Where: $Q = [(P - Po) / P] \times 30\%$

P = WTI price Po = Reference price

Reference base price (Po)

API gravity of the liquid hydrocarbons	Po (US\$/bbl) (Year 2012)
Greater than 29° API	\$32.61
Greater than 22° API and less than or equal to 29° API	\$33.87
Greater than 15° API and less than or equal to 22° API	\$35.14
Discoveries located in water depths greater than 300 metres	\$40.15
Greater than 10° API and less than or equal to 15° API	\$50.18

Amended HPS Formula (Liquids)

High price sharing for liquids is triggered when gross cumulative production exceeds 5 million bbls and oil price (WTI) is in excess of benchmarks, according to the following formula:

ANH Payment = Price of Hydrocarbons at Delivery Point x Contractor Net Volume x Q

Where: $Q = [(P - Po) / P] \times S$

P = WTI price Po = Reference price

S = Participation percentage

Reference base price (Po)

API gravity of the liquid hydrocarbons	Po (US\$/bbl) (Year 2012)
Greater than 29° API	\$31.29
Greater than 22° API and less than or equal to 29° API	\$32.50
Greater than 15° API and less than or equal to 22° API	\$33.71
Discoveries located in water depths greater than 300 metres	\$38.52
Greater than 10° API and less than or equal to 15° API	\$48.14

S Factor:

WTI price (P)	Participation percentage (S)
Po ≤ P < 2Po	30%
$2Po \le P < 3Po$	35%
$3Po \le P < 4Po$	40%
4Po ≤ P < 5Po	45%
$5Po \le P$	50%

Economic Rights for the Use of Subsoil

Exploration Areas

For each phase of the exploration period, the exploration and production company is required to pay to the ANH the following fee:

Amount per hectare in each phase in 2012:

Size of Area	First 100,000	hectares (US\$)		al hectares hectares) (US\$)
Phase Duration	< 18 months	> 18 months	< 18 months	> 18 months
Continental (within Polygons A and B)	\$2.48	\$3.30	\$3.30	\$4.95
Continental (outside Polygons A and B)	\$1.66	\$2.48	\$2.48	\$3.30
Offshore	\$0.82	\$0.82	\$0.82	\$0.82

Evaluation and Production Areas

For liquid hydrocarbons, the semi-annual payment in 2012 equals the contractor's share of production of liquids multiplied by US\$0.1255/bbl. This amount is indexed using the U.S. inflation index.

Environmental Regulation

Pursuant to Decree 2820 of 2010, the drilling of exploratory wells in Colombia requires an environmental license issued by the MAVDT. Seismic acquisition does not require an environmental license except in the event that new roads need to be built. Production activities require a global environmental license in addition to the exploration license.

An environmental license will be granted on the basis of an environmental impact assessment of the proposed activities for the duration of the project.

An environmental license will include all the permits that are required for the use of specific natural resources such as water, soil, atmosphere, vegetation and others, or to affect such resources within limits established in applicable regulations.

While the environmental license will be typically granted for a project as a whole, the contracting party will also be required to file an environmental management plan before drilling each well. An environmental management plan is the basis for monitoring of the drilling activities by the MAVDT but it does not have to be approved by the MAVDT.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

Pursuant to the Platino Reorganization, Platino Energy will be initially capitalized, receiving approximately US\$88.5 million in cash (subject to certain expense reimbursement obligations and working capital adjustments) transferred from C&C Energia resulting in a net cash position of approximately US\$80.0 million on closing of the Arrangement. Platino Energy believes this is sufficient to fund approximately 24 months of exploration and evaluation work on the Spin-Off Properties, as well as paying general and administrative expenses for such period. This estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate. See "Risk Factors – Risks Related to the Arrangement".

Principal Purposes

In 2013 Platino Energy will focus on activities related to progressing its understanding of the Spin-Off Properties including: (a) drilling two wells and continuing civil works and work on the development plan for the Morpho Block at an estimated cost of US\$7 to US\$8 million; (b) continuing civil works, acquiring 3D seismic and spudding the first exploratory well on the Coati Block at an estimated cost of US\$4 to US\$5 million; (c) continuing to evaluate the exploration plans, re-processing seismic and analyzing well test data for the Andaquíes Block at an estimated cost of up to US\$1 million; and (d) interpreting seismic results, continuing civil works and drilling the first exploratory well on the Putumayo-8 Block at an estimated cost of US\$7 to US\$8 million. In 2013, Platino Energy also anticipates incurring total general and administrative expenses of US\$7 to US\$8 million, for a total estimated spend of US\$25 to US\$30 million.

Beyond 2013, it is currently expected that Platino Energy will maintain a capital budget similar to 2013, subject to results from the 2013 drilling program. Depending upon successful drilling on any or all of the exploration blocks, Platino Energy may amend its capital program to direct more funds towards appraisal and development programs on those blocks. The Platino Energy management team will be evaluating opportunities for farm-ins, farm-outs and property and asset acquisitions to grow shareholder value. While none of these activities are currently contemplated in the budget for 2013, management may allocate capital towards this activity if an opportunity arises to add to the existing portfolio or to manage operational or financial risk. Based on initial net cash expected to be available and the estimated expenditures assumed (as listed above), Platino Energy expects to have funding for approximately 24 months. See "Risk Factors".

Business Objectives

The work programs described for the Spin-Off Properties are designed to advance the development of these properties in order to identify whether they contain commercially recoverable hydrocarbons and advance these projects so that they can proceed through the regulatory process towards approval and corporate sanction. Further expenditures on the Spin-Off Properties will be dependent on the results of the preliminary work completed. See "Description of the Business - Principal Properties".

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Pro Forma Financial Information

Schedule A to this Appendix F contains: (a) audited statement of financial position of Platino Energy at November 30, 2012; (b) audited annual financial statements of the business comprised of the Platino Energy Assets, prepared on a carve-out basis, as at and for the years ended December 31, 2011 and 2010 and as at and for the nine months ended September 30, 2012 and 2011 (unaudited); and (c) unaudited *pro forma* balance sheet of Platino Energy and the business comprised of the Platino Energy Assets as of September 30, 2012.

The following is a summary of selected financial information for the Platino Energy Assets and for Platino Energy on a *pro forma* basis following the completion of the Arrangement. The following is a summary only and must be read in conjunction with the financial statements and *pro forma* financial statements contained or incorporated by reference herein.

The *pro forma* adjustments are based upon available information and assumptions described in the notes to the unaudited *pro forma* statement of financial position, including that the C&C Energia Shareholders approve the Arrangement Resolution at the Meeting and the Arrangement is completed. The unaudited *pro forma* statement of financial position is presented for illustrative purposes only and is not necessarily indicative of the financial position that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited *pro forma* statement of financial position or of the results of financial position expected in future periods or as of any date.

The *pro forma* financial statements should be read in conjunction with the other financial statements included at Schedule A to this Appendix F and C&C Energia's audited annual financial statements for the year ended December 31, 2011 and unaudited interim financial statements for the nine months ended September 30, 2012, both of which are incorporated by reference into this Information Circular.

	Pro Forma Consolidated Statement of Financial Position As at September 30, 2012 (US\$000s) Pro Forma			
	Platino	Exploration Assets of C&C Energia	Adjustments (1), (2)	Pro Forma Platino
Assets				
Current assets				
Cash and cash equivalents	-	61,510	-	61,510
Accounts receivable		2,787	-	2,787
	-	64,297	-	64,297
Corporate assets	_	309	-	309
Exploration and evaluation assets	-	51,496	-	51,496
Total assets	-	116,102	-	116,102
Liabilities				
Current liabilities				
Accounting payable and accrued liabilities	_	2,152	-	2,152
	-	2,152	-	2,152
Decommissioning liabilities	_	2,566	_	2,566
Deferred tax liability	_	6,840	-	6,840
	-	11,558	-	11,558
Reserve for share-based compensation	_	626	_	626
Net investment in the exploration assets	-	103,918	-	103,918
Total liabilities and net investment	_	116,102		116,102

Notes:

- (1) At September 30, 2012, C&C Energia had working capital of US\$73.3 million (which included, among other working capital accounts, cash and cash equivalents of US\$61.5 million, accounts receivable of US\$68.2 million and current liabilities of US\$76.7 million). For purposes of the September 30, 2012 pro forma statement of financial position, the September 30, 2012 cash and cash equivalent balance of US\$61.5 million was used as the amount to be transferred to Platino Energy. See Schedule A to Appendix F of this Information Circular.
- (2) After giving effect to the Arrangement, Platino Energy will be owned by the C&C Energia Shareholders who hold C&C Energia Common Shares immediately prior to completion of the Arrangement (other than those C&C Energia Shareholders who validly exercise their Dissent Rights) and Pacific Rubiales will indirectly acquire a five percent interest in Platino Energy pursuant to the Arrangement. Approximately 3.3 million common shares are to be issued to C&C Energia and held indirectly by Pacific Rubiales.

Management's Discussion and Analysis

The following management's discussion and analysis has been prepared by Platino Energy from a review of the carve-out financial statements of the Platino Energy Assets for the periods ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012. It should be read in conjunction with carve-out financial statements of the Platino Energy Assets and the accompanying notes contained at Schedule A to this Appendix F.

The financial statements (and the financial information contained in this management's discussion and analysis) were prepared in accordance with IFRS and reported in U.S. dollars. The fiscal year end of the Platino Energy Assets is December 31. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly. See "Forward-Looking Statements" and "Risk Factors".

The Platino Energy Assets were not operated as a stand-alone entity and there is no assurance that had they been done so, the results would have been the same. Furthermore, such results may not be comparable to the Platino Energy Assets future results due to differences in the corporate and financial structure and management of C&C Energia and that of Platino Energy.

The Platino Energy Assets to be indirectly transferred to Platino Energy pursuant to the Platino Reorganization are comprised of Grupo C&C's Participating Interests in: (a) the Morpho block, for which Grupo C&C entered into an E&P Contract with the ANH in 2011; (b) the Coati block, for which Grupo C&C entered into an E&P Contract with the ANH in 2005; (c) the Andaquíes block, for which Grupo C&C entered into an E&P Contract with the ANH in 2010; (d) the Putumayo-8 block, for which Grupo C&C entered into an E&P Contract with the ANH in 2010; and (e) cash in the amount of US\$88.5 million (subject to certain expense reimbursement obligations and working capital adjustments) and certain corporate assets associated with C&C Energia's offices in Calgary, Alberta and Bogota, Colombia.

Financial Review

The following sets out a summary of the financial results for the Platino Energy Assets for the fiscal years ended December 31, 2011 and 2010 and for the nine months ended September 30, 2012.

	Nine Months Ended	Year Ended	Year Ended December 31, 2010	
	September 30, 2012	December 31, 2011		
	(US\$000s)	(US\$000s)	(US\$000s)	
Income (loss) before taxes	(413)	(524)	(543)	
Net income (loss) and comprehensive income (loss)	(3,315)	(1,227)	(3,778)	
Total assets	116,102	136,788	118,001	
Total non-current financial liabilities	11,558	10,049	7,462	

Financial Condition

Liquidity and Capital Resources

The exploration, evaluation and development of the Spin-Off Properties will require significant amounts of long-term capital. Platino Energy is expected to have opening net cash of approximately US\$80 million (after certain expense reimbursement obligations and working capital adjustments), which is expected to be sufficient to fund approximately 24 months of exploration and evaluation activities on the Spin-Off Properties as well as paying general and administrative expenses for such period. In the event Platino Energy requires additional capital, there are essentially three methods of financing this requirement until sufficient internally generated cash flow is attained: equity, long-term debt and farm-out arrangements.

Platino Energy may consider introducing a bank loan facility subsequent to the Arrangement becoming effective. If obtained, such bank loan facility would be used as a temporary measure to finance its operations as required. In respect of equity financings, there is a market for this form of financing for international oil and natural gas companies, including for companies with foreign operations such as Platino Energy. Platino Energy may make use of this form of financing, if available, for any significant expansion in its capital programs.

All of Platino Energy's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses resulting from inflation. Platino Energy has no control over government intervention or taxation levels in the oil and natural gas industry. The *pro forma* liability for decommission obligations of Platino Energy was US\$2.4 million as at September 30, 2012. Platino Energy intends to review the decommission costs at least annually. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings, and for revisions to the estimated future cash flows.

Share Capital

67,556,624 Platino Energy Shares are expected to be issued assuming completion of the Arrangement and the Platino Reorganization Transaction and that no Dissent Rights have been exercised and that all of the "in-the-

money" C&C Energia Warrants and C&C Energia Options will be exercised or redeemed on a cashless basis prior to the Arrangement. See "Fully-Diluted Share Capital" in this Appendix F.

The Platino Energy Board of Directors is expected to adopt the Platino Energy Stock Option Plan, which Platino Energy Stock Option Plan must be approved by the C&C Energia Shareholders at the Meeting. It is anticipated that following completion of the Arrangement, Platino Energy will grant Platino Energy Options to directors, executive officers, employees and consultants of Platino Energy and its subsidiaries. As at the date hereof, the number of Platino Energy Options to be granted and the service providers who will receive such Platino Energy Options have not yet been determined by Platino Energy. In the event that the Platino Energy Stock Option Plan is not approved at the Meeting, it is expected that Platino Energy would consider the provision of comparable compensation to its directors, executive officers, employees and consultants in the form of cash or other appropriate arrangements. See "Options to Purchase Securities".

Cash Flow

Cash on hand is expected to be sufficient to fund an exploration and development campaign for approximately 24 months. The capital program for 2013 is estimated to be between US\$25 million and US\$30 million net to Platino Energy. See "Available Funds and Principal Purposes" in this Appendix F.

Platino Energy currently derives no income from operations. Accordingly, activities to date have been financed by cash generated internally by C&C Energia's producing properties. As Platino Energy does not expect to generate cash flows from operations in the near future, it may need to rely upon the sale of Platino Energy Shares, the issuance of debt securities or farm-out arrangements to raise capital. The availability of financing, as and when needed, to fund our activities, cannot be assured. See "Risk Factors — Risks Related to Platino Energy — Financing Risk".

The following is a condensed summary of cash flows of the Platino Energy Assets for the fiscal years ended December 31, 2011 and 2010 and 2009 and for the nine months ended September 30, 2012.

	Nine Months Ended	Year Ended	Year Ended	
	September 30, 2012	December 31, 2011	December 31, 2010	
	(US\$000s)	(US\$000s)	(US\$000s)	
Cash flow from operations	(189)	(299)	(334)	
Cash flow from financing activities	(19,088)	(17,208)	78,754	
Cash flow from investing activities	(13,437)	(9,461)	(5,875)	
Net change in cash and cash equivalents	(32,714)	7,448	72,545	

Financial and Other Instruments

Although Platino Energy has not yet established a formal policy, management of Platino Energy may use financial instruments to reduce corporate risk in certain situations. Platino Energy will have no hedging commitments in place upon completion of the Arrangement.

Off-Balance Sheet Arrangements

Platino Energy has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities or derivative financial obligations.

Transactions with Related Parties

During the period ended September 30, 2012 Platino Energy did not have any transactions with related parties. Subject to completion of the Arrangement, Platino Energy will enter into the Reimbursement Agreement. See "The Arrangement - The Platino Reorganization" and "The Arrangement - Reimbursement Agreement and Tax Indemnity" in the Information Circular and "Material Contracts" in this Appendix F.

Outstanding Share Data

See "Capitalization" in this Appendix F for a table that sets forth the capitalization of Platino Energy, effective November 28, 2012, both before and after giving pro forma effect to the Arrangement. See "Fully-Diluted Share Capital" in this Appendix F for a table that sets forth the fully-diluted share capital after giving effect to the Arrangement.

Disclosure

The financial condition and results of operation of the Platino Energy Assets under the ownership and management of Platino Energy will not necessarily be indicative of our future performance, since, among other things, we will have a different capital structure and our access to and cost of capital will be different. See "Risk Factors".

DESCRIPTION OF CAPITAL STRUCTURE

Platino Energy is authorized to issue an unlimited number of Platino Energy Shares and an unlimited number of preferred shares of Platino Energy (the "**Platino Energy Preferred Shares**"). As at the date of the Information Circular, there are 100 Platino Energy Shares issued and outstanding (all are held by C&C Energia) and no Platino Energy Preferred Shares issued and outstanding. See "Fully-Diluted Share Capital".

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Platino Energy Shares and the Platino Energy Preferred Shares.

Platino Energy Shares

Holders of Platino Energy Shares are entitled to one vote for each Platino Energy Share held on all votes taken at meetings of holders of Platino Energy Shares. The holders of Platino Energy Shares are entitled to receive such dividends as Platino Energy's directors may from time to time declare. In the event of the winding up or dissolution of Platino Energy, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of Platino Energy Shares are entitled to the surplus assets of Platino Energy and generally will be entitled to enjoy all of the rights attaching to shares of Platino Energy.

Platino Energy Preferred Shares

The Platino Energy Preferred Shares are issuable at any time and from time to time in one or more series. The Platino Energy Board of Directors are authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to the Platino Energy Preferred Shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment to Platino Energy's articles setting forth the designation and provisions attaching to the Platino Energy Preferred Shares or shares of the series. The Platino Energy Preferred Shares of each series will rank on a parity with the Platino Energy Preferred Shares of every other series and will be entitled to preference over the Platino Energy Shares and any other shares ranking junior to the Platino Energy Preferred Shares with respect to payment of dividends and distribution of any property or assets in the event of Platino Energy's liquidation, dissolution or winding-up, whether voluntary or involuntary. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the Platino Energy Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such Platino Energy Preferred Shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in

full, as the case may be. As at the date of this Information Circular, there are no Platino Energy Preferred Shares issued and outstanding.

Market for Platino Energy Shares

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that the any stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on a stock exchange.

Dividends

Platino Energy has not declared or paid any dividends on the Platino Energy Shares since its incorporation. Any decision to pay dividends on the Platino Energy Shares will be made by the Platino Energy Board of Directors on the basis of Platino Energy's earnings, financial requirements and other conditions existing at such future time.

CAPITALIZATION

The following table sets forth the capitalization of Platino Energy, effective November 28, 2012, both before and after giving *pro forma* effect to the Arrangement. See the audited statement of financial position of Platino Energy attached as Schedule A to this Appendix F and the unaudited *pro forma* statement of financial position of Platino Energy attached as Schedule A to this Appendix F.

Designation	Authorized	Outstanding as at November 28, 2012 prior to giving effect to the Arrangement (Cdn\$)	Outstanding as at November 28, 2012 ⁽¹⁾ after giving effect to the Arrangement (Cdn\$)
Platino Energy Shares	Unlimited	Cdn\$100.00 (100 Platino Energy Share)	Cdn\$135,113,248 (67,556,624 Platino Energy Shares) ^{(1) (2)}
Platino Energy Preferred Shares	Unlimited	Nil	Nil
Debt	_	Nil	Nil

Note:

- (1) Assumes completion of the Arrangement, that no Dissent Rights have been exercised and that all of the "in-the-money" C&C Energia Warrants and C&C Energia Options will be exercised or redeemed prior to the Arrangement. The "in-the-money" determination is based on the November 28, 2012 closing price of Cdn\$8.50 per C&C Energia Common Share.
- (2) Includes the issuance to C&C Energia in connection with the Arrangement of such number of Platino Energy Shares outstanding as represents five percent of the total number of Platino Energy Shares on a fully-diluted basis, after giving effect to the Arrangement.

FULLY-DILUTED SHARE CAPITAL

The following table sets forth the fully-diluted share capital after giving effect to the Arrangement. See the unaudited *pro forma* statement of financial position of Platino Energy attached as Schedule A to this Appendix F.

	Number of Platino Energy Shares ⁽¹⁾	Percentage of Platino Energy Shares
	(Diluted)	(Diluted)
Platino Energy Shares issued pursuant to Arrangement (2)	67,556,624	100%
Subtotal ⁽³⁾	67,556,624	100%
Platino Energy Shares reserved for issuance pursuant to Platino Energy Stock Option Plan ⁽⁴⁾	6,755,662	10%
Fully-Diluted Total	74,312,287	

Notes:

- (1) Based on the number of C&C Energia Common Shares issued and outstanding as at November 28, 2012.
- (2) Includes the issuance to C&C Energia in connection with the Arrangement of such number of Platino Energy Shares outstanding as represents five percent of the total number of Platino Energy Shares on a fully-diluted basis, after giving effect to the Arrangement.
- (3) Assumes completion of the Arrangement, that no Dissent Rights have been exercised and that all of the "in-the-money" C&C Energia Warrants and C&C Energia Options will be exercised or redeemed on a cashless basis prior to the Arrangement. The "in-the-money" determination is based on the November 28, 2012 closing price of Cdn\$8.50 per C&C Energia Common Share.
- (4) The number of Platino Energy Shares reserved pursuant to the Platino Energy Stock Option Plan is to be a rolling maximum of up to ten percent of the number of Platino Energy Shares issued and outstanding from time to time. The Platino Energy Stock Option Plan must be approved by the C&C Energia Shareholders at the Meeting. See "Options to Purchase Securities".

OPTIONS TO PURCHASE SECURITIES

The Platino Energy Board of Directors is expected to adopt the Platino Energy Stock Option Plan, which Platino Energy Stock Option Plan must be approved by the C&C Energia Shareholders at the Meeting. It is anticipated that following completion of the Arrangement, Platino Energy will grant Platino Energy Options to directors, executive officers, employees and consultants of Platino Energy and its subsidiaries. As at the date of the Information Circular, the number of Platino Energy Options to be granted and the service providers who will receive such Platino Energy Options have not yet been determined by Platino Energy. In the event that the Platino Energy Stock Option Plan is not approved at the Meeting, it is expected that Platino Energy would consider the provision of comparable compensation to its directors, executive officers, employees and consultants in the form of cash or other appropriate arrangements. Approval of the Platino Energy Stock Option Plan by C&C Energia Shareholders at the Meeting is not a condition of the Arrangement.

A summary of the Platino Energy Stock Option Plan is set forth in the Information Circular under the heading "Other Matter of Special Business Relating To Platino Energy – Approval of the Platino Energy Stock Option Plan" and a copy of the Platino Energy Stock Option Plan is set out in Appendix G to the Information Circular.

PRIOR SALES

On November 30, 2012, Platino Energy issued one hundred Platino Energy Shares to C&C Energia at a price of Cdn\$1.00 per Platino Energy Share to facilitate its organization.

TRADING PRICE AND VOLUME

The Platino Energy Shares are not currently traded or quoted on a marketplace. See "Description of Capital Structure - Market for Platino Energy Shares".

ESCROWED SECURITIES

To the knowledge of Platino Energy, as of the date of the Information Circular, no securities of any class of securities of Platino Energy are or are anticipated to be held in escrow or subject to a contractual restriction on transfer following the completion of the Arrangement.

Pacific Rubiales has agreed that, except as contemplated in the Arrangement Agreement or in the Plan of Arrangement, it shall not directly or indirectly sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition of any Platino Energy Shares it may acquire in connection with the Plan of Arrangement until the earlier of (i) six months following the Effective Time; and (ii) the Platino Energy Board of Directors providing its consent to any such transaction, such consent not to be unreasonably withheld.

