PETROMINERALES

ARRANGEMENT INVOLVING

PETROMINERALES LTD.

- and -

PACIFIC RUBIALES ENERGY CORP.

- and -

1774501 ALBERTA LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE OF ORIGINATING APPLICATION

INFORMATION CIRCULAR OF PETROMINERALES LTD.

These materials are important and require immediate attention as they require Shareholders (as defined herein) to make important decisions. If as a Shareholder you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. **The Board of Directors (as defined herein) unanimously recommends that Shareholders vote FOR the Arrangement and the other matters to be considered at the Meeting (as defined herein)**. If you have any questions or need assistance completing your proxy, please contact Kingsdale Shareholder Services Inc. toll free in North America at 1-888-518-6812 or call collect outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

October 29, 2013

Neither the Toronto Stock Exchange, 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 (as defined herein).

TABLE OF CONTENTS

Page

October 29, 2013

Dear Shareholders:

The board of directors of Petrominerales Ltd. (the "**Board of Directors**" or "**Board**") invites you to attend a special meeting (together with any and all adjournments and postponements thereof, the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Shares**") of Petrominerales Ltd. ("**Petrominerales**") to be held at 9:00 a.m. (Calgary time) on November 27, 2013 in the Royal Room at The Metropolitan Conference Centre, 333 – 4 Avenue S.W., Calgary, Alberta.

At the Meeting, the Shareholders will be asked to consider 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 issued and outstanding Shares. Under the Arrangement, each Shareholder (other than a dissenting Shareholder) will: (i) receive one common share ("**ResourceCo Share**") of 1774501 Alberta Ltd. ("**ResourceCo**"), as a distribution from Petrominerales, with respect to each Share held; and (ii) then transfer each Share held to Pacific Rubiales in exchange for $11.00 in cash.

ResourceCo is a newly formed company that currently is a wholly-owned subsidiary of Petrominerales. Prior to the closing of the Arrangement, approximately $100 million in cash (subject to adjustment, including adjustment to approximately $91 million in the event Petrominerales concludes the purchase of certain interests in Brazil for the benefit of ResourceCo) and all of Petrominerales' assets in Brazil will be transferred, directly or indirectly, to ResourceCo. The cash to be transferred to ResourceCo is in addition to budgeted capital and operating expenditures of Petrominerales respecting the assets to be transferred for the period prior to the completion of the Arrangement of approximately US$18 million. ResourceCo will provide Shareholders with the opportunity to participate directly in a growth-oriented exploration company to be led by certain members of the current Petrominerales management team. Petrominerales believes the creation of ResourceCo provides a platform to unlock the exploration potential of certain assets and undeveloped lands in the Recôncavo, Tucano, Camamu-Almada and Sergipe-Alagoas basins of Brazil. Petrominerales also believes that ResourceCo 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 South America.

ResourceCo has applied to list the ResourceCo Shares on the facilities of the TSX Venture Exchange ("**TSXV**"). Such listing will be subject to ResourceCo fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the ResourceCo Shares will be listed and listing is not a condition to the completion of the Arrangement. If listing approval is obtained prior to the effective time of the Arrangement (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the ResourceCo Shares is expected to commence concurrently with the delisting of the Shares from the Toronto Stock Exchange.

The Board of Directors has received an opinion (the "**Fairness Opinion**") from TD Securities Inc. dated September 29, 2013 to the effect that, as at the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such holders. A copy of the Fairness Opinion is included as Appendix E to the Information Circular (as defined herein) 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 Fairness Opinion, the Board has unanimously determined that the Arrangement is fair to Shareholders, from a financial point of view, and that the Arrangement is in the best interests of Petrominerales.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION.

To be effective, the Arrangement must be approved by a resolution passed at the Meeting by not less than 66 2/3% of the votes validly cast. Each of the directors and executive officers of Petrominerales, who collectively own or exercise control or direction over approximately 3.92% of the outstanding Shares, have entered into support agreements with Pacific Rubiales agreeing, among other things, to support and vote their Shares in favour of the Arrangement.