PRINCIPAL SHAREHOLDERS

There are currently 100 issued and outstanding Platino Energy Shares, all held by C&C Energia. To the knowledge of Platino Energy, as of the date of the Information Circular, there are no persons who will, immediately following the completion of the Arrangement, directly or indirectly, own or exercise control or direction over, securities carrying more than ten percent of the voting rights attached to any class of voting securities of Platino Energy, except as set forth below:

Name	Number Platino Energy Shares Beneficially Owned or Controlled	Percentage of Total Platino Energy Shares
Denham Commodity Partners Fund IV, $\operatorname{LP}^{(1)}$	16,802,095	24.9%
ARC Energy Fund 6 ⁽²⁾	7,200,000	10.7%
Mason Hill Advisors, LLC(3)	7,175,100	10.6%

Notes:

- (1) Based on information available at www.sedi.ca as of the date hereof, Denham Commodity Partners Fund IV, LP ("Denham") holds the C&C Energia Common Shares beneficially, and Denham's subsidiary C&C Investment Holdings is the holder of record.
- (2) Based on information available at www.sedi.ca as of the date hereof, ARC Energy Fund 6 holds its C&C Energia Common Shares beneficially and is the holder of record.
- (3) Based on the Alternative Monthly Report filed on SEDAR on June 8, 2012 Mason Hill Advisors, LLC has exclusive control of the securities.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address and Occupation

The names, municipalities of residence, positions with Platino Energy and its subsidiaries and the principal occupations of the persons who are expected to serve as directors and executive officers of Platino Energy after giving effect to the Arrangement are set out below. All officers and directors of Platino Energy will hold substantially equivalent positions to those currently held with C&C Energia, other than Tomas Villamil, the Executive Vice-President, Exploration of C&C Energia, who is expected to serve as a director and advisor to management. Each executive officer is expected to be employed full-time with Platino Energy and enter into a non-competition or non-disclosure agreement with Platino Energy, with the exception of Tomas Villamil is expected to be employed part-time as an advisor to management.

Name and Municipality of Residence	Proposed Position Held	Director Since ⁽⁷⁾	Principal Occupation During the Preceding Five Years
Randy P. McLeod ⁽²⁾⁽³⁾⁽⁵⁾⁽⁶⁾ Calgary, Alberta, Canada Director, President and Chief Executive Officer		November 2012	President and Chief Executive Officer of C&C Energia and previously Chief Operating Officer of C&C Energia and C&C Barbados
			Previously, Chief Operating Officer of BP Canada Energy Company; and President and Chief Executive Officer of BP Canada Energy Company
Kenneth D. Hillier	Chief Financial Officer	Not Applicable	Chief Financial Officer of C&C Energia
Calgary, Alberta, Canada			Previously, Chief Financial Officer of Verenex Energy Inc.

Name and Municipality of Residence	Proposed Position Held	Director Since ⁽⁷⁾	Principal Occupation During the Preceding Five Years
<i>Tomas Villamil</i> ⁽⁴⁾ Bogotá, Colombia	Director and advisor to management	Proposed	Executive Vice President, Exploration of C&C Energia
			Previously, Executive Vice President, Exploration of C&C Barbados
Dr. Oscar Lopez-Gamundi ⁽⁸⁾	Vice President, Exploration	Not Applicable	Vice President, Exploration of Grupo C&C
Bogotá, Colombia			Previously, Exploration Manager of Hess Corporation
Tyler A. Rimbey Calgary, Alberta, Canada	Vice President, Business Development	Not Applicable	Vice President, Business Development of C&C Energia
			Previously, President of BP Canada Energy Trading Company; and Senior Vice President, Global Oil Trading at BP Canada Energy Company
<i>Andrés Modarelli</i> ⁽⁸⁾ Bogotá, Colombia	Vice President, Finance	Not Applicable	Vice President, Finance of Grupo C&C
Carl J. Tricoli ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾ Houston, Texas, USA	Director	Proposed	Founder and Managing Partner of Denham Capital Management LP, a private equity firm focused on energy and commodities
Andrew L. Evans ⁽²⁾⁽³⁾⁽⁶⁾ Calgary, Alberta, Canada	Director	Proposed	Senior Vice-President, ARC Financial Corp., an energy focused private equity firm
Larry G. Evans ⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada	Director	Proposed	Founder and Managing Partner, 32 Degrees Energy Capital, an energy focused private equity firm
Daniel McLeod Calgary, Alberta, Canada	Corporate Secretary	Not Applicable	Partner, Blake, Cassels & Graydon LLP (Barristers & Solicitors)
			Previously, Associate, Blake, Cassels & Graydon LLP (Barristers & Solicitors)

Notes:

- (1) Proposed Chairman
- (2) Proposed Member of the Risk Management Committee.
- (3) Proposed Member of the Audit Committee.
- (4) Proposed Member of the Compensation Committee.
- (5) Proposed Member of the Corporate Governance and Nomination Committee.
- (6) Proposed Member of the Independent Reserves, Employee Health and Safety and Technical Committee.
- (7) The proposed directors will be appointed to the board of Platino Energy by C&C Energia immediately before the completion of the Arrangement. Each director will hold office until the next annual meeting of the shareholders of Platino Energy.
- (8) Dr. Lopez-Gamundi and Mr. Modarelli will be employed by a Colombian branch of Platino Energy.

Assuming that no Dissent Rights are exercised and that all of the in-the-money C&C Energia Warrants and C&C Energia Options are exercised for C&C Energia Common Shares prior to the Arrangement, it is anticipated that the current directors and executive officers of Platino Energy, as a group, will beneficially own, directly or indirectly, or exercise control or direction over approximately 1,711,163 Platino Energy Shares (excluding those beneficially owned, directly or indirectly, or over which control or direction is exercised by Denham and ARC Energy Fund) or approximately 2.5% of the number of Platino Energy Shares that will be outstanding following completion of the Arrangement.

It is further anticipated that Denham, of which a director is a partner, and ARC Energy Fund, of which a director is a principal, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 16,802,095 and 7,200,000 Platino Energy Shares, respectively, or approximately 24.9% and 10.7%, respectively, of the number of Platino Energy Shares that will be outstanding following completion of the Arrangement.

Collectively, the current directors and executive officers of Platino Energy, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, 25,713,258 Platino Energy Shares (including those beneficially owned, directly or indirectly, or over which control or direction is exercised by Denham and ARC Energy Fund) or approximately 38.1% of the number of Platino Energy Shares that will be outstanding following completion of the Arrangement.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of Platino Energy that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	То
Directors					
Andrew L. Evans	C&C Energia Ltd.	TSX	Director	July 2010	Present
	Cequence Energy Ltd.	TSX	Director	September 2010	May 2011
Larry G. Evans	C&C Energia Ltd.	TSX	Director	December 2005	Present
	West Energy Ltd.	TSX	Director	September 2004	May 2010
Randy P. McLeod	C&C Energia Ltd.	TSX	Director, President and Chief Executive Officer	June 2012	Present
			Chief Operating Officer	April 2010	June 2012
Carl J. Tricoli	C&C Energia Ltd.	TSX	Director	April 2010	Present
	Fairborne Energy Ltd.	TSX	Director	October 2007	Present
Tomas Villamil	C&C Energia Ltd.	TSX	Executive Vice President, Exploration	April 2010	Present

Name Officers (who are not also directors)	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	То
Kenneth D. Hillier	C&C Energia Ltd.	TSX	Chief Financial Officer	April 2010	Present
	Verenex Energy Inc.	TSX	Chief Financial Officer	January 2005	December 2009
Daniel McLeod	C&C Energia Ltd.	TSX	Corporate Secretary	April 2010	Present
	SilverWillow Energy Corporation	TSXV	Corporate Secretary	April 2012	Present

Corporate Cease Trade Orders

To the knowledge of Platino Energy, no director or executive officer of Platino Energy (nor any personal holding company of any of such persons) is, as of the date of this Information Circular, or was within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Platino Energy), that: (a) 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, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Personal Bankruptcies

To the knowledge of Platino Energy, except as described below, no director or executive officer of Platino Energy (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of Platino Energy to affect materially the control of Platino Energy: (a) is, as of the date of this Information Circular, or has been within the ten years before the date of this Information Circular, a director or executive officer of any company (including Platino Energy) 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 (b) has, within the ten years before the date of this Information Circular, 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 director, executive officer or shareholder.

Larry Evans, a director of Platino Energy, is a former director of Wild Rose Furniture Manufacturing Ltd., a private corporation that was incorporated under the ABCA and which filed for bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) in September 2003. Mr. Evans was not a director at that time; however, he was a director within one year thereof.

Penalties or Sanctions

To the knowledge of Platino Energy, no director, executive officer or shareholder holding a sufficient number of securities of the Platino Energy to affect materially the control of Platino Energy has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain directors and officers of Platino Energy are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Platino Energy are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Platino Energy. From time to time, Platino Energy may jointly participate in exploration and development activities with one or more corporations with which a director or officer of Platino Energy may be involved. Some of Platino Energy's directors and officers are engaged and will continue to be engaged in the search of oil and gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Platino Energy. Some of the directors of Platino Energy have either other employment or other business or time restrictions placed on them and accordingly, these directors of Platino Energy will only be able to devote part of their time to the affairs of Platino Energy. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of Platino Energy. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

BACKGROUNDS OF MANAGEMENT

Biographies

The following are brief profiles of the proposed executive officers of Platino Energy and its subsidiaries.

Randy P. McLeod, P.Eng., President and Chief Executive Officer

Mr. McLeod is a Professional Engineer with nearly 30 years of experience in the oil and gas industry and has served as the President and Chief Executive Officer of C&C Energia since June 2012. Prior thereto he was Chief Operating Officer of C&C Barbados and C&C Energia, since May 2010. Prior thereto, he was the Chief Operating Officer of BP Canada Energy Company from January 2009 to April 2010. He was previously President and Chief Executive Officer of BP Canada Energy Company from January 2005 to January 2009. Prior thereto, he was President of Production of BP Trinidad and Tobago from October 2001 to December 2004. Prior thereto, he was Business Unit Resources Leader of BP Exploration (Alaska) Inc. ("BP Alaska") from November 2000 to October 2001. Prior thereto, he was Operations Manager of BP Canada Energy Company from October 1998 to November 2000. Mr. McLeod also previously gained approximately 18 years experience in various supervisory and engineering positions with Amoco Canada Petroleum Co. Ltd. and Dome Petroleum Ltd., predecessor companies to BP Canada Energy. Mr. McLeod earned a B.Sc. Engineering in 1980 from the University of Western Ontario. He is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA), a past member

of the Governor's Board for the Canadian Association of Petroleum Producers ("CAPP") and a current member of the Governor's Board of Northern Alberta Institute of Technology ("NAIT").

Kenneth D. Hillier, CA Chief Financial Officer

Mr. Hillier is a Chartered Accountant. He has been Chief Financial Officer of C&C Energia since May 2010. From January 2005 to December 2009, he was Chief Financial Officer at Verenex Energy Inc., a public oil and gas company. Prior thereto, he was the Controller of the International Division of Nexen Inc., an international oil and gas company, from June 2002 to December 2004, and was responsible for operations in Brazil, Venezuela, Colombia, Yemen, Nigeria, the United Kingdom, Indonesia, Equatorial Guinea and Vietnam. Mr. Hillier's previous experience with Nexen Inc., dating back to 1991, included serving in roles as Manager of Corporate Planning and Manager of International Finance and Planning. Prior thereto, he worked in the accounting firm of Ernst & Young from June 1982 to June 1991, most recently as an audit manager. Mr. Hillier received a B.Comm from the University of Manitoba in 1982. Mr. Hillier is a member of the Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants of Alberta and the Association of International Petroleum Negotiators.

Tomas Villamil, Ph.D., P.Doc., Executive Vice President Exploration

Mr. Villamil is a Petroleum Geologist with more than 15 years of industry experience. He has been Executive Vice President Exploration of C&C Energia since May 2010. Prior to joining C&C Barbados in 2005, Mr. Villamil was an Exploration Manager with Lukoil Overseas Colombia from April 2003 to May 2005, where he was responsible for exploration in Colombia and new ventures in Latin America. Mr. Villamil has also held positions with Ecopetrol and Conoco Colombia as an Exploration Vice President. Mr. Villamil holds a degree in Geology from Universidad Nacional de Colombia and a Ph.D. from the University of Colorado at Boulder. He has also held post-doctoral research positions at the University of Colorado at Boulder and Dartmouth College. He is a member of the American Association of Petroleum Geologists and the Society of Economic Palaeontologists and Mineralogists and was the recipient of the OC Wheeler award in 2004, the highest award granted to petroleum professionals in Colombia.

Tyler Rimbey, Vice President Business Development

Mr. Rimbey has been the Vice President, Business Development at C&C Energia Ltd. since 2011. Prior to joining C&C Energia, Mr. Rimbey accumulated over 23 years of experience in the oil and gas industry. His previous 10 years were spent in both Calgary and Chicago with BP, most recently as Senior Vice President of Global Oil Trading at BP Canada, as well as President of BP Canada Energy Trading Company. Prior thereto, Mr. Rimbey served as an Executive Director in the crude trading group at Goldman Sachs (J. Aron) in London, U.K. Mr. Rimbey started his career in Calgary at Shell Canada moving to progressively more senior roles in refining, marketing and trading in both Canada and in the United Kingdom with Shell International Trading. Mr. Rimbey earned a bachelors and masters degree in Economics from the University of Calgary.

Dr. Oscar Lopez-Gamundi, Vice President Exploration

Dr. Lopez-Gamundi has been Vice President, Exploration for Grupo C&C since June 2012. He is a Petroleum Geologist with more than 30 years of industry experience. Prior to joining Grupo C&C, Dr. Lopez-Gamundi was the Exploration Manager of Central and South America for Hess Corporation. Over his extensive career Dr. Lopez-Gamundi has held numerous senior managerial positions with several companies (including Texaco, Chevron and Hess Corporation) and has expertise in onshore and offshore exploration throughout Latin America, in Argentia, Brazil, Peru, Colombia, Venezuela and Trinidad, as well as in Africa and in the Gulf of Mexico and onshore United States. Dr. Lopez-Gamundi graduated from the University of Buenos Aires with a degree in geology including a Ph.D and later received a Post Doctoral from the University of California at Santa Barbara. He has been Research Associate at the Macquarie University (Australia) and Professor at the University of Buenos Aires. He is a Distinguished Lecturer of the American Association of Petroleum Geologists (Latin American Chapter).

Andrés Modarelli, Vice President Finance

Mr. Modarelli has been Vice President, Finance at Grupo C&C since August 2011. Previously, he held various positions in finance at Grupo C&C from October 2008 to August 2011, most recently as International Controller. Prior to joining Grupo C&C, Mr. Modarelli held various finance-related roles at several international energy-focused companies. Prior thereto, Mr. Modarelli worked for the accounting firm Deloitte & Touche LLP from January 2001 to March 2005. Mr. Modarelli received degrees from the Pontifical Catholic University of Argentina including Certified Public Accountant and Bachelor's in Business Administration. Mr. Modarelli is a Certified General Accountant and a member of the Certified General Accountants Associations of Canada and Alberta.

Daniel McLeod, Corporate Secretary

Mr. McLeod (no relation to Randy McLeod, proposed Director and President and Chief Executive Officer of Platino Energy), is a lawyer and has been a partner at the law firm Blake, Cassels & Graydon LLP since 2006 and prior thereto an associate since 2002. Mr. McLeod practices primarily in the areas of business law, corporate finance and securities transactions and mergers and acquisitions. Prior to joining Blake, Cassels & Graydon LLP, Mr. McLeod was an associate with the law firm Sullivan & Cromwell LLP between 1998 and 2002. Mr. McLeod received a B.Comm from the University of Alberta in 1991 and a Bachelor of Laws degree from the University of British Columbia in 1996.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

To date, Platino Energy has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by Platino Energy to its executive officers or directors and none will be paid until after the Arrangement has been completed. Following completion of the Arrangement, it is anticipated that the executive officers of Platino Energy will be paid salaries at a level that is commensurate with their particular roles and responsibilities and comparable to companies of similar size and character.

As at the date of the Information Circular, there are no executive contracts in place between Platino Energy and any of the executive officers of Platino Energy and there are no provisions with Platino Energy for compensation for the executive officers of Platino Energy in the event of termination of employment or a change in responsibilities following a change of control of Platino Energy. It is expected that Platino Energy will enter into executive contracts with each of the executive officers of Platino Energy on or before the Effective Date.

Platino Energy has not established an annual retainer fee or attendance fee for directors. However, Platino Energy will establish directors' fees in the future and will reimburse directors for all reasonable expenses incurred in order to attend meetings. It is anticipated that the Platino Energy directors' fees and reimbursements will be comparable to those currently paid by C&C Energia and that directors will be compensated for their time and effort by granting them options to acquire Platino Energy Shares pursuant to the Platino Energy Stock Option Plan.

COMPENSATION COMMITTEE AND COMPENSATION GOVERNANCE

Prior to the Effective Date, the Platino Energy Board of Directors will appoint a compensation committee. While the compensation committee has not yet been appointed for Platino Energy, the proposed members of the compensation committee of Platino Energy are Carl J. Tricoli, proposed Chair, Larry G. Evans and Tomas Villamil. Mr. Tricoli and Mr. Evans are independent.

Carl J. Tricoli

Mr. Tricoli is a founder and the managing partner of Denham Capital Management LP, a multi-billion dollar private equity firm focused on the global energy and commodities sectors. He has experience on multiple boards of directors and has received a B.A. from the University of Texas and an MBA from the Cass Business School in London, U.K.

Larry G. Evans

Mr. Evans is a Professional Engineer with more than 30 years of diversified experience in virtually all sectors of the oil and gas business and energy fund management. He is the Founder and Managing Partner of 32 Degrees Capital, a leading Calgary based private equity firm focused on investing in early-stage E&P and service companies, since 2004. As Managing Partner of 32 Degrees Capital, Mr. Evans has been involved in the compensation plans of many junior companies. Mr. Evans has also administered compensation plans as a senior officer of various companies.

Tomas Villamil

Dr. Villamil is a Petroleum Geologist with more than fifteen years of industry experience and is one of the founders of C&C. Prior to joining C&C in 2005, Dr. Villamil was an Exploration Manager with Lukoil Overseas Colombia from April 2003 to May 2005, where he was responsible for exploration in Colombia and new ventures in Latin America. Dr. Villamil has also held positions with Ecopetrol and Conoco Colombia as an Exploration Vice President. Dr. Villamil holds a degree in Geology from Universidad Nacional de Colombia, a Ph.D. from the University of Colorado at Boulder and a postdoctoral degree from Dartmouth College in Hanover, NH. In 2004, he was the recipient of the OC Wheeler award, the highest award granted to petroleum professionals in Colombia. Dr. Villamil has published multiple scientific papers on the geology of northern South America, he has been an active AAPG Member since 1993.

As Exploration Vice President for Ecopetrol, Dr. Villamil supervised 200 employees ranging from junior to high-ranking positions and was involved in forming Ecopetrol's 2003 Employee Compensation Plan. At Lukoil Overseas, Dr. Villamil advised management and headquarters on compensation for international technical workers. As co-founder of C&C Energia and President of C&C Energia from 2005 to 2010, Dr. Villamil was involved in the recruiting of all the employees and was responsible for the planning and the administration of C&C Energia's compensation and retention plans.

SPONSORSHIP

In connection with any application for listing of the Platino Energy Shares, Platino Energy will apply for an exemption from the sponsorship requirements of the applicable stock exchange, if any. There is no assurance that the exemption will be granted by the applicable stock exchange.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There exists no indebtedness of the directors or executive officers of Platino Energy, or of any of their associates, to Platino Energy, nor is any indebtedness of any of such persons to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Platino Energy.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Prior to the Effective Date, the Platino Energy Board of Directors intends to establish an audit committee, a risk management committee, a compensation committee, a corporate governance and nomination committee, and an independent reserves, employee health and safety and technical committee. The mandates of each of the committees is expected to substantially similar to the mandates of C&C Energia's committee and will be established following completion of the Arrangement and will be in compliance with applicable legal, regulatory and stock exchange requirements.

The mandate that the Platino Energy Board of Directors expects to adopt is set out at Schedule B to this Appendix F.

Audit Committee Mandate

The audit committee will be formed for the purpose of assisting the Platino Energy Board of Directors in fulfilling its oversight responsibilities in relation to the accounting and financial reporting processes of Platino Energy, audits

of the financial statements of Platino Energy, review of Platino Energy's systems of internal controls and in relation to risk management matters. The proposed charter of the audit committee is attached at Schedule C to this Appendix F.

Audit Committee Composition

While the audit committee has not yet been appointed for Platino Energy, the proposed members of the audit committee of Platino Energy are Larry G. Evans (proposed Chair), Andrew L. Evans and Randy P. McLeod. As at the date of the Information Circular, Mr. L. Evans and Mr. A. Evans are considered independent and each member is considered to be financially literate pursuant to National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience

All of the members of the audit committee will be directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, and in dealing with auditors. All members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Platino Energy's financial statements.

Larry G. Evans

Mr. Evans is a Professional Engineer with more than 30 years of diversified experience in virtually all sectors of the oil and gas business and energy fund management. He is the Founder and Managing Partner of 32 Degrees Capital, a leading Calgary based private equity firm focused on investing in early-stage E&P and service companies, since 2004. Mr. Evans has acted in senior management positions in a variety of E&P companies and as a director has served on numerous audit committees.

Andrew L. Evans

Mr. Evans is a Certified Petroleum Geologist and the Senior Vice President of ARC Financial Corp., an energy focussed private equity firm. He has served on the board of directors of several private and public companies. Mr. Evans earned an MBA from Stanford University, which included completing a variety of accounting and financial analysis courses.

Randy P. McLeod

Mr. McLeod is a Professional Engineer with nearly 30 years of diversified experience in the oil and gas industry. He has previously served in the role as Business Unit Resources Leader of BP Alaska where was responsible for overseeing the reporting of consolidated financials for the five business units of BP Alaska. He has also served on the board of directors of the CAPP, where he was a member of the audit sub-committee for two years and currently serves on the executive committee of NAIT.

Pre-Approval Policies and Procedures

The audit committee is expected to adopt specific policies and procedures for the engagement of non-audit services.

RISK FACTORS

An investment in Platino Energy should be considered highly speculative due to the nature of its activities and the stage of its development upon completion of the Arrangement. Platino Energy was incorporated for the sole purpose of participating in the Arrangement and has not carried on any material business other than in connection with the Arrangement and related matters. Following completion of the Arrangement, Platino Energy will carry on the business currently carried on by C&C Energia with respect to the Platino Energy Assets. Investors should carefully

consider the following risk factors and the risk factors set forth under the heading "Risk Factors" in the Information Circular.

The market value of Platino Energy will be largely determined by investor confidence in the potential for successful development of the Spin-Off Properties. Any events that negatively impact further exploration activities, the delineation of a project for the Spin-Off Properties, the development schedule or potential project economics need to be considered risk factors. These include oil prices, exploration costs, development costs, possible changes to the fiscal regime and possible changes to environmental or other relevant regulations or delays in receiving regulatory approvals.

Risks Related to the Arrangement

Net Cash Position

The estimate of the cash position of Platino Energy is inherently difficult to calculate and dependent upon assumptions and factors including: future results of C&C Energia operations up to the date of calculation; costs of the Arrangement; and the estimated tax liabilities of C&C Energia. The actual cash position of Platino Energy at the close of the Arrangement may be materially different than the current estimate, and such a difference could have a material adverse effect on the financial position of Platino Energy and its ability to fund its exploration, evaluation and development program relating to the Platino Energy Assets.