At the Meeting, Shareholders will also be asked to consider, and if deemed advisable, pass an ordinary resolution approving a stock option plan for ResourceCo to be effective upon the completion of the Arrangement. The completion of the Arrangement is not conditional upon the approval of the resolution respecting the stock option plan for ResourceCo.

It is important that your Shares be represented at the Meeting. Whether or not you are able to attend, we urge you to complete the enclosed form of proxy (on yellow paper) and return it by mail or courier to Computershare Trust Company of Canada in the enclosed postage prepaid envelope or by hand delivery to Computershare Trust Company of Canada, Attention: Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting. Proxies may also be voted by telephone or through the Internet in accordance with the instructions provided on the form of proxy. The time limit for the deposit of proxies may be waived by the Chair of the Meeting in his discretion, without notice.

Included with this letter, in addition to the form of proxy, is a notice of the Meeting and an information circular (the "**Information Circular**"). The Information Circular contains a detailed description of the Arrangement, as well as detailed information concerning Petrominerales and ResourceCo. 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 with this letter is a letter of transmittal (on blue paper) containing complete instructions on how registered Shareholders may exchange their Shares. Registered Shareholders will not actually receive the cash and ResourceCo Shares to which they are entitled under the Arrangement until the Arrangement is completed and they have returned their properly completed documents, including the letter of transmittal and share certificates for their Shares.

If you are a holder of Shares and have any questions or require more information with regard to voting your Shares, please contact Petrominerales' proxy solicitation agent, Kingsdale Shareholder Services Inc., by: (i) toll-free telephone in North America at 1 (888) 518-6812, or collect call at (416) 867-2272; or (ii) email at contactus@kingsdaleshareholder.com.

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

Yours very truly,

(signed) "*Corey C. Ruttan*"
President and Chief Executive Officer

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

PETROMINERALES 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 October 29, 2013, a special meeting (together with any and all adjournments and postponements thereof, the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Shares**") of Petrominerales Ltd. ("**Petrominerales**") will be held at 9:00 a.m. (Calgary time) on November 27, 2013 in the Royal Room at The Metropolitan Conference Centre, 333 – 4 Avenue S.W., Calgary, Alberta for the following purposes:

1. 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 Petrominerales (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 Petrominerales, Pacific Rubiales Energy Corp., 1774501 Alberta Ltd. ("**ResourceCo**") and the Shareholders; and

2. to consider and, if deemed advisable, to pass an ordinary resolution approving a stock option plan for ResourceCo; and

3. to transact such other business, including amendments to the foregoing, as may properly come before the Meeting.

The board of directors of Petrominerales (the "**Board**" or "**Board of Directors**") has set the close of business on October 28, 2013 as the record date for determining Shareholders who are entitled to receive notice of, and to vote at, the Meeting. Only Shareholders whose names have been entered in the register of 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 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 Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order. A registered Shareholder wishing to exercise its right to dissent with respect to the Arrangement must send to Petrominerales a written objection to the Arrangement Resolution and such written objection must be received by Petrominerales c/o its counsel McCarthy Tétrault LLP, 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Mark Franko, by 5:00 p.m. (Calgary time) on November 25, 2013 (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 Shareholder's right to dissent is described in more detail in the Information Circular (see "**Dissenting Shareholder Rights**") and a copy of the Interim Order and the text of Section 191 of the ABCA are set forth in Appendix B and Appendix H, 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 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 Shares are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such Shareholder to be registered in the Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Petrominerales or, alternatively, make arrangements for the registered holder of such Shares to dissent on the Shareholder's behalf. It is strongly suggested that any 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 Shareholder's right to dissent. 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 UNANIMOUSLY RECOMMENDS THAT PETROMINERALES 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 by mail or courier to Computershare Trust Company of Canada in the enclosed postage prepaid envelope or by hand delivery to Computershare Trust Company of Canada, Attention: Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting. Proxies may also be voted by telephone or through the Internet in accordance with the instructions provided on the form of proxy. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting in his discretion, without notice.

Registered Shareholders are also requested to complete, sign, date and return by mail, hand or courier the enclosed form of letter of transmittal, together with the certificate(s) representing your Shares, to the depositary for the Arrangement, Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Corporate Actions.