ANH Consents may not be Obtained

Under the E&P Contracts for each of the Spin-Off Properties, a merger, spin-off, amalgamation or other corporate reorganization involving parties to such E&P Contracts requires that notification be given to the ANH. Therefore, notice of the Platino Reorganization must be given to the ANH, which notice will include a request for an amendment of the relevant E&P Contracts to reflect the new entity as holder and, where applicable, operator of the Spin-Off Properties. The ANH has the right to evaluate the legal, financial and technical capacity of Platino Energy or its subsidiaries to operate the Spin-Off Properties. As a result of such evaluations, the ANH can require additional guarantees from other entities.

The Parties expect that the ANH will not object to Platino Energy becoming a party to the E&P Contracts and the operator of the relevant Spin-Off Properties, as C&C Energia or Grupo C&C, as applicable, will continue to guarantee compliance in respect of obligations related to the Spin-Off Properties owed by Platino Energy or Platino Energy's subsidiary holding the Spin-Off Properties until Platino Energy or such subsidiary, as the case may be, is qualified to act as operator of such properties without any such guarantees. However, the Parties have agreed that if operation of the Spin-Off Properties by Platino Energy or its subsidiaries is objected to by the ANH, Grupo C&C will continue to operate the Spin-Off Properties: (a) until the ANH no longer objects to Platino Energy or its subsidiaries operating the Spin-Off Properties on terms satisfactory to both parties; (b) if such objections cannot be overcome within a reasonable period of time after the Effective Time, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement; or (c) until other arrangements are made to the mutual satisfaction of Platino Energy and Pacific Rubiales. There is no assurance that Platino Energy or a subsidiary thereof will be able to operate the Spin-Off Properties independently of Pacific Rubiales or Grupo C&C within a reasonable period of time after the Effective Time.

No Prior Public Market for the Platino Energy Shares

The Platino Energy Shares are not currently listed on any stock exchange. It is a condition precedent to the completion of the Arrangement that the Platino Energy Shares be approved for listing on the TSX or the TSXV. Listing on an exchange will be subject to Platino Energy fulfilling all of the requirements of the exchange. There is no guarantee that the any stock exchange will approve the listing of the Platino Energy Shares or that the Platino Energy Shares will be listed on a stock exchange. A failure to list the Platino Energy Shares on a designated stock exchange could result in a determination that the Platino Energy Shares are not qualified investments under the Tax Act for deferred plans.

If the Platino Energy Shares are listed on a stock exchange, an active and liquid market for the Platino Energy Shares may not develop following the completion of the Arrangement or, if developed, may not be maintained. If an active public market does not develop or is not maintained, investors may have difficulty selling their Platino Energy Shares at any given time at a price that the investor may consider reasonable. The lack of an active market may also reduce the fair market value and increase the volatility of the Platino Energy Shares and may impair Platino Energy's ability to raise capital by selling Platino Energy Shares.

See also "Risk Factors - Risks Related to the Arrangement" in the Information Circular.

Risks Related to Platino Energy

Early Stage of Exploration and Development Activities

The business of Platino Energy should be considered speculative due to its present stage of development. There can be no assurance that Platino Energy will be able to generate and sustain revenue or net income in the future. The long-term commercial success of Platino Energy depends on its ability to find, acquire, develop and commercially produce petroleum reserves.

To date, the activities relating to the Spin-Off Properties have been exploratory only, which increases the degree of risk substantially as compared to projects in the production stage. The value of the Spin-Off Properties will be dependent on discovering hydrocarbon deposits with commercial potential, and Platino Energy will have no earnings to support it should its properties prove not to be commercially viable.

The exploration and development of hydrocarbons involve a number of uncertainties that even thorough evaluation, experience and knowledge of the industry cannot eliminate. Platino Energy's exploration and possible development activities in the Spin-Off Properties will depend in part on the evaluation of data obtained through geophysical testing and geological analysis. The results of such studies and tests are often subject to varying interpretations, and no assurance can be given that such activities will produce hydrocarbons in commercial quantities. The exploration, evaluation and development activities that will be undertaken by Platino Energy are subject to greater risks than those normally associated with the acquisition and ownership of producing properties. Platino Energy's properties may fail to produce hydrocarbons in commercial quantities.

It is impossible to guarantee that the exploration programs on Platino Energy's properties will generate economically recoverable reserves. The commercial viability of a new hydrocarbon pool is dependent upon a number of factors which are inherent to reserves, such as hydrocarbon composition, associated non-hydrocarbon fluids and proximity of infrastructure, as well as crude oil prices which are subject to considerable volatility, regulatory issues such as price regulation, taxes, royalties, land tax, import and export of crude oil, and environmental protection issues. The individual impact generated by these factors cannot be predicted with any certainty but, once combined, may result in non-economical reserves. Platino Energy will remain subject to normal risks inherent to the crude oil industry such as unusual and unexpected geological changes in the parameters and variables of the petroleum system and operations.

Future exploration for hydrocarbons may involve unprofitable efforts. Environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect production. These conditions include delays in obtaining governmental approvals or consents, insufficient storage, transportation or processing capacity or other geological and mechanical conditions.

Platino Energy will be vulnerable to market prices and fixed costs, including costs associated with project development, exploration and delineation activities, operations, leases, labour costs and depreciation. If actual operating expenses are higher than estimated, Platino Energy's profit margin will be lower than expected and Platino Energy's business and results of operations may be adversely affected.

Financing Risk

Prior to commercial production from the Spin-Off Properties, which is subject to the risks described in this section, Platino Energy will have limited financial resources and a limited source of income, principally in the form of asset sales and farm-outs. Platino Energy anticipates making substantial capital expenditures for the acquisition, exploration, evaluation, delineation, development of and production from any potential project related to its properties. There can be no assurance that debt or equity financing, a bank loan facility or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Platino Energy. The inability of Platino Energy to access sufficient capital for its operations could have a material adverse effect on Platino Energy's business, financial condition, results of operations and prospects, could result in the delay or indefinite postponement of further exploration, evaluation and development of Platino Energy's properties or the possible loss of its properties and could put at risk Platino Energy's ability to operate as a going concern.

Capital requirements are subject to normal capital market risks, primarily the availability and cost of capital. The extent to which Platino Energy will need to access additional funding will be subject to normal capital market risks, primarily the availability and cost of capital. Continuing improvement and sustainability of the global financial markets will be critical in determining the availability and cost of the debt and equity financing that may be required for development of the Spin-Off Properties.

Expectations for the future price of oil will be an important factor determining Platino Energy's ability to access debt financing at the time that this may become necessary.

Neither Platino Energy's articles nor its by-laws limit the amount of indebtedness that Platino Energy may incur. The level of Platino Energy's indebtedness from time to time could impair Platino Energy's ability to obtain additional financing on a timely basis or take advantage of business opportunities as they arise.

From time to time, Platino Energy may enter into transactions to acquire assets or the shares of other companies. These transactions along with Platino Energy's ongoing operations may be financed partially or wholly with debt, which may increase Platino Energy's debt levels above industry standards. Neither Platino Energy's articles nor its by-laws limit the amount of indebtedness that Platino Energy may incur. The level of Platino Energy's indebtedness from time to time could impair Platino Energy's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Competition

The oil and gas industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. Platino Energy's competitive position depends on its geological, geophysical and engineering expertise, its financial resources, its ability to develop its properties and its ability to select, acquire and develop proved reserves. Platino Energy will compete with a substantial number of other companies having larger technical staff and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development and production of petroleum reserves, but also carry on refining operations and market refined products. Platino Energy will also compete with major and independent oil companies and other industries supplying energy and fuel in the marketing and sale of oil to transporters, distributors and end users, including industrial, commercial and individual consumers. Platino Energy will also compete with other oil companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies not previously invested in oil may choose to acquire reserves to establish a firm supply or simply as an investment. Such companies may also provide competition for Platino Energy.

Marketability of Production

The marketability and ultimate commerciality of oil acquired or discovered is affected by numerous factors beyond the control of Platino Energy. These factors include reservoir characteristics, market fluctuations, the proximity,

capacity and price of oil pipelines and processing equipment and government regulation. Oil operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Platino Energy's operations may also be subject to compliance with laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Although Platino Energy believes that the Spin-Off Properties have been operated in material compliance with current applicable environmental regulations, changes to such regulations may have a material adverse effect on Platino Energy.

Commodity Price Fluctuations

Crude oil prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Platino Energy's net production revenue and overall value and could result in ceiling test write downs. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Platino Energy's reserves. Platino Energy might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Platino Energy's net production revenue causing a reduction in its acquisition and development activities. A substantial material decline in prices from historical average prices could reduce Platino Energy's ability to borrow funds.

Operating Hazards and Risks

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which Platino Energy will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although Platino Energy may obtain liability insurance in an amount which is expected to be adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or Platino Energy might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event Platino Energy could incur significant costs that could have a material adverse effect upon its financial condition.

Transportation Costs

Disruption in or increased costs of transportation services could make crude oil a less competitive source of energy or could make Platino Energy's crude oil less competitive than other sources. The industry depends on rail, trucking, ocean-going vessel, pipeline facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying crude oil. Currently, C&C Energia transports via pipeline and trucks (to a certain extent) its production, its primary source of revenue. Disruptions of these transportation services because of weather-related problems, strikes, lockouts, delays, mechanical problems or other events could temporarily impair the ability to supply crude oil to customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for crude oil produced by competitors, could adversely affect profitability. To the extent such increases are sustained, Platino Energy could experience losses and may decide to discontinue certain operations forcing Platino Energy to incur closure and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder production at some of Platino Energy's properties and Platino Energy may be required to use more expensive transportation alternatives.

Disruptions in Production and Transportation

Other factors affecting the production and sale of crude oil that could result in decreases in profitability include: (i) expiration or termination of leases, permits or licences, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) worker vacation schedules and related maintenance activities; (vi) limitations on access to pipeline capacity; and (vii) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can have a significant impact on operating results. With increasing production levels in Colombia as a whole, production disruptions have been routinely encountered by many producers due to a lack of tanker trucks to transport product.

There can be no assurance that union issues or similar issues will not continue to affect Platino Energy's ability to produce or sell crude oil in the future.

Another issue that affects Platino Energy's ability to produce and market crude oil arises from difficulty in accessing Platino Energy's properties during the rainy season in Colombia. The Platino Energy management team will attempt to mitigate seasonal issues by constructing all-weather road access and locations constructed for year-round operation; however, unusually severe rains could affect access to Platino Energy's properties. There can be no assurance that this or similar issues may cause disruptions to Platino Energy's ability to produce or sell crude oil in the future.

Volatility of Market Price Platino Energy Shares

The market price of the Platino Energy Shares may be volatile. The volatility may affect the ability of holders Platino Energy Shares to sell the Platino Energy Shares at an advantageous price. Market price fluctuations in the Platino Energy Shares may be due to Platino Energy's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Platino Energy or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Information".

Foreign Currency and Fiscal Matters

Platino Energy's operations and expenditures are to some extent paid in foreign currencies. As a result, Platino Energy is exposed to market risks resulting from fluctuations in foreign currency exchange rates. A material drop in the value of any such foreign currency could result in a material adverse effect on Platino Energy's funds flow and revenues. Currently, there are no significant restrictions on the repatriation of capital and distribution of earnings from Colombia to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Colombia will not be imposed in the future. Amendments to current taxation laws and regulations that alter tax rates and/or capital allowances could have a material adverse impact on Platino Energy. Platino Energy will also have subsidiaries that operate in different tax jurisdictions.

To the extent revenues and expenditures denominated in or strongly linked to the U.S. dollar are not equivalent, Platino Energy is exposed to exchange rate risk. Platino Energy is exposed to the extent U.S. dollar revenues do not equal U.S. dollar expenditures. In addition, a portion of expenditures in Colombia are denominated in pesos, which are difficult to hedge.

Hedging Activities

Platino Energy will evaluate the use of and may employ exchange-traded or over-the-counter derivative structures to hedge commodity, interest rate and foreign exchange risk. Risks associated with such products include, but are not limited to, counterparty risk, settlement risk, basis risk, liquidity risk and market risk which could impair or negate Platino Energy's hedging strategy and result in a negative impact on its earnings and funds flow.

Additionally, if crude oil, interest rates or exchange rates increase above or decrease below those levels specified in any future hedging agreements, such hedging arrangements may prevent Platino Energy from realizing the full benefit of such increases or decreases.

Due to the uncertain worldwide economic environment, there can be no assurance that Platino Energy will be able to engage credit worthy counterparties in hedging activities.

Political and Regulatory

The oil and gas industry is subject to extensive government policies and regulations, which result in additional cost and risk for industry participants. Environmental concerns relating to the oil and gas industry's operating practices

are expected to increasingly influence government regulation and consumption patterns, which favour cleaner burning fuels such as natural gas. Platino Energy is uncertain as to the amount of operating and capital expenses that will be required to comply with enhanced environmental regulation in the future.

Platino Energy's projects are located in Colombia and consequently Platino Energy will be subject to certain risks, including currency fluctuations and possible political or economic instability. Exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry.

Colombia is home to South America's largest and longest running insurgency, and over the past two decades has experienced significant social upheaval and criminal activity relating to drug trafficking. While the situation has improved dramatically in recent years, security risks in the area (particularly in the regions adjacent to the borders with Ecuador and Venezuela) continue to be of concern. There can be no guarantee that the situation will not deteriorate. Any increase in kidnapping and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with Platino Energy's operations. Additionally, the perception that matters have not improved in Colombia may hinder Platino Energy's ability to access capital in a timely or cost effective manner. Any changes in regulations or shifts in political attitudes are beyond the control of Platino Energy and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

Platino Energy is conducting exploration and development activities in Colombia, and is dependent on receipt of government approvals or permits to develop its properties. Based on past performance, Platino Energy believes that the government of Colombia supports the exploration and development of its oil and gas properties by foreign companies. Nevertheless, there is no assurance that future political conditions in Colombia will not result in the government adopting different policies respecting foreign development and ownership of oil, environmental protection and labour relations. This may affect Platino Energy's ability to undertake exploration and development activities in respect of present and future properties, as well as its ability to raise funds to further such activities. Any delays in receiving government approvals or permits or no objection certificates may delay Platino Energy's operations or may affect the status of Platino Energy's contractual arrangements or its ability to meet its contractual obligations.

Platino Energy's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with Platino Energy's foreign operations, Platino Energy may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. Platino Energy may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, Platino Energy's exploration, development and production activities in the foreign jurisdictions in which it operates could be substantially affected by factors beyond Platino Energy's control, any of which could have a material adverse effect on Platino Energy.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future.

Title Matters

The acquisition of title to crude oil properties in Colombia is a detailed and time-consuming process. Platino Energy's properties may be subject to unforeseen title claims. While Platino Energy will diligently investigate title to all property and will follow usual industry practice in obtaining satisfactory title opinions and, to the best of Platino Energy's knowledge, title to all of Platino Energy's properties is in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects.

The Coati and Andaquíes blocks are subject to joint operating agreements ("**JOAs**") with Canacol. The Putumayo-8 Block is subject to a JOA with Vetra. The Morpho Block is subject to a JOA with Parex Resources Inc. ("**Parex**") based on the Association of International Petroleum Negotiators (AIPN) 2002 Model International Operating Agreement.

Subject to earn-in rights where applicable, such JOAs include, among other things, call options or rights of first refusal ("ROFRs") in favour of Canacol, Vetra and Parex, as applicable, to acquire all of Grupo C&C's working interests in such blocks in case of: (a) a change of control of Grupo C&C if: (i) the market value of Grupo C&C's participating interests represents more than 20% of the aggregate market value of the assets of Grupo C&C that are subject to a change of control, in the case of the JOAs for the Andaquíes and Coati Blocks; or (ii) the market value of C&C Grupo's participating interests represents more than 50% of the aggregate market value of the assets of Grupo C&C that are subject to a change of control, in the case of the JOAs for the Morpho and Putumayo-8 Blocks; and (b) a Transfer (as defined in the relevant JOA) of such working interest to an entity that is not an Affiliate (as defined in the relevant JOA) of Grupo C&C.

C&C Energia believes that neither the Arrangement nor the Platino Energy Reorganization will trigger the above mentioned rights. However, there is no assurance that Grupo C&C's partner in one or more of these JOAs will not assert ROFRs under such agreements.

The assignment of interests, rights and obligations under E&P Contracts requires ANH consent. The farmouts by Grupo C&C to Canacol of working interests in the Andaquíes and Coati blocks and to Parex of a working interest in the Morpho Block (subject to earn-in rights where applicable) are therefore subject to ANH approval, which has not yet been obtained. There can be no assurances that Canacol or Parex will qualify for assignment of these participating interests and therefore that these farmouts will be authorized by the ANH.

International Operations

International operations are subject to political, economic and other uncertainties, including but not limited to, risk of terrorist activities, revolution, border disputes, expropriation, renegotiations or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes and other uncertainties arising out of foreign government sovereignty over Platino Energy's international operations. Platino Energy's operations may also be adversely affected by changes in applicable laws and policies of Colombia, which could have a negative impact on Platino Energy.

Colombia's federal government has, over recent years, implemented policies that have been successful in encouraging activity in the oil and gas industry in Colombia and in supporting a healthy business environment. However, elected governments in Venezuela and Bolivia have in recent years taken steps that have had a material adverse effect on foreign resource companies operating in these countries. As the current president, President Santos, was only elected in 2010, there can be no assurance that President Santos will continue to follow policies that are supportive of business or that continue to encourage foreign investment in Colombia.

Legal Systems

Colombia may have less of a developed legal system than jurisdictions with more established economies, which may result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal

arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Security

Colombia has had a publicized history of security problems associated with certain narcotics crime organizations and other terrorist groups. Platino Energy and its personnel are subject to these risks. It is difficult to obtain insurance coverage to protect against terrorist incidents and as a result, Platino Energy's insurance program excludes this coverage. Consequently, incidents like this in the future could have a material adverse impact on Platino Energy's operations. To minimize the exposure to Platino Energy, contracts with the military will be put in place to provide additional security during operations (primarily drilling) that are conducted in areas assessed to carry an increased risk.

Reserve Acquisition and Replacement

Platino Energy's future petroleum reserves, production, and funds flow to be derived therefrom are highly dependent on Platino Energy successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Platino Energy may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Platino Energy's reserves will depend not only on Platino Energy's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Platino Energy's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil. Competition may also be presented by alternate fuel sources.

Oil Production Could Vary Significantly from Reported Reserves

Platino Energy's reserve evaluations have been prepared in accordance with NI 51-101. There are numerous uncertainties inherent in estimating quantities of reserves and funds flow to be derived therefrom, including many factors that are beyond the control of Platino Energy. The reserves information set forth in this Appendix F represents estimates only. The reserves from Platino Energy's properties have been independently evaluated by Lonquist in the Lonquist Reserve Report. The Lonquist Reserve Report includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Platino Energy. Actual production and funds flow derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based, in part, on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated funds flow to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

IFRS requires that management apply certain accounting policies and make certain estimates and assumptions, which affect reported amounts in the consolidated financial statements of Platino Energy. The accounting policies may result in non-cash charges to net income and write downs of net assets in the financial statements. Such non-cash charges and write downs may be viewed unfavourably by the market and result in an inability to borrow funds and/or may result in a decline in the trading price of Platino Energy's Shares.

Under IFRS, the net amounts at which petroleum costs on a property or project basis are carried are subject to a ceiling test, which is based upon estimated future net funds flow from reserves. The carrying value is assessed to be recoverable when the sum of the undiscounted funds flow expected from the production of proved reserves, the lower of cost and market of unproved properties and the cost of major development projects exceeds the carrying value. When the carrying value is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying value of assets exceeds the sum of the discounted funds flow expected from the production of proved and probable reserves, the lower of cost and market of unproved properties and the cost of major development

projects. A decline in the net value of oil properties could cause capitalized costs to exceed the cost ceiling, resulting in a charge against earnings.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

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

Availability of Equipment and Access Restrictions

Oil exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Platino Energy and may delay exploration and development activities. To the extent Platino Energy is not the operator of its oil and gas properties, Platino Energy will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Platino Energy Might Encounter Operating Hazards

Oil exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts and oil spills, each of which could result in substantial damage to oil wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Platino Energy is not fully insured against all of these risks, nor are all such risks insurable. Although Platino Energy maintains liability insurance in an amount that it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Platino Energy could incur significant costs that could have a materially adverse effect upon its financial condition. Oil production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Environmental

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities.

Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require Platino Energy to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Platino Energy's financial condition, results of operations or prospects. In addition, new regulations relating to

greenhouse gas emissions in Colombia or elsewhere in the world may have an effect on Platino Energy's costs or on levels of future demand for hydrocarbon-based products.

Reliance on Third Party Operators and Key Personnel

To the extent that Platino Energy is not the operator of its properties, it will be dependent upon third party operators for the timing of activities and will be largely unable to control the activities of such operators. In addition, Platino Energy's success depends, to a significant extent, upon management and key employees. The loss of any key employee could have a negative effect on Platino Energy. Attracting and retaining additional key personnel will assist in the expansion of Platino Energy's business. Platino Energy faces significant competition for skilled personnel. Should other oil projects or expansions proceed in the same time frame as Platino Energy's projects, Platino Energy may compete with these other projects for experienced employees and contractors and such competition may result in increases to compensation paid to such personnel or to a lack of qualified personnel. There is no assurance that Platino Energy will successfully attract and retain personnel required to continue to expand its business and to successfully execute its business strategy.

Under the E&P Contracts for each of the Spin-Off Properties, a merger, spin-off, amalgamation or other corporate reorganization involving parties to such E&P Contracts requires that notification be given to the ANH. Therefore, notice of the Platino Reorganization must be given to the ANH, which notice will include a request for an amendment of the relevant E&P Contracts to reflect the new entity as holder and, where applicable, operator of the Spin-Off Properties. The ANH has the right to evaluate the legal, financial and technical capacity of Platino Energy or its subsidiaries to operate the Spin-Off Properties. As a result of such evaluations, the ANH can require additional guarantees from other entities.

The Parties expect that the ANH will not object to Platino Energy becoming a party to the E&P Contracts and the operator of the relevant Spin-Off Properties, as C&C Energia or Grupo C&C, as applicable, will continue to guarantee compliance in respect of obligations related to the Spin-Off Properties owed by Platino Energy or Platino Energy's subsidiary holding the Spin-Off Properties until Platino Energy or such subsidiary, as the case may be, is qualified to act as operator of such properties without any such guarantees. However, the Parties have agreed that if operation of the Spin-Off Properties by Platino Energy or its subsidiaries is objected to by the ANH, Grupo C&C will continue to operate the Spin-Off Properties: (a) until the ANH no longer objects to Platino Energy or its subsidiaries operating the Spin-Off Properties on terms satisfactory to both Parties; (b) if such objections cannot be overcome within a reasonable period of time after the Effective Time, until operatorship can be transferred to an acceptable third party in compliance with the terms of the governing operating agreement; or (c) until other arrangements are made to the mutual satisfaction of Platino Energy and Pacific Rubiales. There is no assurance that Platino Energy or a subsidiary thereof will be able to operate the Spin-Off Properties independently of Pacific Rubiales or Grupo C&C within a reasonable period of time after the Effective Time.