If you are a Shareholder and have any questions or require more information with regard to voting your Shares, please contact Petrominerales' proxy solicitation agent, Kingsdale Shareholder Services Inc., by: (i) toll-free telephone in North America at 1 (888) 518-6812, or collect call at (416) 867-2272; or (ii) email at contactus@kingsdaleshareholder.com.

DATED at Calgary, Alberta, this 29th day of October, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF PETROMINERALES LTD.

(signed) "*Corey C. Ruttan*"
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

PETROMINERALES LTD., PACIFIC RUBIALES ENERGY CORP., 1774501 ALBERTA LTD.

AND

THE SHAREHOLDERS OF PETROMINERALES 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 Petrominerales Ltd. ("**Petrominerales**") 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 Petrominerales, Pacific Rubiales Energy Corp. ("**Pacific Rubiales**"), 1774501 Alberta Ltd. ("**ResourceCo**") and holders of common shares of Petrominerales ("**Shareholders**") (collectively, the "**Arrangement Parties**"), which Arrangement is described in greater detail in the information circular of Petrominerales dated October 29, 2013 accompanying this Notice of Originating Application.

At the hearing of the Application, Petrominerales 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 are fair and reasonable, both procedurally and substantively, to the Shareholders and any other affected 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 each of the parties on and after the Effective Date; and

(d) such other and further orders, declarations and directions as the Court may deem reasonable and necessary.

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 amended, as provided by Section 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 - 5th Street S.W., Calgary, Alberta, T2P 5P7, on the 27th of November, 2013 at 1:30 p.m. (Calgary time) or as soon thereafter as counsel may be heard. Any 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 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 Petrominerales on or before 9:00 a.m. (Calgary time) on November 22, 2013, 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 Petrominerales is to be effected by delivery to the solicitors for Petrominerales at the address below. If any 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 Petrominerales 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 October 29, 2013 (the "**Interim Order**"), has given directions as to the calling and holding of the meeting of 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 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 Shareholder or other interested party requesting the same by the undermentioned solicitors for Petrominerales upon written request delivered to such solicitors as follows:

McCarthy Tétrault LLP
Suite 3300, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Attention: Douglas Yoshida

DATED at the City of Calgary, in the Province of Alberta, this 29th day of October, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF PETROMINERALES LTD.

(signed) "*Corey C. Ruttan*"
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 Petrominerales for use at the Meeting. 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 at October 29, 2013 unless otherwise specifically stated. In this Information Circular, dollar amounts are expressed in Canadian dollars unless otherwise specified by indicating that amounts are in U.S. dollars (US$) or Colombian pesos (COL$).

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 information concerning Pacific Rubiales contained in this Information Circular has been provided by Pacific Rubiales. Although Petrominerales has no knowledge that any statement contained herein taken from, or based on, such information is untrue or incomplete, Petrominerales assumes no responsibility for the accuracy of the 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 Petrominerales.

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 and distribution of the ResourceCo Shares to Shareholders pursuant to the Arrangement has not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and such securities will be issued and distributed 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, and similar exemptions under applicable state securities laws. 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 October 29, 2013 and, subject to the approval of the Arrangement by the Shareholders, a hearing on the Arrangement will be held on November 27, 2013 at 1:30 p.m. (Calgary Time) at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, Canada. All Shareholders 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 ResourceCo Shares to be issued and distributed to Shareholders pursuant to the Arrangement. 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".

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. 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 accordance with IFRS and are subject to Canadian auditing and auditor independence standards, which differ from generally accepted accounting principles in the United States ("**U.S. GAAP**") and United States auditing and auditor independence standards, respectively, 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 ResourceCo 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.