The inability to obtain consent to the transfer of operatorship will make Platino Energy dependent on Pacific Rubiales or Grupo C&C for the timing of activities related to the Spin-Off Properties and Platino Energy's ability to direct or control the activities undertaken on the Spin-Off Properties could be restrained. The lack of control over operations could have a material adverse effect on the ability of Platino Energy to commercially produce from the Spin-Off Properties and could have a material adverse effect on the financial position of Platino Energy and its ability to expand its business and successfully execute its business strategy.

Management of Growth

Platino Energy may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Platino Energy to manage growth effectively will require it to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of Platino Energy to deal with this growth could have a material adverse impact on its business, operations and prospects.

Corruption

Platino Energy is governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. It is possible that Platino Energy, or some of its employees or contractors, could be charged with bribery or corruption. Platino Energy will put policies and procedures in place that prohibit activities such as these and will require all employees and contractors to read these policies and procedures and acknowledge their understanding and compliance on an annual basis. However, if Platino Energy is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, Platino Energy could be subject to onerous penalties. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair Platino Energy's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of Platino Energy from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

Continued Influence of Denham through C&C Investment Holdings

Following close of the Arrangement C&C Investment Holdings will maintain a significant shareholding position in Platino Energy. To the best of the knowledge of the directors and executive officers of Platino Energy, based on information available at www.sedi.ca and assuming that no C&C Energia Shareholders exercise the Dissent Rights provided under the terms of the Arrangement, Denham through C&C Investment Holdings is expected to own approximately 24.9% of the outstanding Platino Energy Shares. A person designated by C&C Investment Holdings (currently Carl J. Tricoli), is a proposed member of the Platino Energy Board of Directors.

C&C Investment Holdings' shareholding level will give C&C Investment Holdings significant influence on decisions to be made by shareholders of Platino Energy, and its representation on the Platino Energy Board of Directors may give C&C Investment Holdings influence on decisions made by the Platino Energy Board of Directors. The interests of C&C Investment Holdings, as a shareholder of Platino Energy, may not always be consistent with the interests of Platino Energy's other shareholders. The significant shareholding level may also negatively affect the attractiveness of Platino Energy to third parties considering an acquisition of Platino Energy if those third parties are not able to negotiate terms with C&C Investment Holdings to support such an acquisition.

Forward-Looking Information May Prove Inaccurate

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Dividends

Platino Energy has not declared or paid any cash dividends on the Platino Energy Shares to date. The payment of dividends in the future will be dependent on Platino Energy's earnings and financial condition and on such other factors as the Platino Energy Board of Directors considers appropriate. Unless and until Platino Energy pays dividends, shareholders may not receive a return on their shares.

Dilution and Further Sales

Platino Energy may issue additional Platino Energy Shares or other securities to finance its interest in the Spin-Off Properties or certain of Platino Energy's other capital expenditures. The constating documents of Platino Energy permit it to issue an unlimited number of additional Platino Energy Shares and an unlimited number of Platino Energy Preferred Shares. The Platino Energy Board of Directors has discretion to determine the issue price and the terms of issue of Platino Energy Shares. Such future issuances may be dilutive to investors. Shareholders of Platino

Energy have no pre-emptive rights under Platino Energy's constating documents to participate in any future offerings of securities.

REGULATORY ACTIONS

There have been (i) no penalties or sanctions imposed against Platino Energy by a court relating to provincial and territorial securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Platino Energy; and (iii) no settlement agreements Platino Energy entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

LEGAL PROCEEDINGS

There are no material legal proceedings to which Platino Energy is a party or in respect of which any of the assets of Platino Energy are subject, which is or will be material to Platino Energy, and Platino Energy is not aware of any such proceedings that are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in the Information Circular or this Appendix F, none of the directors or executive officers of Platino Energy or any person or company that owns directly or indirectly, or exercises control or direction over, more than ten percent of the Platino Energy Shares, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction that has materially affected or is reasonably expected to materially affect Platino Energy.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of Platino Energy are Deloitte & Touche LLP, 700, 850 2nd Street SW, Calgary, Alberta, T2P 0R8. Deloitte & Touche LLP were appointed as the auditors of Platino Energy on November 16, 2012.

Transfer Agent and Registrar

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

MATERIAL CONTRACTS

The only contracts currently proposed to be entered into by Platino Energy that would materially affect Platino Energy that can reasonably be regarded as material to a proposed investor in the Platino Energy Shares, other than contracts entered into in the ordinary course of business, are the Reimbursement Agreement and any contracts to be entered into in connection with The Platino Reorganization. See "The Arrangement - The Platino Reorganization" and "The Arrangement - Reimbursement Agreement" in the Information Circular.

A copy of the current form of the Reimbursement Agreement is attached as Schedule C to the Arrangement Agreement which is attached as Appendix C to this Information Circular.

INTERESTS OF EXPERTS

Lonquist prepared the Lonquist Report, the results of which are summarized in this Appendix F. As at the dates of the Lonquist Report the principals of Lonquist owned beneficially, directly or indirectly, less than one percent of the outstanding C&C Energia Common Shares. The principals of Lonquist will own beneficially, directly or indirectly, less than one percent of the outstanding Platino Energy Shares following completion of the Arrangement. Lonquist

neither received nor will receive any interest, direct or indirect, in any securities or other property of C&C Energia or its affiliates in connection with the preparation of the Lonquist Report.

Deloitte & Touche LLP are the auditors of Platino Energy and have confirmed that they are independent with respect to Platino Energy in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Certain legal matters relating to the Arrangement are to be passed upon by Blake, Cassels & Graydon LLP, on behalf of Platino Energy. Based on security holdings as of the date of the Information Circular, the partners and associates of Blake, Cassels & Graydon LLP will own beneficially, directly or indirectly, less than 1% of the outstanding Platino Energy Shares on the Effective Date. Daniel J. McLeod, the Corporate Secretary of Platino Energy, is a partner at Blake, Cassels & Graydon LLP.

SCHEDULE A – FINANCIAL STATEMENTS

Deloitte.

Deloitte & Touche LLP 700, 850 - 2nd Street S.W. Calgary AB T2P 0R8 Canada

Tel: 403-267-1700 Fax: 587-774-5379 www.deloitte.ca

Independent Auditor's Report

To the Director of Platino Energy Corp.:

We have audited the accompanying statement of financial position of Platino Energy Corp. (formerly 1713255 Alberta Ltd.) as at November 30, 2012 and the notes to the statement of financial position.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this statement of financial position in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the statement of financial position that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this statement of financial position based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement of financial position is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial position. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of financial position, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement of financial position in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial position.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of Platino Energy Corp. as at November 30, 2012 in accordance with International Financial Reporting Standards.

Chartered Accountants

Deloitte : Touche LLP

PLATINO ENERGY CORP.

STATEMENT OF FINANCIAL POSITION

As at November 30, 2012 (Amounts in United States dollars)

ASSETS	
Current Assets:	
Cash	\$ 100
Total Assets	\$ 100
SHAREHOLDER'S EQUITY	
Shareholder's Equity:	
Share capital (note 4)	\$ 100
Total Shareholder's Equity	\$ 100

See accompanying notes

(Signed) "Randy P. McLeod"

PLATINO ENERGY CORP.

NOTES TO STATEMENT OF FINANCIAL POSITION

November 30, 2012

1. Reporting Entity

1713255 Alberta Ltd. was incorporated pursuant to the Alberta Business Corporations Act on November 16, 2012 and subsequently changed its name to Platino Energy Corp. ("Platino" or the "Corporation"). Platino's head office is located in Calgary, Alberta, Canada. Platino was incorporated for the sole purpose of participating in the Arrangement Agreement dated November 19, 2012 ("Arrangement") between C&C Energia Ltd.("C&C") and Pacific Rubiales Energy Corp., whereby certain assets and liabilities of C&C will be transferred to Platino as part of the Arrangement. Platino has not carried on any active business other than in connection with the Arrangement.

2. Basis of Presentation

This statement of financial position has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board which are relevant to the preparation of such a financial statement and are in effect as of November 30, 2012, and is presented in United States dollars, Platino's functional currency, on a historical cost basis.

This statement of financial position was authorized for issuance by the Board of Directors on December 1, 2012.

3. Accounting policies

Cash and cash equivalents

Cash and cash equivalents include investments and deposits with a maturity of 90 days or less when purchased.

Financial Instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. The Corporation's financial instruments include cash.

The Corporation's financial instruments are measured at fair value on initial recognition of the instrument plus any directly attributable transaction costs except for financial assets and liabilities at fair value through profit or loss whereby any directly attributable transaction costs are expensed as incurred. Subsequent measurement of financial instruments is based on their initial classification.

Financial assets at "fair value through profit or loss" are measured at fair value and changes in fair value would be recognized in net income. Cash is classified as "fair value through profit or loss" and is classified as Level 1.

4. Share Capital

Share capital:

Authorized: Unlimited number of common shares

Unlimited number of preferred shares

Issued: 100 common share par value \$ 100

5. Subsequent Event

Under the Arrangement, a holder of C&C common shares will receive, in exchange for each C&C common share, 0.3528 of a common share of Pacific Rubiales Energy Corp., cash consideration of CAD\$0.001 and one common share of Platino, a newly formed entity that will own all of the Spin-off Assets (as noted in the next paragraph).

Following the completion of the Arrangement, Platino will own all of the exploration assets (which include the exploration and evaluation assets currently owned by C&C, (and do not include all of the production and exploration assets situated in the Llanos Basin in Colombia, consisting of the Cravaviejo, Cachicamo, Llanos-19 and Pájaro Pinto blocks as well as LLA-83 block acquired in the most recent bid round), plus approximately \$80 million of net cash. The \$80 million of net cash is expected to be comprised of \$88.5 million of cash and cash equivalents, less approximately \$8.5 million of current liabilities (subject to certain expense reimbursement obligations and working capital adjustments) which will be transferred from C&C to Platino, and will allow for the continuing exploration of such these exploration and evaluation assets.

Deloitte.

Deloitte & Touche LLP 700, 850 - 2nd Street S.W. Calgary AB T2P 0R8 Canada

Tel: 403-267-1700 Fax: 587-774-5379 www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of C&C Energia Ltd.:

We have audited the accompanying carve-out financial statements of the Exploration Assets of C&C Energia Ltd., which comprise the statement of financial position as at September 30, 2012, December 31, 2011, December 31, 2010 and January 1, 2010 and the statement of comprehensive loss and statement of cash flows for the nine month period ended September 30, 2012 and for the years ended December 31, 2011 and 2010, and notes to the carve-out financial statements.

Management's Responsibility for the Carve-Out Financial Statements

Management of C&C Energia Ltd. is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out financial statements, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on carve-out financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the Exploration Assets of C&C Energia Ltd. as at September 30, 2012, December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the nine month period ended September 30, 2012 and for the years ended December 31, 2011 and 2010 in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for carve-out financial statements.

Other Matter

The statement of financial position as at September 30, 2011, and the statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the nine month period ended September 30, 2011is unaudited.

November 30, 2012

Chartered Accountants

Deloitte : Touche LLP

Exploration Assets of C&C Energia Ltd. Carve – out Statement of Comprehensive Loss

('000s of US dollars)	Notes	Nine Months Ended September 30, 2012		 Nine Months Ended September 30, 2011 (unaudited)		Year Ended December 31, 2011	Year Ended December 31, 2010
Expenses and other loss (income)							
Other income		\$	-	\$ (1)	\$	(1)	\$ (3)
Administration			189	180		300	174
Other			-	-		-	163
Accretion of decommissioning liability	4		16	-		6	10
Share-based compensation			208	170		219	199
Loss before taxes			(413)	(349)		(524)	(543)
Deferred tax expense	5		2,902	270		703	3,235
Net loss and comprehensive loss		\$	(3,315)	\$ (619)	\$	(1,227)	\$ (3,778)

The accompanying notes are an integral part of these financial statements.

Exploration Assets of C&C Energia Ltd. Carve – out Statement of Financial Position

As at ('000s of US dollars)	Notes	-	ember 30, 2012	De	ecember 31, 2011	December 31, 2010	January 1, 2010
Assets							
Current assets							
Cash and cash equivalents		\$	61,510	\$	94,224	\$ 86,776	\$ 14,231
Accounts receivable and other receivables			2,787		1,736	1,003	480
			64,297		95,960	87,779	14,711
Corporate Assets			309		255	338	7
Exploration and evaluation assets	3		51,496		40,573	29,884	21,241
Total assets		\$	116,102	\$	136,788	\$ 118,001	\$ 35,959
Current liabilities Accounts payable and accrued liabilities		\$	2,152 2,152	\$	5,202 5,202	\$ 3,681 3,681	\$ 51 51
Decommissioning liability	4		2,566		909	546	544
Deferred tax liability	5		6,840		3,938	3,325	-
			11,558		10,049	7,462	595
Reserve for share-based compensation			626		418	199	-
Net investment in Exploration Assets	6		103,918		126,321	110,340	35,364
Total Net investment and liabilities		\$	116,102	\$	136,788	\$ 118,001	\$ 35,959

The accompanying notes are an integral part of these financial statements.

Exploration Assets of C&C Energia Ltd. Carve – out Statement of Cash Flows

('000s of US dollars)	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	Years Ended December 31, 2011	Years Ended December 31, 2010
Operating Activities				
Net loss	\$ (3,315)	\$ (619)	\$ (1,227)	\$ (3,778)
Adjustments for non-cash items:				
Deferred tax	2,902	270	703	3,235
Accretion of decommissioning liability	16	-	6	10
Share-based compensation	208	170	219	199
	(189)	(179)	(299)	(334)
Financing Activities				
Net contributions from C&C Energia Ltd.	(19,088)	(3,887)	17,208	78,754
	(19,088)	(3,887)	17,208	78,754
Investing Activities				
Expenditures on exploration and evaluation assets	(9,336)	(5,660)	(10,250)	(8,982)
Changes in non-cash working capital	(4,101)	(3,200)	789	3,107
	(13,437)	(8,860)	(9,461)	(5,875)
Net change in cash and cash equivalents	(32,714)	(12,426)	7,448	72,545
Cash and cash equivalents, beginning of period	94,224	86,776	86,776	14,231
Cash and cash equivalents, end of period	\$ 61,510	\$ 74,350	\$ 94,224	\$ 86,776

The accompanying notes are an integral part of these financial statements.

As at September 30, 2012, December 31, 2011 and 2010 and for the nine months ended September 30, 2012 and for the years ended December 31 2011 and 2010 (all tabular amounts are expressed in thousands of United States dollars, except as otherwise noted).

1. BACKGROUND AND BASIS OF PRESENTATION

These financial statements have been prepared in connection with C&C Energia Ltd.'s ("C&C" or the "Corporation") Information Circular ("Information Circular") dated November 30, 2012. On November 19, 2012, C&C and Pacific Rubiales Energy Corp. ("Pacific Rubiales") entered into an arrangement agreement (as amended and restated on November 30, 2012, the "Arrangement Agreement") pursuant to which the parties have agreed to complete an arrangement (the "Arrangement") under section 193 of the *Business Corporations Act* (Alberta). In connection with the Arrangement, certain assets and liabilities of C&C will be transferred to Platino Energy Corp. ("Platino").

Under the Arrangement, a holder of C&C common shares will receive, in exchange for each C&C common share, 0.3528 of a common share of Pacific Rubiales, cash consideration of Cdn \$0.001 and one common share of Platino, a newly formed entity that will own certain exploration assets of C&C.

Following the completion of the Arrangement, Platino will own certain exploration and evaluation assets, (the "Carve-out Assets") currently owned by C&C (other than the production and exploration assets situated in the Llanos Basin in Colombia, consisting of the Cravoviejo, Cachicamo, Llanos-19 and Pájaro Pinto blocks as well as LLA-83 block acquired in the most recent ANH bid round), plus approximately \$80 million of net cash. The \$80 million of net cash is expected to be comprised of \$88.5 million of cash and cash equivalents, less approximately \$8.5 million of current liabilities (subject to certain expense reimbursement obligations and working capital adjustments), which will be transferred from C&C to Platino as part of the Arrangement, and will allow for the continuing exploration of these exploration and evaluation assets.

These financial statements present the historic Statement of Comprehensive Loss, Statement of Cash Flows, and Statement of Financial Position of the Carve-out Assets, on a carve-out basis from C&C as if they had operated on a stand-alone entity subject to C&C's control. The carve-out financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The carve-out financial statements included C&C's interest in the Carve-out Assets, and management's estimates of general and administrative expenses and salaries and share-based payments directly related to the exploration operations. The carve-out financial statements have been derived from the accounting records of C&C and should be read in conjunction with C&C's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2011 and 2010. The preparation of the carve-out financial statements requires the use of significant judgments by management in the allocation of the reported amounts to the carve-out assets. The carve-out financial statements do not necessarily reflect what the results of operations, financial position, and cash flows would have been, had these Carve-out Assets been a separate entity, or the future results of the business, as it will exist upon completion of the Arrangement.

General and administrative expenses and share-based payments have been allocated based on the percentage determined for each period by dividing the amounts spent in the period for the carved-out exploration and evaluation assets by the total of all capital expenditures incurred in the period (excluding acquisition payments, drilling inventory, projects and facilities spending). These estimates are considered by management to be the best available approximation of expenses that Platino would have incurred had it operated on a stand-alone basis during the periods presented.

C&C's direct ownership of the net assets is shown as a net investment in place of shareholders' equity because a direct ownership did not exist at September 30, 2012, December 31, 2011 or 2010. All excess cash flows are assumed to be distributed to C&C and all cash flow deficiencies are assumed to be funded by C&C, through the net investment.

The net assets are available for the satisfaction of the debts, contingent liabilities, and commitments of C&C and not just those liabilities presented in the accompanying statement of financial position.

Exploration and evaluation assets are accounted for similar to the accounting for said assets in C&C as all costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs, other direct costs of exploration (drilling, testing and evaluating the technical feasibility and commercial viability of extraction) and appraisal and including any directly attributable general and administration costs and share-based payments, are accumulated and capitalized as exploration and evaluation assets.

Certain costs incurred prior to acquiring the legal rights to explore are charged directly to net income.

Exploration and evaluation costs are not amortized prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, the carrying value of the relevant exploration and evaluation asset will be reclassified as a petroleum and natural gas asset into the cash-generating unit ("CGU") to which it relates, but only after the carrying value of the relevant exploration and evaluation asset has been assessed for impairment and, where appropriate, its carrying value adjusted. Technical feasibility and commercial viability are considered to be demonstrable when proved or probable reserves are determined to exist. If it is determined that technical feasibility and commercial viability have not been achieved in relation to the exploration and evaluation assets appraised, all other associated costs are written down to the recoverable amount in the statement of comprehensive loss.

Impairments of exploration and evaluation assets are only reversed when there is significant evidence that those impairment indicators have reversed, but only to the extent of what the carrying amount would have been had no impairment been recognized.

The decommissioning liabilities were allocated to the carve-out financial statements based on C&C's existing accounting records specific to the Carve-out Assets. Changes in the decommissioning liabilities relate to the specific assets included in the carve-out financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the financial results of operations and financial position under IFRS as at and for the nine months ended September 30, 2012, as at and for the year ended December 31, 2011 including applicable 2010 comparative periods. They have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with the International Accounting Standards ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). Prior to 2011, the Corporation prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP").

The preparation of these financial statements resulted in changes to accounting policies as compared to those disclosed in C&C's consolidated financial statements as at and for the year ended December 31, 2010 issued under Canadian GAAP. A summary of the significant changes to the Corporation's accounting policies is disclosed in Note 8 along with the reconciliations presenting the impact of the transition to IFRS for the comparative periods as at January 1, 2010 and for the year ended December 31, 2010.

A summary of C&C's significant accounting policies under IFRS are presented in this note. These policies have been retrospectively applied as detailed in the transition Note 8.

Use of Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the balance sheets as well as the reported amounts of revenue, expenses and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from estimated amounts.

Estimates and assumptions by management are employed with respect to exploration and evaluation assets and CGUs. Decommissioning liabilities are based on estimates of abandonment costs, timing of abandonment, forecast inflation and risk-free interest rates. Stock-based compensation is based upon the expected volatility, estimated forfeiture rate and option life estimates. These judgments, estimates and assumptions are subject to measurement uncertainty and changes to any of these items could materially impact the consolidated financial statements of future periods.

Exploration and Evaluation Assets

The assessment of technical feasibility and commercial viability of exploration and evaluation assets involves a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material changes in the future.

Impairments

The assessment of facts and circumstances is a subjective process that often involves a number of estimates and is subject to

interpretation. Producing areas are aggregated into CGUs based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Corporation's CGUs is subject to management's judgments. The testing of assets or CGUs for impairment, as well as the assessment of potential impairment reversals, requires that we estimate an assets or CGUs recoverable amount. The estimate of a recoverable amount requires a number of assumptions and estimates, including quantities of reserves, expected production volumes, future commodity prices, discount rates as well as future development and operating costs. These assumptions and estimates are subject to change as new information becomes available and changes in any of the assumptions, such as a downward revision in reserves, a decrease in commodity prices or an increase in costs, could result in an impairment of an asset's or CGUs carrying value.

Decommissioning Liabilities

The Corporation recognizes the estimated fair value of future decommissioning liabilities associated with capital assets based on the estimated costs to abandon and reclaim long lived assets such as wells and facilities and the estimated timing of the costs to be incurred in future periods. Actual payments to settle the obligations may differ from estimated amounts. Since the discount rate used to estimate decommissioning liabilities is updated each reporting period under IFRS, changes in the risk-free rate can change the amount of the liability, and these changes could potentially be material in the future.

Stock Based Compensation

The Corporation measures the fair value of stock-based compensation based on grant dates using the Black Scholes model using estimates for expected volatility, forfeiture rate, and option life. Actual stock-based compensation may differ from estimated amounts.

Income Taxes

The Corporation recognizes a deferred tax liability based on estimates of temporary differences between the book and tax value of its assets. An estimate is also used for both the timing and tax rate upon reversal of the temporary differences. Actual differences and the timing of reversals may differ from estimates, impacting the future income tax balance and net income.

Tax interpretations, regulations and legislation in the jurisdictions in which the Corporation and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of each reporting period to determine the likelihood that they will be realized from future taxable earnings.

Cash and Cash Equivalents

Cash and cash equivalents include investments and deposits with a maturity of 90 days or less when purchased.

Exploration and evaluation assets

All costs incurred subsequent to signing a binding contract and prior to management's determination of commercial viability of proved and probable reserves are considered exploration and evaluation expenditures. These costs are periodically tested for impairment and may include land and lease acquisition costs, geological and geophysical costs, seismic and data acquisition and well appraisal costs. These costs are capitalized as exploration and evaluation assets until reclassified to property, plant and equipment (developments assets) at such time the technical feasibility and commercial viability are established and C&C decides to proceed with development.

Exploration and evaluation costs that are not considered to have future benefit are expensed and all pre-license exploration costs are expensed as incurred.

Exploration and evaluation assets are tested for impairment at the exploration block level and take into account future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment. When impairment is indicated on a block associated with a cash generating unit, the impaired value is added to the book value of the CGUs and the CGU is tested for impairment. An exploration block is associated with a CGU only if proved and/or probable reserves were discovered on some portion of the original exploration block and were included in the CGU. When impairment is indicated on a block not associated with a CGU, the impaired amount is expensed. If subsequent to an impairment being expensed, proved and probable reserves are discovered on the exploration block, the expensed impairment will be reversed to the extent the new CGUs recoverable amount exceeds its book value. An impairment test will be performed when there are indications of possible impairment and at each year end.

Property, plant and equipment

On transition to IFRS, the Corporation elected to use the deemed cost election for property, plant and equipment ("PP&E"). The net book value of PP&E under previous GAAP was allocated to the IFRS classifications of PP&E and exploration and evaluation assets. PP&E are the tangible and intangible assets resulting from development expenditures that have been determined to have commercial viability. Such costs may include appraisal and well development costs, engineering, production or camp facilities, land acquisition payments, data or seismic acquisition, dry hole well costs, directly attributable administration costs and decommissioning liabilities.

PP&E are depleted on a unit of production basis on an area by area basis and are subject to impairment tests. Depletion rates for PP&E assets are calculated using the proved and probable reserves associated with or to be produced using that asset. Producing well costs will be aggregated to the field level for depletion purposes as wells are drilled to optimize the field's production and well level reserves can be impacted by other wells in the field.

Depreciation of computers, office equipment and leaseholds is calculated using the straight-line method over the estimated useful life of the asset.

Impairment testing of property, plant and equipment is performed at the level referred to as a CGU. A CGU is the smallest identifiable group of assets capable of generating cash inflows that are largely independent of cash inflows from other assets. PP&E and CGUs are tested for impairment when facts and circumstances suggest that the carrying amount of an asset or CGU may exceed its recoverable amount.

Each reporting date, the Corporation will assess whether there is an indication that an asset may be impaired. If any indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the future net cash flows of the proved and probable reserves using forecast prices and costs discounted using the Corporation's weighted average cost of capital. Impairments are expensed when they occur and reversed when subsequently a surplus of fair value exists up to the amount which would have resulted if the impairment had not been expensed and depletion had continued on the book value, without impairment. These calculations are corroborated by external valuation metrics or other available fair value indicators wherever possible.

Reserves are determined pursuant to the Canadian Securities Administrators' National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities". There was no impairment in the Corporation's assets as at September 30, 2012, December 31, 2011 or December 31, 2010.

Financial Instruments

The Corporation's financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

The Corporation's financial instruments are measured at fair value on initial recognition of the instrument.

Subsequent measurement of financial instruments is based on their initial classification. Financial assets at "fair value through profit and loss" are measured at fair value and changes in fair value are recognized in net income. The remaining categories of financial instruments are recognized initially at fair value and subsequently at amortized cost.

Cash and cash equivalents are classified as "fair value through profit and loss" and are measured at fair value.

Accounts receivable are classified as loans and receivables, which are measured at amortized cost.

Subsequent to the initial recognition, these financial instruments are measured at fair value, and changes therein are recognized in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Leases

Leases entered into are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and risks of ownership to the Corporation are accounted for as finance leases and the related assets are included in PP&E and are amortized on a straight-line basis over the period of expected use. Rental payments under operating leases are expensed as incurred.

Decommissioning Liabilities

Liabilities for decommissioning and restoration are recognized for both legal and constructive obligations. The Corporation recognizes a decommissioning liability in the period when a legal or constructive liability exists and a reasonable estimate can be made based on legal and constructive obligations. The estimated fair value is capitalized and amortized on the same basis as the underlying asset. Fair value is estimated using the present value (discounted at the risk free interest rate at each re-measurement date) of the estimated future cash outflows to abandon and reclaim the wells and well sites prior to relinquishment of land at the end of an exploration or production contract. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. The change in net present value of the future retirement obligation due to the passage of time is expensed as a finance costs. Actual decommissioning costs settled during the period reduce the decommissioning liability.

The Corporation elected to use the transition date to IFRS as the date to begin measuring decommissioning liabilities.

Joint Interests

The Corporation conducts many of its oil production activities through jointly controlled assets. These consolidated financial statements reflect the Corporation's proportionate interest in those crude oil operations conducted jointly with others.

Foreign Currency Translation

The United States dollar is the functional and reporting currency of Corporation and its subsidiaries. The Corporation translates monetary balance sheet amounts denominated in a currency other than the functional currency at the exchange rate in effect at the balance sheet date. Non-monetary balance sheet amounts denominated in a currency other than the functional currency are translated at historical exchange rates. Revenues and expenses are translated at transaction date exchange rates. Exchange gains and losses are included in the determination of net income as foreign exchange (gains) loss.

Stock Based Compensation

The Corporation measures the fair-value of stock options (collectively referred to as "Rights") granted to directors, officers and employees using the Black-Scholes option-pricing model. Stock-based compensation expense is recorded and reflected as stock-based compensation expense over the vesting period with a corresponding amount reflected in reserve for stock-based compensation. Stock-based compensation expense is calculated as the estimated fair value for the related tranche of Rights at the time of grant, amortized at an accelerated rate over their vesting period taking into consideration an estimate for volatility and forfeiture rate. When Rights are exercised, the associated amounts previously recorded as reserve for stock-based compensation are reclassified to share capital.

Deferred Taxes

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Changes in and New Accounting Policies

The following standards and interpretations have not been adopted as they apply to future periods. They may result in future changes to our existing accounting policies and other note disclosures. Management is currently assessing the impact of adopting these standards. The impact of these changes is not expected to be material to the Corporation's consolidated financial statements.

IFRS 9 Financial Instruments

In November 2009, the IASB issued IFRS 9 to address classification and measurement of financial assets. In October 2010, the IASB revised the standard to include financial liabilities. The standard is required to be adopted for periods beginning January 1, 2013. Portions of the standard remain in development and the full impact of the standard will not be known until the project is complete.

Consolidated Financial Statements

The IASB intends to replace Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements" with IFRS 10, "Consolidated Financial Statements" ("IFRS 10").

The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides detailed guidance on how to apply the control principles in a number of situations, including agency relationships and holdings or potential voting rights. This standard is required to be applied for accounting periods beginning on or after January 1, 2013

Joint Arrangements

The IASB intends to replace IAS 31, "Interest in Joint Ventures" with IFRS 11, "Joint Arrangements" ("IFRS 11").

The new standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted. This standard is required to be applied for accounting periods beginning on or after January 1, 2013.

Disclosures of Interests in Other Entities

IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013.

Fair Value Measurements

IFRS 13, "Fair Value Measurement" ("IFRS 13") provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013.

Improvements to IFRS 2011

Exposure Draft ED/2011/12, "Improvements to IFRS 2011" ("ED/2011/12") was issued in June 2011 with proposed amendments to five IFRSs (IFRS 1, IAS 1, IAS 16, IAS 32, and IAS 34). These amendments are proposed under the annual improvements process which is designed to make necessary, but not urgent, amendments to IFRS. This standard is required to be applied for accounting periods beginning on or after January 1, 2013.

3. EXPLORATION AND EVALUATION ASSETS

	September 30,	December 31,	December 31,
As at	2012	2011	2010
Balance, beginning of period	\$ 40,828	\$ 30,222	\$ 21,248
Additions	9,336	10.250	8,982
Change in decommissioning liabilities	1,641	356	(8)
Balance, end of period	\$ 51,805	\$ 40,828	\$ 30,222

Exploration and evaluation assets consist of undeveloped land and exploration projects which are pending the determination of technical feasibility.

4. DECOMMISSIONING LIABILITIES

The decommissioning liabilities were estimated based on the net ownership interest in all wells of the Carve-out Assets, the

estimated costs to abandon and reclaim the wells and the estimated timing of the costs to be incurred in future periods. As at September 30, 2012, the estimated future undiscounted cash flows of \$2,670 (December 31, 2011 – \$1,370) have been discounted using an average risk free rate of 1.72% and an inflation rate of 3% (2011 - 2%).

The following table reconciles the decommissioning liability:

	September 30,	December 31,	December 31,
As at	2012	2011	2010
Balance, beginning of period \$	909	\$ 546	\$ 544
Liabilities incurred	-	356	(8)
Changes in estimates	1,641	-	-
Accretion expense	16	6	10
Balance, end of period \$	2,566	\$ 909	\$ 546

5. INCOME TAXES

The following table reconciles the income tax expense (recovery) computed by applying the Colombian statutory rate to the net income before income tax per the carve-out statements of comprehensive loss with the income tax recovery actually recorded:

	Nine Months Ended September 30,	Nine Months Ended September 30,	Year Ended December 31,	Year Ended December 31,
As at	2012	2011	2011	2010
Net loss before income tax	\$ (413)	\$ (349)	\$ (524)	\$ (543)
Statutory income tax rate	34%	34%	34%	34%
Income tax (recovery)	(140)	(119)	(178)	(185)
Add (deduct):				
Non-deductible share based compensation	69	56	72	66
Tax deductions and allowances taken by C&C	2,973	333	809	3,354
Deferred income tax expense	\$ 2,902	\$ 270	\$ 703	\$ 3,235

6. NET INVESTMENT

C&C's net investment in the Carve-out Assets are presented as net investment in the Exploration Assets comprised of accumulated net loss of the operations and the accumulated net contributions from and distributions to the Corporation.

Net financing transactions with C&C as presented on the Statement of Cash Flows represent the net contributions and distributions related to funding between Platino Energy and the Corporation.

	September 30,	December 31,	December 31,
As at	2012	2011	2010
Balance, beginning of period	\$ 126,321	\$ 110,340	\$ 35,364
Net loss of the period	(3,315)	(1,227)	(3,778)
Net contributions from (distributions to) C&C	(19,088)	17,208	78,754
Balance, end of period	\$ 103,918	\$ 126,321	\$ 110,340

7. FINANCIAL INSTRUMENTS

C&C's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

All of C&C's cash and cash equivalents are transacted in active markets. C&C classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

C&Cs cash and cash equivalents have been assessed on the fair value hierarchy described above. C&C's cash and cash equivalents are classified as Level 1.

Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amount due to the short-term maturity of those instruments.

The carrying value and fair value of these financial instruments at September 30, 2012 is disclosed below by financial instrument category:

Financial Instrument	Carrying Value (\$)	Fair Value (\$)
Assets Held for Trading Cash and cash equivalents	61,510	61,510
Loans and Receivables Accounts receivable	2,787	2,787
Other Liabilities Accounts payable and accrued liabilities	2,152	2,152

There is no difference between the carrying value and fair value of these assets as of December 31, 2011 and 2010.

Risks Associated with Financial Assets and Liabilities

C&C has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, foreign currency risk, interest rate risk and market risk. This note presents information about C&C's exposure to these risks, and C&C's objectives, policies and processes for measuring and managing these risks.

Credit Risk

Credit risk is the risk that cash and cash equivalents, and accounts receivable may not be collectible.

Cash and cash equivalents consist of bank balances and short term deposits maturing in less than 90 days. C&C manages credit risk related to short term deposits by investing only in Canadian or U.S. government treasury bills or term deposits at BNP Paribas and HSBC Bank and the Royal Bank of Canada and, therefore, the Corporation considers these assets to have negligible credit risk.

Deposits are held with financial institutions maturing in less than one year.

A substantial portion of C&C's accounts receivable are with customers in the oil industry and are subject to normal industry credit risks. The carrying amount of accounts receivable reflects management's assessment of the credit risk associated with these accounts. Crude oil production is sold, as determined by market based prices adjusted for quality differentials.

As at September 30, 2012, none of C&C's accounts receivables are past due.

Liquidity Risk

Liquidity risk is the risk that C&C will not be able to meet its financial obligations as they become due. C&C manages liquidity risk by regularly updating cash flow budgets in order to monitor future capital requirements.

Accounts payable are normally payable within 30 days and accrued liabilities will normally be payable within two to three months. The following are the contractual maturities of financial liabilities as at September 30, 2012:

Financial Liabilities	< 1 Y	ear 1-2 Years	2-5 Years	Thereafter	Total
Accounts payable and accrued liabilities	\$ 2,1	52 -	_	- \$	2,152

Interest Rate Risk

Interest rate risk arises from changes in market interest rates. C&C is exposed to interest rate risk on floating interest rate bank deposits and C&C's sensitivity to interest rates is currently immaterial.

Market Risk

Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices, and interest rates will affect the Corporation's cash flows, net income, liquidity or the value of financial instruments. The objective of market risk management is to mitigate market risk exposures where considered appropriate and maximize returns.

8. TRANSITION TO IFRS

As disclosed in Note 2, these financial statements present the financial results of operations and financial position under IFRS. As a result, these financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" as issued by the IASB. Prior to 2011, the Corporation prepared its interim and annual consolidated financial statements in accordance with Canadian GAAP.

IFRS 1 requires the presentation of comparative information as at the January 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provision of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRS. The following are the significant exemptions the Corporation has elected to apply:

Deemed cost exemption for PP&E – The Corporation has elected to report items of PP&E on the transition date at deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost of an item may either be its fair value at the transition date or an amount determined by a previous revaluation under previous GAAP.

Stock-based compensation – The Corporation elected not to apply IFRS 2 "Share Based Payments" to equity instruments which vested before the transition date. As such, adjustments were made retroactively to stock options which had not vested prior to the transition date.

Decommissioning liabilities - In accounting for changes in obligations to dismantle, remove and restore items of property, plant and equipment, the guidance under IFRS requires changes in such obligations to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. Rather than recalculating the effect of all such changes throughout the life of the obligation, the Company has elected to measure the liability and the related depreciation effects at the transition sate.

The following mandatory exemption was applied in the conversion from Canadian GAAP to IFRS.

Estimates – Hindsight was not used to create or revise previous estimates. The estimates previously made by the Corporation under previous GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

The following reconciliations present the adjustments made to the Canadian GAAP financial results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exemptions are discussed following the reconciliations. Reconciliations include the Corporation's balance sheets as at January 1, 2010 and December 31 2010 and the statement of operations and comprehensive loss for the year ended December 31, 2010 no statement of changes in equity has been presented for any periods due to the nature of carve-out financial statements whereby all equity transactions are included in the net investment in the Exploration Assets.

The adoption of IFRS did not have a material impact on the statement of cash flows for the year ended December 31, 2010.

IFRS Balance Sheet As at January 1, 2010

	_		IFRS Adjus	tments		
	Previous	Capital	Decommissioning	Stock-Based	Deferred	IFRS
	GAAP	Assets	Liability	Compensation	Taxes	IFKS
Assets						
Current Assets						
Cash and Cash equivalents	14,231	-	-	-	-	14,231
Account receivable and other receivables	480	-	-	-	-	480
	14,711	-	-	-	-	14,711
Corporate Assets	7	-	-	-	-	7
Property, plant and equipment	21,241	(21,241)	-	-	-	-
Exploration and evaluation assets		21,241	-	-	-	21,241
Total Assets	35,959	-	-	-	-	35,959
Liabilities and Equity						
Current Liabilities	-	-	-	-	-	-
Account payable and accrued liabilities	51	-	-	-	-	51
	51	-	-	-	-	51
Decommissioning liability	544	-	_	-	-	544
Deferred tax liability	_	-	-	_	-	-
Total Liabilities	595	-	-	-	-	595
Net Investment in Exploration Assets	35,364	-	-		-	35,364
Total Liabilities and Net Investment	35,959	-	-	-	-	35,959

IFRS Balance Sheet As at December 31, 2010

	_		IFRS Adjus	tme nts		
	Previous	Capital	Decommissioning	Stock-Based	Deferred	IFRS
_	GAAP	Assets	Liability	Compensation	Taxes	пкэ
Assets						
Current Assets						
Cash and Cash equivalents	86,776	-	-	-	-	86,776
Account receivable and other receivables	1,003	-	-	-	-	1,003
	87,779	-	-	-	-	87,779
Corporate Assets	338	-	-	-	-	338
Property, plant and equipment	29,891	(29,884)	(7)	-	-	-
Exploration and evaluation assets	-	29,884	-	-	-	29,884
Total Assets	118,008	-	(7)	-	-	118,001
Liabilities and Equity						
Current Liabilities						
Account payable and accrued liabilities	3,681	_	-	-	-	3,681
• •	3,681	-	-	-	-	3,681
Decommissioning liability	577	-	(31)	-	-	546
Deferred tax liability	3,235	-	-	-	-	3,235
Total Liabilities	7,493	-	(31)	-	-	7,462
Reserve for share-based compensation	199	-	_	_	_	199
Net Investment in Exploration Assets	110,316	-	24	-	-	110,340
Total Liabilities and Net Investment	118.008		(7)			118,001

IFRS Consolidated Statement of Operations and Comprehensive Loss For the year ended December 31, 2010

		IFRS Adjustments					
	Previous	Capital	Decommissioning	Stock-Based	Deferred Taxes	IFRS	
	GAAP	Assets	Liability	Compensation			
Expenses and Other Loss (Income)	•						
Interest income	(3)	-	-	-	-	(3)	
Administration	174	-	-	-	-	174	
Other	163	-	-	-	-	163	
Accretion of decommissioning liability	34	-	(24)	-	-	10	
Share-based compensation	107	-	-	92	-	199	
Loss before taxes	(475)	-	24	(92)	=	(543)	
Deferred tax expense	3,235	-	-	-	-	3,235	
Net Loss and comprehensive Loss	(3,710)	-	24	(92)	-	(3,778)	

IFRS Summary of Exemptions and Elections

The following discussion explains the significant difference between the previous accounting policies and those applied under IFRS.

IFRS policies have been applied retrospectively and consistently except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon transition to IFRS for first-time adopters.

The most significant changes to the C&C's accounting policies relate to the accounting for its investments in property, plant and equipment. Under previous GAAP, the Corporation followed the Canadian Institute of Chartered Accountants ("CICA") guideline on full cost accounting in which all costs directly associated with the acquisition of, the exploration for and the development of crude oil were capitalized in cost centres on a country-by-country basis and depleted and depreciated using the unit of production method based upon proved reserves before royalties as determined by independent engineers.

Under IFRS, exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. Property, plant and equipment include those expenditures for areas where technical feasibility and commercial viability has been determined. C&C adopted the IFRS 1 exemption whereby C&C deemed its January 1, 2010 IFRS PP&E and exploration and evaluation costs to be equal Canadian GAAP PP&E net book value. Accordingly, under IFRS, tangible and intangible exploration and evaluation costs are presented as exploration and evaluation assets and tangible and intangible development costs are presented within property, plant and equipment on the consolidated balance sheet.

i. Exploration and Evaluation

All costs incurred subsequent to signing a binding contract and prior to management's determination of commercial viability of proved and probable reserves are considered exploration and evaluation expenditures. These costs are periodically tested for impairment and may include land and lease acquisition costs, geological and geophysical costs, seismic and data acquisition and well appraisal costs. These costs are capitalized as exploration and evaluation assets until reclassified to property, plant and equipment at such time the technical feasibility and commercial viability are established and C&C decides to proceed with development.

Adoption of these IFRS had no impact on net income for the year ended December 31, 2010.

ii. Decommissioning Liability

Liabilities for decommissioning and restoration are recognized for both legal and constructive obligations. C&C recognizes a decommissioning liability in the period when a legal or constructive liability exists and a reasonable estimate can be made based on legal and constructive obligations. The estimated fair value is capitalized and amortized on the same basis as the underlying asset. Fair value is estimated using the present value (discounted at the risk free interest rate at each remeasurement date) of the estimated future cash outflows to abandon and reclaim the wells and well sites prior to relinquishment of land at the end of an exploration or production contract. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. The change in net present value of the future retirement obligation due to the passage of time is expensed as a finance costs. Actual decommissioning costs settled during the period reduce the decommissioning liability.

C&C elected to use the transition date to IFRS as the date to begin measuring decommissioning liabilities. Overall, the liability increased due to the requirement to discount future cash flows using a risk-free rate which was lower than the discount rate used in previous GAAP. The liabilities incurred have been calculated using an inflation rate of two percent and discounted using a risk-free rate of 3.6% 2010 - 2.65%). The adjustment as at January 1, 2010 was \$nil and for the year ended December 31, 2010 \$24,000.

iii. Stock-Based Compensation

C&C measures the fair-value of stock options using the Black-Scholes option-pricing model. This area had the largest impact as C&C was required to retroactively calculate stock-based compensation expense to all non-vested options incorporating volatility assumptions. C&C elected to not apply IFRS to stock options which had vested prior to the transition date. As a result, there was an adjustment for the year ended December 31, 2010 \$92,000.

PLATINO ENERGY CORP.

Pro Forma Consolidated Statement of Financial Position

As at September 30, 2012

(Thousands of United States dollars) (Unaudited)

	Platino as at November 30, 2012		Exploration Assets of C&C Energia Ltd. as at September 30, 2012		Pro Forma Adjustments		Notes	Pro Forma as at September 30, 2012	
Assets									
Current assets									
Cash and cash equivalents	\$	-	\$	61,510	\$	-	3(a)	\$	61,510
Accounts receivable		-		2,787					2,787
		-		64,297		-			64,297
Corporate assets		_		309		_			309
Exploration and evaluation assets		-		51,496		-			51,496
Total assets	\$	-	\$	116,102	\$			\$	116,102
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	\$	-	\$	2,152	\$		3(a)	\$	2,152
		-		2,152		-			2,152
Decommissioning liabilities		_		2,566		_			2,566
Deferred tax liability		-		6,840		-			6,840
·		-		11,558		-			11,558
Reserve for share-based compensation		-		626		-			626
Net investment in the exploration assets		-		103,918		-	3 (b)		103,918
Total liabilities and net investment	\$	-	\$	116,102	\$			\$	116,102

see accompanying notes to the unaudited pro forma consolidated statement of financial position

PLATINO ENERGY CORP.

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION As at September 30, 2012 (Amounts in thousands of United States dollars) (Unaudited)

1. Basis of Presentation

This pro forma statement of financial position has been prepared for C&C Energia Ltd.'s ("C&C") Information Circular ("Information Circular") dated November 30, 2012. On November 19, 2012, C&C and Pacific Rubiales Energy Corp. ("Pacific Rubiales") entered into an arrangement agreement (the "Arrangement") pursuant to Section 193 of the *Business Corporations Act* (Alberta) whereby certain assets and liabilities of C&C (referred to as the Platino Energy Assets in the Information Circular) will be transferred to Platino Energy Corp. ("Platino") in connection with the Arrangement.

C&C Management has prepared the pro forma statement of financial position as at September 30, 2012 based on information from the audited statement of financial position of Platino as at November 30, 2012, the audited carve-out statement of financial position for the exploration assets of C&C as at September 30, 2012 and other information available to C&C Management, as if the Arrangement had occurred on January 1, 2011. A pro forma income statement for the nine months ended September 30, 2012 and for the year ended December 31, 2011 has not been prepared as the net assets being transferred are in the exploration stage and have no operations associated with them, and there are no material pro forma income statement adjustments required for either period. In the opinion of management, the pro forma statement of financial position contains all the necessary adjustments for a fair presentation in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The pro forma statement of financial position is not necessarily indicative of the financial position that would have prevailed if these transactions had actually occurred on September 30, 2012. The pro forma statement of financial position was prepared based on the assumptions described in the following notes.