Shareholders should be aware that the acquisition of the ResourceCo Shares pursuant to the Arrangement described herein may have tax consequences in Canada, the United States and Colombia. See "Certain Canadian Federal Income Tax Considerations", "Certain United States Federal Income Tax Considerations" and "Certain Colombian Income Tax Considerations". Shareholders that are residents or citizens of Canada, the United States or Colombia 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 Petrominerales, Pacific Rubiales and ResourceCo are incorporated under the laws of Canada, that the majority of 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 Petrominerales, Pacific Rubiales, ResourceCo and such other persons are, or will be, located outside the United States. As a result, it may be difficult or impossible for Shareholders in the United States to effect service of process within the United States upon Petrominerales, Pacific Rubiales and ResourceCo 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, Shareholders in the United States should not assume that the courts of Canada: (i) 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 (ii) would enforce, in original actions, liabilities 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.

The ResourceCo Shares issuable to Shareholders pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" (as such term is defined in Rule 405 under the U.S. Securities Act) of ResourceCo after the Effective Time or were "affiliates" of ResourceCo 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 ResourceCo 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 "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 Petrominerales or ResourceCo expects or anticipates will or may occur in the future, including Petrominerales' assessment of future plans and operations; the potential for further development of certain assets of Petrominerales; statements with respect to the Arrangement; the business of and timing of the Meeting or hearing; the listing of ResourceCo Shares issued under the Arrangement and the timing of commencement of trading of the ResourceCo Shares; 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 transferability of the ResourceCo Shares in Canada and the United States; the completion of the transaction contemplated under the Alvopetro SPA; the capital expenditures of Petrominerales with respect to the Alvopetro Assets prior to the Effective Time, the estimate of the cash position of ResourceCo will have following the Arrangement; the estimated tax liabilities of Petrominerales; the anticipated tax treatment of the Arrangement for Shareholders; the completion of the ResourceCo Organization Transaction and the timing thereof; the treatment of Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards and Petrominerales SARs; compensation to officers under executive employment agreements and other equity compensation plans as a result of a change of control; the delisting of the 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 potential cessation of employment of Petrominerales employees in connection with the Arrangement; the indemnification of Petrominerales' directors and officers following the Arrangement; financial information relating to ResourceCo; fees payable in connection with the Arrangement and the Meeting including, if applicable, the Termination Fee; the timing of commencement of operations of ResourceCo; the timing of filing regulatory applications and the expected results thereof; the impact of governmental controls and regulations on ResourceCo's operations; the timing of receipt of required approvals and permits from regulatory authorities, including but not limited to approvals and notices under the the Investment Canada Act and competition legislation in Colombia; rights and responsibilities of the Dissenting Shareholders; ResourceCo's assets, liabilities, financial resources, financial position and growth prospects; and the anticipated benefits from the Arrangement.

Statements relating to oil and natural gas 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, Petrominerales 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; Petrominerales' and ResourceCo'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 Petrominerales conducts and ResourceCo will conduct their businesses; timing and progress of work relating to Petrominerales' assets; future production levels; future capital expenditures; future sources of funding for Petrominerales' and ResourceCo's capital program; future debt levels; future business plans of ResourceCo; Petrominerales' geological and engineering estimates; the geography of the areas in which Petrominerales is and

ResourceCo will be exploring; the impact of increasing competition; ResourceCo'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 ResourceCo will be able to assume Petrominerales' role with respect to the interests represented by the ResourceCo Assets; the receipt, in a timely manner, of regulatory, Court, Shareholder and third party approvals in respect of the Arrangement; costs associated with Petrominerales and ResourceCo 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 Petrominerales 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 forward-looking 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, the Colombian peso, the Peruvian nuevo sol, and the Brazilian real; the risk that financial counterparties (including Pacific Rubiales) may not fulfill financial obligations due to Petrominerales and ResourceCo; liquidity and capital market constraints on Petrominerales and ResourceCo; general economic conditions in Canada, the United States, Colombia, Peru, Brazil 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 Petrominerales and ResourceCo; changes in or the introduction of new government regulations, in particular related to carbon dioxide relating to Petrominerales' and ResourceCo's business; the uncertainty of Petrominerales' and ResourceCo's ability to attract capital for both debt and equity when necessary; risks relating to the early stage of development of the assets and properties under the interests represented by the ResourceCo Assets and the nature of the exploration and development activities on such assets; the risk that a claim will be made by Petrominerales in respect of an indemnity obligation of ResourceCo pursuant to the ResourceCo Organization Transaction; consummation of the Arrangement being dependent on the satisfaction of customary closing conditions and the risk of such conditions not being satisfied within the specified time or at all, the approval of Petrominerales' Shareholders and the approval of the Court; and the risk of termination of the Arrangement Agreement.