The pro forma statement of financial position has been prepared from information derived from and should be read in conjunction with the audited carve-out financial statements of C&C as at September 30, 2012, December 31, 2011, December 31, 2010 and January 1, 2010 and for the nine month period ended September 30, 2012 and for the years ended December 31, 2011 and 2010; the September 30, 2012 condensed interim consolidated financial statements of C&C; the December 31, 2011 consolidated financial statements of C&C; and the statement of financial position as at November 30, 2012 of Platino.

2. Arrangement

Under the Arrangement, a holder of C&C common shares will receive, in exchange for each C&C common share, 0.3528 of a common share of Pacific Rubiales, cash consideration of Cdn \$0.001 and one common share of Platino, a newly formed entity that will own certain exploration assets of C&C.

Following the completion of the Arrangement, Platino will own all of the Platino Energy Assets (which include certain of the exploration and evaluation assets currently owned by C&C), (other than the production and exploration assets situated in the Llanos Basin in Colombia, consisting of the Cravaviejo, Cachicamo, Llanos-19 and Pájaro Pinto blocks as well as LLA-83 block acquired in the most recent ANH bid round), plus approximately \$80 million of net cash. The \$80 million of net cash is expected to be comprised of \$88.5 million of cash and cash equivalents, less approximately \$8.5 million of current

liabilities (subject to certain expense reimbursement obligations and working capital adjustments) which will be transferred from C&C to Platino as part of the Arrangement, and will allow for the continuing exploration of these exploration and evaluation assets.

A detailed description of the Arrangement is set out in the Information Circular.

3. Pro forma assumptions

- (a) At September 30, 2012, C&C had working capital of \$73.3 million (which included, among other working capital accounts, cash and cash equivalents of \$61.5 million, accounts receivable of \$68.2 million and current liabilities of \$76.7 million). For purposes of the September 30, 2012 pro forma statement of financial position, the September 30, 2012 cash and cash equivalent balance of \$61.5 million was used as the amount to be transferred to Platino.
- (b) As outlined in the Arrangement, and after giving effect to the Arrangement, Platino will be directly and indirectly wholly-owned by the C&C shareholders who hold C&C common shares immediately prior to completion of the Arrangement (other than those C&C shareholders who validly exercise the dissent rights provided under the Arrangement) and Pacific Rubiales will acquire a 5% interest in Platino pursuant to the Arrangement. Approximately 3.3 million common shares are to be issued to Pacific Rubiales.

SCHEDULE B – BOARD OF DIRECTORS MANDATE

MANDATE OF THE BOARD OF DIRECTORS

I. CONSTITUTION AND PURPOSE

- (a) <u>Statutory Requirements</u> The <u>Business Corporations Act</u> (Alberta) (the "**ABCA**") provides that the Board of Directors (the "**Board**") shall manage, or supervise the management of, the business and affairs of the Company, and further that every director ("**Director**") and officer shall: (i) act honestly and in good faith with a view to the best interests of the Company; and, (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (b) <u>Responsibility to Shareholders and Others</u>— The Board is elected by the shareholders to supervise the business and affairs of the Company in order to maximize shareholder value and to protect and act in the best interests of the Company's shareholders. Although Directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company as a whole must be paramount at all times.
- (c) <u>Discharge of Responsibility</u>— The Board discharges its responsibility for overseeing the management of the Company's business by delegating to the Company's senior officers the responsibility for day-to-day management of the Company. As part of the Board's primary role of overseeing corporate performance, it is responsible for providing quality, depth and continuity of management to meet the Company's strategic objectives.

The Board of Platino Energy Corp. (the "Company") discharges its responsibilities both directly and through its committees, being the audit committee (the "Audit Committee"), the compensation committee (the "Compensation Committee"), the reserves committee (the "Reserves Committee"), the corporate governance committee (the "Corporate Governance Committee"), the risk management committee (the "Risk Management Committee") and any other committees it may establish from time to time (each a "Committee" and collectively the "Committees"). The Board shall provide direction to senior management generally through the chief executive officer ("CEO") of the Company to pursue the best interests of the Company.

II. COMPOSITION AND COMMITTEES

It is a policy of the Board that a majority of the Directors shall meet all applicable requirements and guidelines for Board service as may be set forth in the ABCA, the by-laws of the Company or, if applicable, as set forth in securities laws and policies or the rules of any stock exchange on which the Company's securities may be listed for trading. Determinations as to whether a particular Director satisfies the requirements for Board membership shall be affirmatively made by the Corporate Governance Committee based on a broad consideration of all relevant facts and circumstances. At all times, a majority of the Directors must be independent of management and may not be persons directly or indirectly able to control the affairs of the Company. The Board shall establish formal processes for determining the independence of its members as well as dealing with any conflict of interest situations. Directors shall excuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.

The Board, acting on recommendation of the Corporate Governance Committee, shall propose nominees to the Board for election by shareholders at the Company's annual meeting of shareholders.

The Board shall appoint a chairman from its independent members (the "Chair").

Except for Directors who are also officers of the Company, no Director shall receive from the Company any compensation other than the fees to which he or she is entitled as a Director of the Company or a member of a committee. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available

to Directors. Directors who are also officers of the Company shall not be entitled to receive any Directors' fees or other compensation in respect of their duties as Directors.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Board unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Board. Determinations as to whether a particular Director satisfies the requirements for membership on the Board shall be made by the Corporate Governance Committee.

The Board shall establish appropriate Committees to deal with subject matter areas. These Committees, which shall be comprised of a majority of independent Directors, shall set out their roles and responsibilities in formal terms (the "**Terms of Reference**") which shall be approved by the Board. Each Committee chair shall report to the Board after each Committee meeting.

III. MEETING PROTOCOLS

The Board shall meet at least quarterly and at such times and with such frequency as the Board shall determine is appropriate to meet its responsibilities. A quorum of the Board shall consist of a majority of the Directors.

The independent Directors shall hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance.

At the invitation of the Chair, individuals who are not Directors may attend any meeting of the Board and give presentations with respect to their area of responsibility, as considered necessary by the Board.

Each Director is expected to attend each meeting of the Board and the Committees of which he or she is a member and review all meeting materials in advance of the meetings. At least seven days notice of any meeting of the Board shall be given in writing by any means of transmitted or recorded communication that produces a written copy, although such notice may be waived or shortened with the consent of all Directors.

IV. AUTHORITY

Individual members of the Board may engage outside legal, accounting or other advisers, at the expense of the Company, to obtain advice and assistance in respect of matters relating to their duties, responsibilities and powers as Directors, provided such engagement is first approved by the Chair.

The Board shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers being necessary or advisable in order to perform its duties and responsibilities.

V. ROLES AND RESPONSIBILITIES

A. Corporate Governance

- 1. The Board shall develop the Company's approach to governance and the adoption of corporate governance principles and guidelines, as well as the disclosure thereof in the Company's annual report and other disclosure documents.
- 2. The Board shall adopt a code of ethics and business conduct (the "Code") applicable to Directors, officers and employees of the Company and shall establish the appropriate "tone at the top". To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other members of senior management and that the CEO and other members of senior management create a culture of integrity throughout the organization. Any waivers from the Code that are granted for the benefit of the Company's Directors or executive officers should be granted by the Board only.

- 3. The Board through the Audit Committee shall monitor the integrity of the Company's disclosure controls and procedures and internal controls over financial reporting as well as the management information systems.
- 4. The Board shall ensure that there are adequate procedures for it to be apprised on a timely basis and in sufficient detail of all concerns raised by employees, officers and Directors of the Company and external parties regarding instances of misconduct including illegal or unethical behaviour, fraudulent activities, and violation of company policies, particularly with respect to accounting, internal accounting controls or auditing matters and that such concerns are properly received, reviewed, investigated, documented and brought to an appropriate resolution.

B. Nomination of Directors

- 1. In connection with the nomination or appointment of individuals as Directors, the Board, through the Corporate Governance Committee is responsible for:
 - (i) considering what competencies and skills the Board, as a whole, should possess;
 - (ii) assessing what competencies and skills each existing Director possesses; and
 - (iii) considering the appropriate size of the Board, with a view to facilitating effective decision making.

C. Appointment of Management

- 1. The Board, through its Corporate Governance and Nomination Committee, shall provide oversight in determining the compensation of the CEO and other members of senior management and the appointment and termination of those individuals. All management incentive plans tied to performance shall be approved by the Board.
- 2. The Board from time to time may delegate to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits as outlined in the Company's general authority guidelines (the "Authority Guidelines") are subject to the prior approval of the Board on a case by case basis.
- The Board shall ensure succession planning programs are in place, including programs to appoint, set objectives, train, develop and monitor the performance of the CEO and other members of senior management.

D. Strategic Planning

- 1. The Board is responsible for developing and approving the mission of the Company and its objectives and goals.
- 2. The Board is responsible for adopting a strategic planning process and approving and reviewing, on an annual basis, the business, financial and strategic plans by which it is proposed that the Company may reach its objectives and goals. The strategic plans will take into account, among other things, the opportunities and risks of the business with frequent input from management on the Company's performance against the strategic plan.
- 3. The Board has the responsibility to provide input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

E. Risk Management

1. The Board directly and through the Risk Management Committee has the responsibility for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and achieving a proper balance between the risks incurred and the potential return to the Company's shareholders.

F. <u>Approval of Disclosure Documents, Monitoring of Financial Performance and Other Financial</u> Reporting and Approval Matters

- 1. The Board, upon the recommendation of the Audit Committee, shall be responsible for approving the Company's interim and annual financial statements and management's discussion and analysis of operations; the annual information form and earnings press releases prior to their public disclosure.
- 2. The Board, with the input and recommendations from various Board committees shall approve the management information-proxy circular.
- 3. The Board shall approve the Company's Authority Guidelines including any revisions to same.
- 4. The Board shall approve the annual budget and periodically shall receive an analysis of actual results versus approved budgets.
- 5. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's constating documents, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures as outlined in the Company's Authority Guidelines.

G. General Authority Guidelines

1. The Board shall develop formal Authority Guidelines delineating the authority retained by the Board and the authority delegated to the CEO and the other members of senior management. The Authority Guidelines shall also clearly state matters which should be presented to the Board and its Committees. These matters shall include significant changes to management structure and appointments; strategic and policy considerations; major marketing initiatives; significant agreements, contracts and negotiations; significant finance related and other general matters.

H. Environmental and Safety Matters

1. The Board shall consider reports and recommendations of management with respect to the Company's environmental and safety policies, procedures and performance and any issues relating to environmental and safety matters and management's response thereto.

I. Dialogue with Shareholders

1. The Board shall adopt a communications policy for the Company and there shall be a dialogue with shareholders based on the mutual understanding of these objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place. The Board shall appoint one of the independent Directors to be the senior independent Director who shall be available to shareholders if they have concerns which contact through the normal channels of Chair, CEO or the chief financial officer has failed to resolve or for which such contact is inappropriate.

2. The Chair shall be available at the annual general meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Board.

VI. BOARD EFFECTIVENESS PROCEDURES

A. Position Descriptions

- 1. The Board through its Corporate Governance Committee shall develop position descriptions for the Chair of the Board, the chair of each Board committee and the CEO.
- 2. The Board through its Corporate Governance Committee shall develop descriptions of the expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

B. Orientation and Continuing Education

- 1. The Board though its Corporate Governance Committee shall ensure that all new Directors receive a comprehensive orientation, that they fully understand the role of the Board and its Committees, as well as the contributions individual Directors are expected to make (including the commitment of time and resources that the Company expects from its Directors) and that they understand the nature and operation of the Company's business.
- 2. The Board through its Corporate Governance Committee shall provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure that their knowledge and understanding of the Company's business remains current.

C. Annual Assessment of Board and Committee Effectiveness

1. The Board through its Corporate Governance Committee is responsible for ensuring that the Board, its committees and each individual Director are regularly assessed regarding his or her effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, the mandate of the Board (the "Mandate") and the applicable Terms of Reference, respectively, and in the case of an individual Director, any applicable position description, as well as the competencies and skills each individual Director is expected to bring to the Board.

D. Governance Guidelines

- 1. The Board shall review this Mandate on an annual basis, or more often as required, to ensure that it remains adequate and relevant, and incorporate any material changes in the rules and regulations and the Company's business environment. The Board shall cause the same to be done by each of its Committees of their Terms of References.
- 2. The procedures outlined in this Mandate are meant to serve as guidelines, and the Board may adopt such different or additional procedures as it deems necessary from time to time.

E. Annual Meeting Planners

- 1. In setting the agenda for a meeting of the Board, the Chair shall encourage the Directors and members of senior management to provide input in order to address emerging issues.
- 2. Prior to the beginning of a fiscal year, the Board shall review and approve annual planners for the meetings to be held during the upcoming fiscal year for the Board and its Committees in order to ensure compliance with the requirements of this Mandate and the Committee Terms of Reference, respectively.

F. <u>Meeting Material and Procedures</u>

- 1. Any written material provided to the Board shall be appropriately balanced (i.e. relevant and concise) and shall be distributed in advance of the respective meeting at least by five business days to allow Directors sufficient time to review and understand the information. Sensitive subject matters may be discussed without written materials being distributed.
- 2. Subject to any statutory or regulatory requirements or the articles and by-laws of the Company, the Board shall fix its own procedures at meetings and keep records of its proceedings. The minutes of each Board meeting shall be tabled at the next meeting of the Board.

G. Other Administrative Procedures

- 1. The Board shall not take any action which may confer on certain shareholders or other parties an unfair advantage at the expense of other shareholders or the Company.
- 2. Directors shall annually complete a director's and officer's questionnaire to facilitate the detection of any independence issues or conflicts of interest at the Board level.
- 3. The Board through the Compensation Committee shall oversee an annual review of Director compensation to ensure development of a compensation strategy that properly aligns the interests of Directors with the long-term interests of the Company and shareholders.
- 4. The Company shall indemnify Directors against losses that may arise from the appropriate exercise of their authority as Directors, and shall arrange for an adequate level of director's and officer's liability insurance to supplement this indemnification.

SCHEDULE C – AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

I. CONSTITUTION AND PURPOSE

The audit committee (the "Committee") shall be established by resolution of the board of directors (the "Board") of Platino Energy Corp. (the "Company") for the purpose of assisting the Board in fulfilling its oversight responsibilities in relation to the accounting and financial reporting processes of the Company, audits of the financial statements of the Company, review of the Company's systems of internal controls and in relation to risk management matters including:

- (a) the review of the annual and interim financial statements of the Company;
- (b) the integrity and quality of the Company's financial reporting and systems of internal control, and financial risk management;
- (c) the Company's compliance with legal and regulatory requirements;
- (d) the qualifications, independence, engagement, compensation and performance of the Company's external auditors; and
- (e) the exercise of the responsibilities and duties set out in this charter.

II. COMPOSITION

The members of the Committee shall be appointed by the Board from amongst the directors of the Company (the "**Directors**") and shall be comprised of not less than three members. A majority of the members of the Committee shall be "independent", as that term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

All members of the Committee shall be "financially literate", as such term is defined in NI 52-110 or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office. The Board shall appoint a chair for the Committee from its members (the "Chair"). If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Committee unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the corporate governance committee of the Board.

No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Company or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

III. MEETING PROTOCOLS

The Committee shall meet at least once every quarter and shall meet at such other times during each year as the Chair of the Committee deems appropriate. The Chair of the Committee, any member of the Committee, the external

auditors of the Company (the "**Company's Auditors**"), the Chairman of the Board, the Chief Executive Officer ("**CEO**") or the Chief Financial Officer ("**CFO**") may call a meeting of the Committee by notifying the Company's corporate secretary, who will notify the members of the Committee. A majority of members of the Committee shall constitute a quorum.

At least seven days' notice of any meeting of the Committee shall be given in writing by any means of transmitted or recorded communication that produces a written copy, although such notice may be waived or shortened with the consent of all the members of the Committee.

The Chairman of the Board, the CEO and CFO of the Company and a representative of the Company's Auditors may, if invited by the Chair of the Committee, attend and speak at meetings of the Committee. Other Board members shall also, if invited by the Chair of the Committee, have the right of attendance.

The Committee may also invite any other officers or employees of the Company, legal counsel, the Company's financial advisors and any other persons to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

At least quarterly, representatives of the Company's Auditors shall meet the Committee without any of the executive Directors or other members of management in attendance, except by invitation of the Committee.

The Committee shall at each meeting appoint one of its members or any other attendee to be the secretary of the Committee.

Subject to any statutory or regulatory requirements or the articles and by-laws of the Company, the Committee shall fix its own procedures at meetings, maintain minutes or other records of its proceedings in sufficient detail to convey the substance of all discussions held and report to the Board at the next meeting of the Board. The minutes of the Committee's meetings shall be tabled at the next meeting of the Board.

The Committee shall prepare a report to shareholders or others, concerning the Committee's activities in the discharge of its responsibilities, when and as required by the by-laws of the Company or applicable laws or regulations.

The Chair of the Committee shall be available at the annual general meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Committee.

IV. AUTHORITY

The Committee is authorized by the Board to:

- (a) investigate any matter within its terms of reference (the "Terms of Reference");
- (b) have direct communication with the Company's Auditors;
- (c) seek any information it requires from any employee of the Company; and
- (d) retain, at its discretion, outside legal, accounting or other advisors, at the expense of the Company, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by these Terms of Reference or otherwise by law or the by-laws of the Company.

V. ROLES & RESPONSIBILITIES

The Committee shall have the roles and responsibilities set out below, as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these roles and responsibilities, the Committee shall perform the duties required of an

audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company.

(a) Review of Accounting and Financial Reporting Matters

- 1. Review the Company's interim and annual financial statements and management's discussion & analysis of operations (the "MD&A"); annual information forms and earnings press releases prior to their public disclosure and Board approval, where required, and ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
- Following such review with management and the external auditors, recommend to the Board whether to
 approve the annual or interim financial statements and MD&A and any other filings with the securities
 commissions.
- 3. Monitor in discussion with the Company's Auditors the integrity of the financial statements of the Company before submission to the Board, focusing particularly on:
 - (a) significant accounting policies and practices and any changes in such accounting policies and practices;
 - (b) major judgment areas including significant estimates and key assumptions;
 - (c) significant adjustments resulting from the audit;
 - (d) the going concern assumption;
 - (e) compliance with accounting standards including the effects on the financial statements of alternative methods within generally accepted accounting principles;
 - (f) the external auditors' judgment about the quality, not just the acceptability, of the accounting principles applied in the Company's financial reporting;
 - (g) compliance with stock exchange and legal requirements;
 - (h) the extent to which the financial statements are affected by any unusual transactions;
 - (i) significant off-balance sheet and contingent asset and liabilities and the related disclosures;
 - (j) significant interim review audit findings during the year, including the status of previous audit recommendations; and
 - (k) all related party transactions with the required disclosures in the financial statements.
- 4. On at least an annual basis, review with the Company's legal counsel and management, all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements.

(b) Relationship with the Company's Auditors

1. Consider and make recommendations to the Board, for it to put to the shareholders for their approval in a general or special meeting, in relation to the appointment, re-appointment and removal of the Company's Auditors and to approve the compensation and terms of engagement of the Company's Auditors for the annual audit, interim reviews and any other audit related services.

- 2. Require the Company's Auditors to report directly to the Committee.
- 3. Discuss with the Company's Auditors, before an audit commences, the nature and scope of the audit, and other relevant matters.
- 4. Review and monitor the independence, objectivity and performance of the Company's Auditors and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
- 5. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
- 6. Discuss problems and reservations arising from an audit, and any matters the Company's Auditors may wish to discuss (in the absence of management where necessary).
- 7. Review the Company's Auditors' management letter and management's response.
- 8. Develop and implement a pre-approval policy on the engagement of the Company's Auditors to supply non-audit services to the Company and its subsidiaries, taking into account relevant ethical guidance regarding the provision of non-audit services by the Company's Auditors and the preservation of their independence.
- 9. Consider the major findings of the Company's Auditors and management's response, including the resolution of disagreements between management and the Company's Auditors regarding financial reporting.
- (c) Review of Disclosure Controls & Procedures ("DC&P") and Internal Controls Over Financial Reporting ("ICFR")
- 1. Monitor and review the Company's disclosure policy on an annual basis.
- In conjunction with each fiscal year end, review management's assessment of the design and effectiveness
 of Company's DC&P including any control deficiencies identified and the related remediation plans for any
 significant or material deficiencies.
- 3. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of the Company's ICFR including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
- 4. Review and discuss any fraud or alleged fraud involving management or other employees who have a role in the Company's ICFR and the related corrective and disciplinary action to be taken.
- 5. Discuss with management any significant changes in the ICFR that are disclosed, or considered for disclosure, in the MD&A, on a quarterly basis.
- 6. Review and discuss with the CEO and the CFO the procedures undertaken in connection with CEO and CFO certifications for the annual and interim filings with the securities commissions.
- 7. Review the adequacy of internal controls and procedures related to any corporate transactions in which directors or officers of the Company have a personal interest, including the expense accounts of senior officers of the Company and officers' use of corporate assets.

(d) Review of the Company's Financing and Insurance

1. Review the adequacy of the Company's insurance policies.

- 2. Review all major financings of the Company and its subsidiaries and annually review the Company's financing plans and strategies.
- (e) Establishment of Procedures for the Receipt and Treatment of Complaints regarding Accounting, Internal Accounting Controls, or Auditing Matters
- 1. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - (c) the investigation of such matters with appropriate follow-up action.

VI. COMMITTEE EFFECTIVENESS PROCEDURES

The Committee shall review its Terms of Reference on an annual basis, or more often as required, to ensure that they remain adequate and relevant, and incorporate any material changes in statutory and regulatory requirements and the Company's business environment.

The procedures outlined in these Terms of Reference are meant to serve as guidelines, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

In setting the agenda for a meeting, the Chair of the Committee shall encourage the Committee members, management, the Company's Auditors and other members of the Board to provide input in order to address emerging issues.

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Terms of Reference.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed at least five business days in advance of the respective meeting to allow Committee members sufficient time to review and understand the information.

The Committee shall conduct an annual self-assessment of its performance and these Terms of Reference and shall make recommendations to the Board with respect thereto.

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Company.

New Committee members shall be provided with an orientation program to educate them on the Company, their responsibilities and the Company's financial reporting and accounting practices.

APPENDIX G - PLATINO ENERGY STOCK OPTION PLAN

PLATINO ENERGY CORP.

STOCK OPTION PLAN

Effective [•], [2012]

1. PURPOSE OF PLAN

1.1 The purpose of the Plan is to assist directors, executive officers, consultants and employees of Platino Energy Corp. (the "Corporation") and its subsidiaries to participate in the growth and development of the Corporation by providing such persons with the opportunity, through options to acquire common shares of the Corporation ("Common Shares"), to acquire an increased proprietary interest in the Corporation that will be aligned with the interests of the shareholders of the Corporation.

2. DEFINED TERMS

In the Plan, the following terms shall have the following meanings, respectively:

- 2.1 "ASA" means the *Securities Act* (Alberta), as amended from time to time, including the regulations promulgated thereunder.
- 2.2 "associate" has the same meaning as found in the ASA.
- 2.3 "Blackout Expiry Date" has the meaning ascribed thereto in Section 5.10.
- 2.4 "Blackout Period" means a period of time during which the Optionee cannot exercise an Option, or sell the Common Shares issuable pursuant to an exercise of Options, due to applicable policies of the Corporation in respect of insider trading.
- 2.5 "Board" means the board of directors of the Corporation, or, if established and duly authorized to act with respect to this Plan, any committee of the board of directors of the Corporation.
- 2.6 "Business Day" means any day, other than a Saturday, Sunday or a statutory holiday, on which Canadian chartered banks are open for business in Calgary, Alberta, and, if the Common Shares are listed on an Exchange, the Exchange is open for trading.

2.7 "Change of Control" means:

- (a) the completion of a "take-over bid" (as defined in the ASA, as amended, or any successor legislation thereto) pursuant to which the "offeror" (as defined in the ASA) beneficially acquires Common Shares pursuant to the take-over bid and, when taken together with any other Common Shares held by the offeror, owns in excess of 30% of the issued and outstanding Common Shares;
- (b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly (other than the Corporation or a Subsidiary pursuant to an internal reorganization), including through an arrangement, amalgamation, merger or other form of reorganization, of Common Shares which in the aggregate with all other Common Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 30% or more of the then issued and outstanding Common Shares;
- (c) any person becomes the beneficial owner, directly or indirectly, of more than 20% of the then issued and outstanding Common Shares and, within a period of six months, persons who were members of the Board immediately prior to any person becoming the

- beneficial owner, directly or indirectly, of more than 20% of the then issued and outstanding Common Shares represent less than a majority of the members of the Board;
- (d) an arrangement, amalgamation, merger, business combination or other form of reorganization of the Corporation where the holders of the outstanding voting securities or interests of the Corporation immediately prior to the completion of such reorganization transaction will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of such arrangement, amalgamation, merger, business combination or other form of reorganization;
- (e) the election of a slate of directors at a meeting of the shareholders of the Corporation where one-third of the directors so elected are not persons who formed the slate of directors proposed by the management of the Corporation;
- (f) a determination by the Board that there has been a change, whether by way of a change in the holding of the voting securities of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (g) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
- (h) the liquidation, winding-up, insolvency or dissolution of the Corporation.
- 2.8 "Committee" has the meaning ascribed thereto in Section 3.3.
- 2.9 "Common Shares" means the common shares in the capital of the Corporation, or, in the event of an adjustment contemplated by Article 8, such other securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment.
- 2.10 "Consultant" means an individual or Consultant Company, other than an employee, Director or an Executive Officer of the Corporation or a Subsidiary, that:
 - (i) is engaged on an ongoing basis to provide *bona fide* consulting, technical, management or other services (other than services provided in relation to a distribution) to the Corporation or a Subsidiary under a written contract for an initial, renewable or extended period of 12 months or more between the Corporation or a Subsidiary and the individual or Consultant Company; and
 - (ii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer of the Corporation or a Subsidiary; and
 - (iii) has a relationship with the Corporation or a Subsidiary that enables the individual to be knowledgeable about the business or affairs of the Corporation.
- 2.11 "Consultant Company" means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- 2.12 "Corporation" means Platino Energy Corp. and any successor thereof.
- 2.13 "Director" means an individual member of the Board or the board of directors of a Subsidiary, and for greater certainty shall include non-employee directors.

- 2.14 "Disinterested Shareholders" means the Shareholders, but excluding (i) Insiders to whom Options may be granted under the Plan and (ii) associates of persons referred to in (i), and "Disinterested Shareholder" means any one of them.
- 2.15 "Eligible Person" means any Director, Executive Officer, Consultant or *bona fide* employee of the Corporation or a Subsidiary.
- 2.16 "Exchange" means the TSX Venture Exchange, or if any time the Common Shares are not listed for trading on such exchange, any other stock exchange (including the Toronto Stock Exchange (the "TSX")) on which the Common Shares are then listed and posted for trading from time to time as may be designated by the Board.
- 2.17 "Executive Officer" means an individual who is:
 - a chair, vice chair, president and/or chief executive officer of the Corporation or a Subsidiary;
 - (ii) the chief operating officer of the Corporation or a Subsidiary;
 - (iii) any vice president of the Corporation or a Subsidiary; or
 - (iv) any other employee which the Board determines, in its discretion, is an executive officer as a result of performing a policy making function in respect of the Corporation or a Subsidiary.
- 2.18 "Exercise Price" means the price per Common Share at which a Common Share may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 8.
- 2.19 "**Insider**" has the meaning ascribed to this term for the purposes of the Exchange rules relating to securities based compensation arrangements, including incentive stock options.
- 2.20 "**Investor Relations Activities**" has the meaning ascribed to this term for the purposes of the Exchange rules relating to Incentive Stock Options.
- 2.21 "Market Price" means with respect to a Common Share, as at any date means the closing price of the Common Shares on the Exchange (or, if the Common Shares are not then listed and posted for trading on the Exchange or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board in its sole and absolute discretion) on the Business Day immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith.
- 2.22 "**Option**" means an option to purchase Common Shares granted under the Plan.
- 2.23 "**Optionee**" means an Eligible Person to whom an Option has been granted.
- 2.24 "Plan" means this Stock Option Plan, as amended from time to time.
- 2.25 "Security Based Compensation Arrangement" means a stock option, stock option plan, employee stock purchase plan where the Corporation or its subsidiaries provide any financial assistance or matching mechanism, stock appreciation right, or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the

Corporation's treasury, including a Common Share purchase from treasury which is financially assisted by the Corporation or its subsidiaries by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury.

- 2.26 "Shareholders" means the holders of Common Shares, from time to time, and "Shareholder" means any one of them.
- 2.27 "Subsidiary" has the meaning ascribed to it in the ASA and also includes those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnerships, trusts, income trusts or investment trusts or any other organized entity issuing securities.

3. ADMINISTRATION OF THE PLAN

- 3.1 The Plan shall be administered by the Board.
- 3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to:
 - (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
 - (b) interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes on the Corporation and the Optionee;
 - (c) grant Options in accordance with the terms of the Plan;
 - (d) determine which Eligible Persons are granted Options;
 - (e) determine the number of Common Shares issuable on the exercise of each Option;
 - (f) determine the Exercise Price;
 - (g) determine the time or times when Options will be granted and exercisable and the expiry date;
 - (h) determine if the Common Shares that are subject to an Option will be subject to any restrictions upon the exercise of such Option, including vesting provisions; and
 - (i) prescribe the form of documents relating to the grant, exercise and other terms of Options.
- 3.3 To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the "Committee") all or any of the powers conferred on the Board pursuant to Section 3.2. In the event of such a delegation, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.
- 3.4 The day-to-day administration of this Plan may be delegated to such officers and employees of the Corporation or a Subsidiary as the Board or Committee, as applicable, determines.

3.5 Where the Board has delegated an administrative power or duty to the Committee or to any other person pursuant to the Plan any reference in the Plan, in connection with such power or duty, to the "Board" shall be, as applicable to the Committee or such other person.

4. COMMON SHARES SUBJECT TO PLAN

- 4.1 Options may be granted in respect of authorized and unissued Common Shares; provided that, the aggregate number of Common Shares reserved for issuance under this Plan, subject to adjustment or increase of such number pursuant to the provisions of Article 8, shall not exceed 10% of the issued and outstanding Common Shares on the date such Option is granted.
- 4.2 If any Option is exercised, terminated, cancelled or has expired without being fully exercised, any unissued Common Shares which have been reserved to be issued upon the exercise of the Option shall become available to be issued upon the exercise of Options subsequently granted under the Plan. No fractional Common Shares may be purchased or issued under the Plan.

5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS

- 5.1 Options may be granted to Eligible Persons as the Board may determine, subject to the requirement that any Eligible Person who is a Consultant or employee of the Corporation or a Subsidiary be a *bona fide* Consultant or employee of the Corporation or a Subsidiary.
- 5.2 Subject to, and except as herein and as otherwise specifically provided for in this Plan, the number of Common Shares issuable on the exercise of each Option, the Exercise Price, the expiration date of each Option, the extent to which each Option vests and is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board; provided, however, that:
 - (a) the period during which an Option shall be exercisable shall end not later than ten calendar years following the date on which the Option is granted to the Optionee;
 - (b) the Exercise Price of Common Shares that are subject to any Option shall not be lower than the Market Price of the Common Shares on the date of grant; and
 - (c) unless the Board shall otherwise determine at the time of making the grant, one third of the Options granted to an Optionee shall vest on the first anniversary of the date of grant, one third of the Options shall vest on the second anniversary of the date of grant, and the final one third of the Options shall vest on the third anniversary of the date of grant.

Subject to Sections 6.2, 6.3, 6.4 and 8.2, the terms of any Option granted may restrict the exercise of the Option prior to the expiry of any designated period and may limit the number of Common Shares in respect of which the Option may be exercised (or the proportion of the Common Shares subject to the Option in respect of which the Option may be exercised) on or before a specified date or specified dates.

- 5.3 Unless the Board shall otherwise determine, no separate agreement between the Corporation and the Optionee shall be necessary to create and grant any Option, and the Board may, by resolution, create and grant Options and stipulate such additional terms as are consistent with this Plan.
- Unless the Board obtains the requisite Disinterested Shareholder approval prescribed by the Exchange rules relating to Incentive Stock Options, the total number of Common Shares that may be issued to any one Optionee within a one year period under this Plan and all other Security Based Compensation Arrangements shall not exceed 5% of the Common Shares outstanding at the date of the grant of the Option (on a non-diluted basis).

- 5.5 The maximum number of Common Shares that may be granted to any one Consultant under the Plan within a one year period shall not exceed 2% of the issued and outstanding Common Shares, calculated at the date the Option was granted to the Consultant.
- The maximum number of Common Shares that may be granted to an Eligible Person conducting Investor Relations Activities under the Plan within a one year period shall not exceed 2% of the issued Common Shares, calculated at the date the Option was granted to such Eligible Person. Notwithstanding any other provisions contained herein, any Option granted to a Consultant conducting Investor Relations Activities shall vest in stages over at least a one year period with no more than one quarter (1/4) of the Options vesting in any three month period.
- 5.7 The maximum number of Common Shares that may be reserved for issuance to Insiders under the Plan and all other Security Based Compensation Arrangements shall be 10% of the Common Shares outstanding at the date of the grant of the Option (on a non-diluted basis).
- The maximum number of Common Shares that may be issued to Insiders, in the aggregate, under the Plan and all other Security Based Compensation Arrangements within a one year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued under the Plan or any other Security Based Compensation Arrangements over the preceding one year period. The maximum number of Common Shares which may be issued to any one Insider under the Plan within a one year period shall be 5% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis), excluding Common Shares issued to such Insider under the Plan over the preceding one year period.
- 5.9 The right to receive Common Shares pursuant to an Option granted to an Optionee may only be settled by such Optionee personally or through such Optionee's personal representative or estate and, except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of an Option, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Option whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Option shall terminate and be of no further force or effect.
- Notwithstanding anything else contained herein, if the expiration date for an Option occurs during a Blackout Period applicable to the relevant Optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option (the "Blackout Expiry Date") shall be the date that is the tenth business day after the expiry date of the Blackout Period. This section 5.10 applies to all Options outstanding under this Plan. The Blackout Expiry Date for an Option may not be amended by the Board without the approval of the holders of Common Shares in accordance with Section 9.1(a) of the Plan.

6. TERMINATION OF EMPLOYMENT

- 6.1 Subject to Sections 6.2, 6.3 and 6.4 and to any express resolution passed by the Board (and approved by the Exchange with respect to an Option, if required), an Option, and all rights to purchase Common Shares pursuant thereto, shall expire and terminate on the date that is three months from the date the Optionee ceased to be a Director, Executive Officer, Consultant or employee of the Corporation or Subsidiary, as the case may be.
- 6.2 Notwithstanding Section 6.1, if, for any reason whatsoever, other than termination of an Executive Officer, employee or Consultant by the Corporation for cause or the Optionee's death, before the expiry (in accordance with the terms thereof) of an Option held by an Optionee who is a Director, Executive Officer, Consultant or employee, such Optionee ceases to be at least one of a Director, Executive Officer, Consultant or employee of the Corporation or a Subsidiary, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the Optionee, as follows:

- (a) at any time within 30 days (or at the discretion of the Board, on a date within 180 days) from the date notice of termination of the employment (or consulting arrangement) of the Optionee is given to the Optionee by the Corporation if the Corporation is terminating the Optionee's employment (or consulting arrangement); or
- (b) at any time within 30 days (or at the discretion of the Board, on a date within 180 days) from the date notice of termination of the employment (or consulting arrangement) of the Optionee is given to the Corporation by the Optionee if the Optionee is terminating his employment (or consulting arrangement),

but in all cases, prior to the expiry of the Option in accordance with the terms thereof following which such Option shall terminate. For the purposes of this Section 6.2, no unvested Option shall vest following the date notice is provided in accordance with Subsections 6.2(a) or 6.2(b). For the purposes of Sections 6.2, 6.3 and 6.4, Directors, Executive Officers and Consultants shall be deemed to be employed by the Corporation. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Optionee was dismissed with or without cause and regardless of whether the Optionee receives compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Options to vest with the Optionee.

- 6.3 In the event of the death of the Optionee, all Options previously granted to such Optionee shall immediately vest and, subject to the terms thereof and any other terms of the Plan, be exercisable within the first twelve months following the date of death of the Optionee or prior to the expiry date of the Option whichever is earlier by the legal personal representative(s) of the estate of the Optionee following which such Options shall terminate.
- Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be one of a Director, officer, Consultant or employee of the Corporation or a Subsidiary where the Optionee continues to be a Director, Executive Officer, Consultant or employee of the Corporation or a Subsidiary.

7. EXERCISE OF OPTIONS

- 7.1 Subject to the provisions of the Plan, an Optionee must provide written notice of the Optionee's intent to exercise an Option, in whole or in part, to the Corporation at its head office. The notice must specify the number of Common Shares which the Optionee intends to purchase and payment in full to the Corporation of the Exercise Price of the Common Shares to be purchased. Certificates for such Common Shares shall be issued and delivered to the Optionee as soon as possible following the receipt of such notice and payment. Notwithstanding the foregoing provisions of this Section 7.1, an Option may be exercised and Common Shares may be issued upon the exercise of such Option in such other manner as may be acceptable to the Corporation and the Optionee.
- 7.2 Provided that the Common Shares are listed on the TSX and that the Corporation is in compliance with applicable TSX requirements, or provided that the Corporation is a Tier 1 issuer (as defined in applicable policies of the Exchange) and obtains approval from the Exchange, Options granted pursuant to this Plan may be exercised by an Optionee on a "cashless basis", whereby the Optionee, instead of making a cash payment for the aggregate Exercise Price, shall, subject to any applicable withholding requirements, be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Market Price of the Common Shares underlying the Option and the aggregate Exercise Price of such Option is divided by (ii) the Market Price of each Common Share.
- 7.3 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Common Shares to an Optionee pursuant to the exercise of an Option shall be subject to:

- (a) completion of such registration or other qualification of such Common Shares or obtaining approval of such regulatory or governmental authority as the Board shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) in accordance with Section 13.4 the satisfaction by the Optionee of any withholding requirements under applicable law, to the satisfaction of the Corporation;
- (c) the listing of such Common Shares on the Exchange (if applicable); and
- (d) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In connection with the foregoing, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on any Exchange on which the Common Shares are then listed.

8. CHANGE OF CONTROL AND CERTAIN ADJUSTMENTS

- Subject to the provisions of Sections 8.2 and 8.3, if, during the term of an Option, the Corporation shall merge into or amalgamate or otherwise combine with any other entity, or if the Corporation shall sell all or substantially all of its assets and undertaking for consideration consisting of securities of another corporation, trust or other person, cash, or some combination thereof, the Corporation will make provision that, upon the exercise of any Option during its unexpired period after the effective date of such merger, amalgamation, combination or sale, the Optionee shall receive such number of securities of the other, continuing or successor corporation, trust or other person, resulting from such merger, amalgamation or combination or of the securities of the purchasing corporation, trust or other person, or such other consideration offered by the acquiror in such sale, as he or she would have received as a result of such merger, amalgamation, combination or sale if the Optionee had purchased Common Shares immediately prior thereto for the same consideration paid on the exercise of the Option and had held such Common Shares on the effective date of such merger, amalgamation, combination or sale.
- 8.2 Notwithstanding any other provision in this Plan, if, during the term of an Option, there takes place a Change of Control, the Corporation shall give notice of such Change of Control to all Optionees, and to the extent practicable, shall provide such notice at least 14 days before the effective date of such Change of Control. In the event of a Change of Control all Options (whether vested or unvested) shall be immediately exercisable and each Optionee shall have the right, whether or not such notice is given to it by the Corporation, to exercise all such Options to purchase all of the Common Shares optioned to them (whether vested or unvested) which have not previously been purchased in accordance with the Plan. If for any reason such Change of Control is not effected, any such Common Shares so purchased by an Optionee shall be, and shall be deemed to be, cancelled and returned to the treasury of the Corporation, shall be added back to the number of Options, if any, remaining unexercised and upon presentation to the Corporation of Common Share certificates representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund the Optionee all consideration paid by the Optionee in the initial purchase thereof.

For greater certainty, the Board shall have the power, in the event of any Change of Control which may or has occurred, to make such arrangements as it shall deem appropriate for the exercise of outstanding Options including, without limitation, to amend any Option, to permit the exercise of any or all remaining Options prior to or in conjunction with completion of such transaction. If the Board shall exercise such power, the Options shall be deemed to have been amended to permit the

- exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to or in conjunction with completion of such transaction.
- Appropriate adjustments as regards Options granted or to be granted, in the number of Common Shares optioned and in the Exercise Price shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, or other relevant changes in the Corporation. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the Shareholders and to acceptance by the Exchange, respectively, if applicable.

9. AMENDMENT OR DISCONTINUANCE OF PLAN

- 9.1 Subject to receipt of any necessary approvals required by the Exchange, the Board may amend, suspend or discontinue the Plan or amend Options granted under the Plan at any time without shareholder approval; provided, however, that:
 - (a) approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any amendment which:
 - (i) increases the number of Common Shares issuable pursuant to the Plan;
 - (ii) would reduce the Exercise Price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, in circumstances which constitute a reduction of the Exercise Price of the Option;
 - (iii) would reduce the Exercise Price of an outstanding Option held by an Insider at the time of the proposed amendment, including a cancellation of an Option and re-grant of an Option in conjunction therewith, in circumstances which constitute a reduction of the Exercise Price of the Option, provided further that any amendment pursuant to this subsection (iii) also requires approval by a majority of the votes cast by Disinterested Shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation;
 - (iv) would extend the term of any Option granted under this Plan beyond the expiration date of the Option;
 - (v) expands the authority of the Corporation to permit assignability of Options beyond that contemplated by Section 5.9; or
 - (vi) amends this section 9.1;
 - unless the change to the Plan or an Option results from the application of Article 8; and
 - (b) the consent of the Optionee is obtained for any amendment which adversely alters or impairs any Option previously granted to an Optionee under the Plan.
- 9.2 No amendment, suspension or discontinuance of the Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject.

10. ACCOUNTS AND STATEMENTS

The Corporation shall maintain records of the details of each Option granted to each Optionee under the Plan. Upon request therefor from an Optionee and at such other times as the Corporation shall determine, the Corporation shall furnish the Optionee with a statement setting forth details of his or her Options. Such statement shall be deemed to have been accepted by the Optionee as correct unless written notice to the contrary is given to the Corporation within ten days after such statement is given to the Optionee.

11. NOTICES

- Any payment, notice, statement, certificate or other instrument required or permitted to be given to an Optionee or any person claiming or deriving any rights through him or her shall be given by:
 - (a) delivering it personally to the Optionee or the person claiming or deriving rights through him or her, as the case may be; or
 - (b) mailing it, postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Optionee in the Corporation's personnel or corporate records.
- Any payment, notice, statement, certificate or instrument required or permitted to be given to the Corporation shall be given by facsimile, or by mailing it, postage prepaid (provided that the postal service is then in operation) or delivering it to the Corporation at the following address:

Platino Energy Corp. Suite 1250, 555 - 4th Avenue SW Calgary, Alberta T2P 3E7

Attention: Chief Financial Officer

Facsimile: (403) 262-6076

11.3 Any payment, notice, statement, certificate or instrument referred to in Sections 11.1 or 11.2, if delivered, shall be deemed to have been given or delivered, on the date on which it was delivered or, if mailed (provided that the postal service is then in operation), shall be deemed to have been given or delivered on the second Business Day following the date on which it was mailed.

12. SHAREHOLDER AND REGULATORY APPROVAL

12.1 The Plan (and any amendments thereto as required from time to time under Article 9) shall be subject to such future approvals of the Shareholders of the Corporation and of the Exchange (if the Common Shares are listed on an Exchange) as may be required under the Plan or by the Exchange, as applicable, from time to time. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance is given.

13. MISCELLANEOUS

- An Optionee shall not have any rights as a Shareholder with respect to any of the Common Shares covered by an Option until such Optionee shall have exercised such Option in accordance with the terms of the Plan and the issuance of the Common Shares by the Corporation.
- Nothing in the Plan or any Option shall confer upon any Optionee any right to continue in the employ of the Corporation or affect in any way the right of the Corporation to terminate his or her

employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation to extend the employment of any Optionee beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan or policy of the Corporation, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation.

- 13.3 The participation of any Optionee in this Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Optionee any rights or privileges other than those rights and privileges expressly provided in this Plan. In particular, participation in this Plan does not constitute a condition of employment, appointment or service. The Plan does not provide any guarantee against any loss that may result from fluctuations in the market value of the Common Shares. The Corporation does not assume responsibility for the personal income or other tax consequences for the Optionees and they are advised to consult with their own tax advisors.
- When an Optionee or other person becomes entitled to receive Common Shares upon exercise of an Option, the Corporation shall have the right to require the Optionee or such other person to remit to the Corporation an amount sufficient to satisfy any federal, provincial or other law requiring withholding of tax or other required deductions relating to the delivery of Common Shares. Unless otherwise prohibited by the Board or by applicable law, satisfaction of such withholding obligations may be accomplished by any of the following methods or by a combination of such methods:
 - (a) the tendering by the Optionee of a cash payment to the Corporation in an amount less than or equal to the total withholding obligation; or
 - (b) the withholding by the Corporation, from the Common Shares otherwise due to the Optionee such number of Common Shares having a Market Price, determined as of the date the withholding obligation arises, less than or equal to the amount of the total withholding obligation, for purposes of selling such withheld Common Shares in order to satisfy any applicable withholding obligations, subject to applicable law; or
 - (c) the withholding by the Corporation, from any cash payment otherwise due to the Optionee such amount of cash as is less than or equal to the amount of the total withholding obligation,

or such other manner acceptable to the Corporation, provided, however, that the sum of any cash so paid or withheld and the Market Price of any Common Shares so withheld is sufficient to satisfy the total withholding obligation.