The estimated cash position of ResourceCo upon completion of the Arrangement is dependent upon assumptions and factors including: (i) the completion of the transaction contemplated by the Alvopetro SPA and the terms thereof; and (ii) capital and other expenditures of Petrominerales with respect to the business of Alvopetro prior to the Effective Date. 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 ResourceCo.

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 Petrominerales and Appendix G - Information Concerning ResourceCo 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 Petrominerales and ResourceCo. 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.

Petrominerales has included the above summary of assumptions and risks related to forward-looking statements provided in this Information Circular in order to provide Shareholders with a more complete perspective on Petrominerales' current and future operations and the future operations of ResourceCo and such information may not be appropriate for other purposes. Petrominerales' and ResourceCo'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 Petrominerales or ResourceCo will derive therefrom.

Neither Petrominerales nor ResourceCo 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 Petrominerales 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.

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.

See also Appendix G – Information Concerning ResourceCo under the heading “Forward-Looking Statements”.

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 Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on November 27, 2013 in the Royal Room at The Metropolitan Conference Centre, 333 – 4 Avenue S.W., Calgary, Alberta. The primary purpose of the Meeting is for Shareholders to consider and, if deemed advisable, approve the Arrangement Resolution. In addition, the Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving the ResourceCo Option Plan to be effective upon completion of the Arrangement. The completion of the Arrangement is not conditional upon the approval of the ResourceCo Option Plan at the Meeting. See "The Arrangement", "ResourceCo Option Plan" and "Information Concerning the Meeting".

The Arrangement

The Arrangement Resolution approves the Arrangement. Under the Arrangement, each Shareholder, other than a Dissenting Shareholder, will: (i) receive one ResourceCo Share, as a distribution of capital from Petrominerales, with respect to each Share held; and (ii) then transfer each Share held to Pacific Rubiales for $11.00 in cash. Prior to the closing of the Arrangement, approximately $100 million in cash (subject to adjustment, including adjustment to approximately $91 million in the event Petrominerales concludes the purchase of certain interests in Brazil for the benefit of ResourceCo) and all of Petrominerales' assets in Brazil will be transferred, directly or indirectly, to ResourceCo. The cash to be transferred to ResourceCo is in addition to budgeted capital and operating expenditures of Petrominerales respecting the assets for the period prior to the completion of the Arrangement of approximately US$18 million. See "The Arrangement", "Matters Related to the Arrangement – ResourceCo Organization Transaction" and Appendix G – Information Concerning ResourceCo.

The Arrangement will be implemented by means of the Plan of Arrangement. The Plan of Arrangement is attached to this Information Circular as Appendix D. See "The Arrangement – Arrangement Steps".

Petrominerales, Pacific Rubiales and ResourceCo have entered into the Arrangement Agreement, which sets out the terms and conditions under which the parties have agreed to pursue the completion of the Arrangement. The Arrangement Agreement is attached to this Information Circular as Appendix C. See "The Arrangement Agreement".

Background and Reasons for the Arrangement

The terms of the Arrangement are the result of an unsolicited arm's length offer from Pacific Rubiales to Petrominerales and negotiations between representatives of Pacific Rubiales and Petrominerales and their respective advisors. See "The Arrangement - Background to the Arrangement".