- 13.5 To the extent required by law or regulatory policy or necessary to allow Common Shares issued on exercise of an Option to be free of resale restrictions, the Corporation shall report the grant, exercise or termination of the Option to the Exchange (if the Common Shares are listed on an Exchange) and the appropriate securities regulatory authorities.
- Each Optionee shall provide the Corporation with all information (including personal information) required by the corporation in order to administer the Plan. Each Optionee acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to third parties in connection with the administration of the Plan. Each Optionee consents to such disclosure and authorizes the Corporation to make such disclosure on the Optionee's behalf.
- 13.7 Nothing contained in this Plan or in an Option shall be construed so as to prevent the Corporation from taking any corporate action deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Option, including, with respect to an Option previously granted, any adjustments to the Exercise Price,

- exercise period or number of Options, provided that any such adjustment is required by any securities exchange or applicable securities laws.
- 13.8 If any provision of this Plan contravenes any regulations or Treasury guidance promulgated under section 409A of the Code, or could cause the Optionee to recognize income for U.S. federal income tax purposes with respect to any Options before such Options are exercised or to be subject to interest and penalties under section 409A, such provision shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of section 409A or causing such income recognition or imposition of interest or penalties. Moreover, any discretionary authority that the Board or any delegate thereof may have pursuant to this Plan shall not be applicable to Options that are subject to section 409A to the extent such discretionary authority will contravene section 409A.
- 13.9 This Plan shall be construed and interpreted in accordance with the laws of Alberta.
- 13.10 If any provision of this Plan is determined to be void, the remaining provisions shall be binding as though the void parts were deleted.

APPENDIX "H"

INFORMATION CONCERNING PACIFIC RUBIALES

NOTICE TO READER

The information concerning Pacific Rubiales Energy Corp. ("Pacific Rubiales" or the "Company") and its subsidiaries contained in this Appendix "H" to the Information Circular has been provided by Pacific Rubiales. Although C&C Energia ("C&C Energia") has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by Pacific Rubiales are untrue or incomplete, C&C Energia assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by Pacific Rubiales to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to C&C Energia.

GLOSSARY OF TERMS

In this Appendix "H", unless otherwise defined herein, capitalized terms and phrases shall have the meaning given to them in the "Glossary of Terms" contained in the Information Circular.

FORWARD-LOOKING STATEMENTS

This Appendix "H" may contain or incorporate by reference information that constitutes "forward-looking information" or "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities legislation which involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Pacific Rubiales, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this Appendix "H", such information uses words such as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. This forward-looking information reflects current expectations regarding future events and operating performance and speaks only as of the date of the Information Circular or the documents incorporated by reference into this Appendix "H", as the case may be.

Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved and, accordingly, undue reliance should not be placed on such statements. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors set forth below, elsewhere in this Appendix "H" and in the documents incorporated by reference herein. Although the forward-looking information contained in this Appendix "H" is based upon what management of Pacific Rubiales believes are reasonable assumptions, Pacific Rubiales cannot assure readers that actual results will be consistent with the forward-looking information.

In particular, this Appendix "H" contains, or incorporates by reference, forward-looking information pertaining to the following:

- drilling inventory, drilling plans and timing of drilling, re-completion and tie-in of wells;
- plans for facilities construction and completion and the timing and method of funding thereof;
- the performance characteristics of Pacific Rubiales' oil and natural gas properties;
- drilling, completion and facilities costs;
- results of various projects of Pacific Rubiales;
- timing of development of undeveloped reserves;
- Pacific Rubiales' oil and natural gas production levels;
- the size of Pacific Rubiales' oil and natural gas reserves;

- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws; and
- capital expenditure programs and the timing and method of financing thereof.

With respect to forward-looking information contained in this Appendix "H" and the documents incorporated by reference herein, Pacific Rubiales has made assumptions regarding, among other things:

- future prices for oil and natural gas;
- future currency and interest rates;
- Pacific Rubiales' ability to generate sufficient cash flow from operations and access existing credit facilities and capital markets to meet its future obligations;
- the regulatory framework representing taxes and environmental matters in the countries in which Pacific Rubiales conducts its business; and
- Pacific Rubiales' ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet Pacific Rubiales' demand.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and in some instances to differ materially from those anticipated by Pacific Rubiales and described in the forward-looking information contained in this Appendix "H" and the documents incorporated by reference herein. The material risk factors include, but are not limited to:

- volatility in market prices for oil and natural gas;
- the potential for the return of conditions persisting during the recent global financial crisis and economic downturn;
- liabilities inherent in oil and gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "Risk Factors" herein, in the Pacific Rubiales Annual MD&A (as defined herein) and in the Pacific Rubiales AIF (as defined herein).

Information relating to "reserves" or "resources" is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions about the profitable production of the resources and reserves described. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this Appendix "H" and the documents incorporated by reference herein is expressly qualified by this cautionary statement. Pacific Rubiales does not undertake any obligation to publicly update or revise any forward-looking information, other than as required by applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information in respect of Pacific Rubiales has been incorporated by reference in this Appendix "H" to the Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Pacific Rubiales at 333 Bay Street, Suite 1100, Toronto, Ontario, Canada M5H 2R2. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com.

The following documents of Pacific Rubiales filed with the various securities commissions or similar authorities in each of the provinces of Canada where Pacific Rubiales is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Appendix "H" to the Information Circular:

- (a) the Pacific Rubiales Annual Information Form for the year ended December 31, 2011 dated March 14, 2012 (the "Pacific Rubiales AIF");
- (b) the consolidated financial statements of Pacific Rubiales which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years ended December 31, 2011 and 2010 and the auditors' report thereon;
- (c) management's discussion and analysis of financial condition and results of operations of Pacific Rubiales for the year ended December 31, 2011 (the "Pacific Rubiales Annual MD&A");
- (d) the unaudited interim condensed consolidated financial statements of Pacific Rubiales as at and for the three and nine month periods ended September 30, 2012;
- (e) management's discussion and analysis of the financial condition and results of operations of Pacific Rubiales as at and for the three and nine month periods ended September 30, 2012;
- (f) the material change report dated March 1, 2012 in respect of the disclosure of information about the Company's reserves;
- (g) the material change report dated January 9, 2012 in respect of the final results of the Company's exchange offer;
- (h) the information circular dated April 25, 2012 with respect to the annual and special meeting of the shareholders of Pacific Rubiales held on May 31, 2012; and
- (i) the information circular dated April 25, 2011 with respect to the annual and special shareholders of Pacific Rubiales held on May 31, 2011.

Any documents of the type referred to above and required by National Instrument 44-101 – *Short Form Prospectus Distributions*, including any material change reports (excluding confidential reports), comparative interim financial statements and comparative annual financial statements (together with the auditors' report thereon), management's discussion and analysis, business acquisition reports and information circulars filed by Pacific Rubiales with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Information Circular and prior to the Effective Time shall be deemed to be incorporated by reference in this Appendix "H" to the Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Appendix "H" to the Information Circular to the extent that a statement contained herein or in any other subsequently filed document

which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix "H" to the Information Circular.

DESCRIPTION OF THE BUSINESS

The full legal name of the Company is Pacific Rubiales Energy Corp. The head office of the Company is located at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2 and its records office is located at Suite 650 - 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2.

The Company was incorporated under the laws of the Province of British Columbia on April 10, 1985 under the name Agincourt Explorations Inc. On September 13, 1995, the Company changed its name to AGX Resources Corp. The Company was continued as a corporation of the Yukon Territories on May 22, 1996. On November 26, 1999, the Company changed its name to Consolidated AGX Resources Corp. The Company was continued back into the Province of British Columbia on July 9, 2007.

On July 13, 2007 in conjunction with the Company's acquisition of a 75% share interest in Rubiales Holdings Corp. completed on the same date, the Company changed its name to Petro Rubiales Energy Corp. The Company subsequently acquired the remaining 25% interest in Rubiales Holdings Corp. in November 2007.

On January 23, 2008, the Company completed the acquisition of Pacific Stratus Energy Corp. (the "Pacific Acquisition") and, in conjunction with the Pacific Acquisition, the Company changed its name to Pacific Rubiales Energy Corp. The Pacific Acquisition was effected through an amalgamation, pursuant to a plan of arrangement, under which the shareholders of Pacific Stratus Energy Corp. received 9.5 preconsolidation common shares ("Pacific Rubiales Shares") of the Company for every share of Pacific Stratus Energy Corp. held at closing. Warrants and options of Pacific Stratus Energy Corp. were exchanged based upon the same ratio.

On May 9, 2008, the Company consolidated its Pacific Rubiales Shares on a 1:6 basis by issuing one Pacific Rubiales Share for every six Pacific Rubiales Shares then outstanding.

The Pacific Rubiales Shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively.

Summary Description of the Business

The Company owns: (i) 100% of Meta Petroleum Corp., a Colombian oil operator which operates the Rubiales, Piriri and Quifa oil fields in the Llanos Basin in Colombia in association with Ecopetrol, S.A., the Colombian national oil company; (ii) 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in Colombia; and (iii) light oil assets in Colombia from the recent acquisition of PetroMagdalena Energy Corp. ("PetroMagdalena").

The Company is focused on identifying opportunities primarily within the eastern Llanos Basin of Colombia as well as in other areas in Colombia, northern Peru, Guatemala, Papua New Guinea and Brazil. In 2011, the Company had average net production of 86,497 boe/d, after royalties.

RECENT DEVELOPMENTS

Proposed Acquisition of C&C Energia

On November 19, 2012, Pacific Rubiales entered into the Arrangement Agreement whereby Pacific Rubiales agreed to acquire, pursuant to the Plan of Arrangement, all of the C&C Energia Pacific Rubiales Shares in exchange for the Share Consideration, the Cash Consideration and one Platino Energy Share. It is anticipated that the Arrangement will become effective on or around December 31, 2012 after the required C&C Energia Shareholder approval, Final Order and Regulatory Approvals have been obtained and are final and all other conditions to closing have been satisfied or waived.

Farm-in Agreement in Brazil with Karoon

On September 18, 2012, Pacific Rubiales acquired from Karoon Gas Australia Ltd. ("Karoon") a 35% net working interest in the following exploration blocks: S-M-1101, S-M-1102, S-M-1037 and S-M-1165, with an option to acquire a 35% interest in SM-1166 (collectively, the "Karoon Blocks"). In consideration for acquiring the interests in the Karoon Blocks, the Company paid Karoon US\$40 million in cash as consideration for the assignment and will fund up to US\$210 million in carried well costs.

The Karoon Blocks are located 220 kilometers off the coast of Santa Catarina state, just south of Rio de Janeiro, Brazil, in the Santos basin. The blocks lie in 300 – 400 meter water depth, in an area with a number of existing or discovered oil and gas fields. The transaction is subject to the approval of the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, Brazil's oil and gas regulatory authority.

Credit Facilities

On September 13, 2012, Pacific Rubiales entered into a US\$400 million revolving credit and guaranty agreement (the "U.S. Dollar Facility") with a syndicate of international lenders and Bank of America, N.A., as administrative agent. Meta Petroleum Corp., Pacific Stratus Energy Colombia Corp., Pacific Stratus International Energy Ltd., and Rubiales Holdings Corp., each subsidiaries of Pacific Rubiales, are guarantors of the U.S. Dollar Facility.

On September 13, 2012, Meta Petroleum Corp. Colombia Branch and Pacific Stratus Energy Corp. Colombia Branch, entered into a Colombian peso equivalent of US\$300 million revolving credit agreement as borrowers (Contrato de Crédito Rotativo Sindicado) (the "Colombian Peso Facility"), with a syndicate of Colombian lenders and Sociedad Fiduciaria Bogotá, S.A., as administrative agent. Pacific Rubiales, Pacific Stratus International Energy Ltd. and Rubiales Holdings Corp. are acting as guarantors of the Colombian Peso Facility.

Proceeds under the U.S. Dollar Facility and the Colombian Peso Facility are available to: (i) repay obligations under Pacific Rubiales' pre-existing US\$350 million revolving credit agreement in the amount of US\$193 million (which, following an advance on September 21, 2012, has been fully repaid and cancelled); and (ii) finance working capital needs, capital expenditures and other general corporate purposes of the Company and its subsidiaries.

Acquisition of PetroMagdalena

On July 27, 2012, Pacific Rubiales completed the acquisition of PetroMagdalena, an oil and gas exploration and production company with working interests in 19 properties in five basins in Colombia. The acquisition was completed pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia). Under the arrangement, Pacific Rubiales paid Cdn\$1.60 for each of the 140,738,004 common shares of PetroMagdalena not already owned by the Company, for cash consideration of approximately Cdn\$225.2 million. Together with the 8,653,516 shares already owned prior to the arrangement, Pacific Rubiales owns 100% of the issued and outstanding shares of PetroMagdalena.

Acquisition of Participating Interest in Portofino Block

On July 23, 2012, Pacific Rubiales entered into a participation assignment agreement with Petrolera Monterrico S.A. Sucursal Colombia ("Petromont") to acquire a 40% participating interest in the Portofino block, onshore Colombia. The transaction consists of a US\$23.5 million cash payment to Petromont, which includes payment for past exploration costs, and a US\$2.2 million carry of their obligations related to an approved exploration work program. Under the terms of the agreement, there is an additional carry obligation to finance certain facilities and other activities required for the development of the block of up to US\$45 million. This carry obligation will be recovered from proceeds of production. As part of the transaction, Pacific Rubiales paid cash consideration of US\$3.7 million to Canacol Energy Ltd. to assume operatorship of the block. Pacific Rubiales will be transferred operatorship of the block following the drilling of the next four wells.

DESCRIPTION OF PACIFIC RUBIALES SHARES BEING DISTRIBUTED

The authorized capital of the Company consists of an unlimited number of Pacific Rubiales Shares without par value and an unlimited number of preferred shares ("**Preferred Shares**") without par value. As of the date of the Information Circular, there are 295,537,819 Pacific Rubiales Shares issued and outstanding as fully paid and non-assessable. As of the date of the Information Circular, no Preferred Shares are outstanding or have been issued.

Pacific Rubiales Shares

Subject to the rights of the holders of Preferred Shares, the holders of Pacific Rubiales Shares are entitled to dividends if, as and when declared by the Board of Directors, to one vote per Pacific Rubiales Share at meetings of the Shareholders and upon liquidation, dissolution or winding-up, to share equally in such assets of the Company as are distributable to the holders of Pacific Rubiales Shares.

Dividends

The Board of Directors has not adopted a formal dividend policy. The Board of Directors reviews the financial performance of Pacific Rubiales on a quarterly basis and makes a determination of the appropriate level of dividends to be declared in the following quarter. In 2011, Pacific Rubiales paid a quarterly dividend in cash in the amount of US\$0.093 per Pacific Rubiales Share. During each of the first three quarters of 2012, Pacific Rubiales paid a quarterly dividend in cash in the amount of US\$0.11 per Pacific Rubiales Share.

On November 30, 2012, Pacific Rubiales announced a cash dividend of U.S.\$0.11 per common share payable on December 20, 2012 to shareholders of record as of December 12, 2012 and to holders of Brazilian Depositary Receipts of record as of December 7, 2012. There can be no guarantee that Pacific Rubiales will continue to pay dividends in the future.

Preferred Shares

The Preferred Shares may be issued in one or more series and, with respect to the payment of dividends and the distribution of assets in the event that the Company is liquidated, dissolved or wound-up, rank prior to the Pacific Rubiales Shares. The board of directors have the authority to issue Preferred Shares in series and determine the price, number, designation, rights, privileges, restrictions and conditions, including dividend rights, redemption rights, conversion rights and voting rights, of each series without any further vote or action by shareholders of the Company. The holders of Preferred Shares do not have pre-emptive rights to subscribe for any issue of securities of the Company. At this time, the Company has no plans to issue any Preferred Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Pacific Rubiales as at September 30, 2012 and after giving effect to the Arrangement.

Designation	As at September 30, 2012	As at September 30, 2012 after giving effect to the Arrangement
Senior Notes - 2009 ⁽¹⁾	US\$89,688,000	US\$89,688,000
Senior Notes - 2011 ⁽²⁾	US\$645,694,000	US\$645,694,000
Revolving Credit Facility - US	US\$269,154,000	US\$269,154,000
Revolving Credit Facility - COP	US\$24,420,000	US\$24,420,000
Bank debt	US\$73,998,000	US\$73,998,000
Promissory note	US\$754,000	US\$754,000
Convertible debentures ⁽³⁾	US\$2,396,000	US\$2,396,000
Pacific Rubiales Shares	US\$2,085,951,000 (295,231,613 Pacific Rubiales Shares) ⁽⁴⁾	US\$2,614,925,034 ⁽⁵⁾ (319,583,547 Pacific Rubiales Shares) ⁽⁶⁾

Notes:

- (1) The 2009 Senior Notes, with maturity dates of November 10, 2014 (33.3%), November 10, 2015 (33.3%), and November 10, 2016 (33.4%), are direct, unsecured subordinated obligations with interest payable in arrears at a rate of 8.75% on May 10 and November 10 of each year. The notes may be redeemed in whole (but not in part) at any time at the discretion of the Company with a redemption price equal to the greater of: (i) 100% of the principal amount of the notes to be redeemed; and (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the date of redemption on a semi-annual basis at the applicable treasury rate plus 75 basis points, in each case plus accrued and unpaid interest on the outstanding principal amount. For more information, see the unaudited interim condensed consolidated financial statements of Pacific Rubiales as at and for the three and nine month periods ended September 30, 2012.
- (2) The 2011 Senior Notes, due December 12, 2021, are direct, unsecured, subordinated obligations with interest payable in arrears at a rate of 7.25% on each June 12 and December 12 of each year, commencing on June 12, 2012. For more information, see the unaudited interim condensed consolidated financial statements of Pacific Rubiales as at and for the three and nine month periods ended September 30, 2012.
- (3) The Company has outstanding convertible unsecured subordinated debentures due August 29, 2013 (the "**Debentures**"). As at September 30, 2012, the Company had outstanding Debentures of Cdn\$2.7 million in face amount. The outstanding Debentures are convertible into Pacific Rubiales Shares at the rate of Cdn\$1.2.83 per share, being equivalent to 77.9423 Pacific Rubiales Shares per Cdn\$1,000 face amount of Debentures, subject to adjustments pursuant to the indenture. The Debentures bear interest at 8% annually and are payable semi-annually in arrears on September 30 and December 31. For more information, see the unaudited interim condensed consolidated financial statements of Pacific Rubiales as at and for the three and nine month period ended September 30, 2012.
- (4) As at the date of the Information Circular, Pacific Rubiales has 295,537,819 Pacific Rubiales Shares issued and outstanding.
- (5) This amount was calculated by multiplying the approximately 24,351,934 Pacific Rubiales Shares to be issued to the shareholders of C&C Energia pursuant to the Arrangement by Cdn\$21.57, which was the closing price of the Pacific Rubiales Shares on the Toronto Stock Exchange on November 29, 2012, for an aggregate total of Cdn\$525,271,216 (US\$528,974,034).
- (6) This assumes that 24,351,934 common shares of Pacific Rubiales will be issued to the shareholders of C&C Energia pursuant to the Arrangement (which assumes that all of the outstanding options and warrants of C&C Energia are exercised for C&C Shares on a one for one cash basis prior to the closing of the Arrangement and no dissent rights are exercised by the shareholders of C&C Energia in connection with the Arrangement).

PRIOR SALES

The following table summarizes the issuances of Pacific Rubiales Shares, or securities convertible into Pacific Rubiales Shares, within the twelve month period prior to the date of the Information Circular.

Date of Issuance	Type of Security	Number of Securities	Price per Security
January 18, 2012	Stock Options	5,894,000	Cdn\$22.75
March 30, 2012	Stock Options	70,500	Cdn\$29.10

PRICE RANGE AND VOLUME OF TRADING OF PACIFIC RUBIALES SHARES

The Pacific Rubiales Shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively. The following table sets forth the price range and trading volume of Pacific Rubiales Shares as reported by the Toronto Stock Exchange for the periods indicated.

	High (Cdn\$)	Low (Cdn\$)	Volume (000s)
<u>2011</u>			
November	23.24	19.41	23,580,932
December	21.97	18.03	15,673,757
2012			
January	25.84	18.98	18,966,282
February	30.23	24.83	18,409,708
March	31.10	27.51	25,776,251
April	29.21	26.40	19,096,208
May	29.01	25.12	27,444,540
June	26.75	20.76	28,255,907
July	23.79	21.55	19,298,834
August	25.34	21.10	22,552,649
September	26.12	22.06	19,213,833
October	25.12	22.80	14,506,587
November 1 -29	24.58	20.94	16,171,468

Note:

RISK FACTORS

An investment in the Pacific Rubiales Shares is subject to certain risks. The shareholders of C&C Energia should carefully consider the risk factors described under the heading "Risk Factors" in the Pacific Rubiales AIF and those risk factors set forth under the heading "Risks and Uncertainties" in the Pacific Rubiales Annual MD&A, both of which are incorporated by reference in the Information Circular, as well as the risk factors set forth below and elsewhere in the Information Circular or otherwise incorporated by reference herein.

Possible Failure to Realize Anticipated Benefits of the Arrangement

Pacific Rubiales and C&C Energia are proposing to complete the Arrangement to strengthen the position of Pacific Rubiales in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, the acceleration of the exploitation of certain of C&C Energia's prospect inventory. Achieving the benefits of the Arrangement depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as

⁽¹⁾ On November 29, 2012, the last trading day prior to the date of the Information Circular, the closing price of the Pacific Rubiales Shares on the Toronto Stock Exchange was Cdn\$21.57.

well as Pacific Rubiales' ability to realize the anticipated growth and development opportunities and synergies from combining C&C Energia's business and operations with those of Pacific Rubiales. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss and the disruption of ongoing business, customer and employee relationships that may adversely affect Pacific Rubiales' ability to achieve the anticipated benefits of the Arrangement.

EXPERTS

RPS Energy Canada Ltd. ("RPS") and Petrotech Engineering Ltd. ("Petrotech") have each evaluated Pacific Rubiales' reserves data as at December 31, 2011, in their respective capacities as independent reserves engineers, and have each provided an opinion, dated March 9, 2012 and February 27, 2012, respectively, in respect to such reserves data. The statements as to Pacific Rubiales' reserves, which appear in or are incorporated by reference herein, have been so included or incorporated by reference upon the authority, as experts, of RPS and Petrotech. As of the date of the Information Circular, the principals of each of RPS and Petrotech own beneficially, directly or indirectly, less than one percent of the outstanding Pacific Rubiales Shares.

Ernst & Young LLP are the auditors of Pacific Rubiales and have confirmed that they are independent with respect to Pacific Rubiales within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, Chartered Accounts, 222 Bay Street, Toronto, Ontario, M5J 1J7, are the auditors of the Company.

Equity Financial Trust Company, 200 University Ave., Suite 400, Toronto, Ontario, M5H 4H1, is the transfer agent and registrar for the Pacific Rubiales Shares.

ADDITIONAL INFORMATION

Additional information relating to Pacific Rubiales is available on the SEDAR website at www.sedar.com. Financial information concerning Pacific Rubiales is provided in its financial statements for the year ended December 31, 2011 and nine months ended September 30, 2012 and the accompanying management's discussion and analysis, respectively, which can be accessed on SEDAR.

APPENDIX I – SECTION 191 OF THE ABCA

191(1)

Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

191(2)

A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

191(3)

In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

191(4)

A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

191(5)

A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

191(6)

An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

191(7)

If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

191(8)

A Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

191(9)

Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

191(10)

A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

191(11)

A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

191(12)

In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

191(13)

On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

191(14)

On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13), whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

191(15)

Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

191(16)

Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution, and in either event proceedings under this section shall be discontinued.

191(17)

The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

191(18)

If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

191(19)

Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

191(20)

A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

Any questions and requests for assistance may be directed to the Proxy Solicitation Agent:



The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleshareholder.com

North American Toll Free Phone:

1-866-229-8874

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272