Some of the reasons considered by the Board of Directors in arriving at its decision to approve the Arrangement Agreement and unanimously recommend that the Shareholders vote in favour of the Arrangement Resolution include:

(a) the cash consideration to be paid under the Arrangement of $11.00 per Share: (i) without considering the value of the ResourceCo Share, represents a premium of 42% over the last closing price of the Shares on the TSX prior to the execution of the Arrangement Agreement of $7.74 and 56% over the 20 trading day volume weighted average trading price of $7.07, and (ii) provides Shareholders with liquidity and certainty of value;

(b) in addition to receiving the cash consideration of $11.00 per Share, Shareholders will also receive a ResourceCo Share through which Shareholders will be able to continue to participate in Petrominerales' Brazilian opportunities upon completion of the Arrangement;

(c) TD Securities' verbal opinion to the Board of Directors that, as of the date thereof, and subject to the assumptions, limitations and conditions contained therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders, which verbal opinion has been confirmed by the Fairness Opinion;

(d) the Arrangement Agreement was 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 Petrominerales' legal counsel and financial advisor, and it resulted in terms and conditions that are reasonable in the judgment of the Board of Directors;

(e) Petrominerales' efforts to solicit competing proposals from potential alternative counterparties did not result in any proposal that would provide superior value to the Shareholders compared to that provided for under the Arrangement;

(f) 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, including the payment of the Petrominerales Termination Fee, the Board of Directors is not precluded from accepting a Superior Proposal;

(g) the current state of the business of Petrominerales, the oil and natural gas industry in the areas in which Petrominerales' operates and the financial markets;

(h) Petrominerales' prospects for the future and the short and long term risks associated with maintaining the current strategic direction of Petrominerales;

(i) the likelihood that the conditions to complete the Arrangement will be satisfied, including the absence of a financing condition in favour of Pacific Rubiales;

(j) the requirement that the Arrangement must be approved by at least two-thirds of the votes cast at the Meeting by the Shareholders present in person or represented by proxy;

(k) the requirement that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders; and

(l) the fact that registered Shareholders may exercise the Dissent Rights.

See "The Arrangement - Reasons for the Arrangement".

Fairness Opinion

In deciding to recommend the Arrangement for approval, the Board of Directors considered, among other things, TD Securities' verbal opinion to the Board of Directors on September 29, 2013 that, as of the date thereof, and subject to the assumptions, limitations and conditions contained therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. This verbal opinion has been confirmed by the Fairness Opinion. The Fairness Opinion is attached to this Information Circular as Appendix E.

Petrominerales 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.

See "The Arrangement – Fairness Opinion" and Appendix E – Fairness Opinion of TD Securities Inc.

Support Agreements

Each of the directors and executive officers of Petrominerales 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 Shares in favour of the Arrangement Resolution. As of the date hereof, these directors and executive officers (together with their associates and affiliates) collectively own or exercise control or direction over an aggregate of 3,336,833 Shares, representing approximately 3.92% of the outstanding Shares. See "The Arrangement - Support Agreements".

Approval and Recommendation of the Board of Directors

The Board of Directors has unanimously determined that the Arrangement is in the best interests of Petrominerales and has, based upon, among other things, the Fairness Opinion, unanimously determined that the Arrangement is fair, from a financial point of view, to the Shareholders. **Accordingly, the Board of Directors has unanimously approved the Arrangement and unanimously recommends that Shareholders vote for the Arrangement Resolution.** See "The Arrangement - Approval and Recommendation of the Board of Directors".

Procedure for the Arrangement to Become Effective

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 Resolution must be approved by the Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all required Regulatory Approvals in respect of the completion of the Arrangement must be obtained;

(d) the ResourceCo Organization Transaction 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;

(e) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

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

Shareholder Approval

At the Meeting, 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 not less than 66 2/3% of the votes validly cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting.

See "The Arrangement - Shareholder Approval" and "Canadian Securities Law Matters – Application of MI 61-101".

Court Approval

Implementation of the Arrangement requires the approval of the Court.

An application for the Final Order approving the Arrangement is expected to be made on November 27, 2013 at 1:30 p.m. (Calgary time) (or as soon thereafter as counsel may be heard) at the Calgary Courts Centre, 601 - 5th 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".

Conditions Precedent

In addition to the receipt of Shareholder approval and Court approval, the Arrangement Agreement provides that the implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of Petrominerales and Pacific Rubiales on or before the Effective Date. See "The Arrangement Agreement - Conditions Precedent".

The conditions contained in the Arrangement Agreement include a condition that all of the requisite Regulatory Approvals be obtained. The Regulatory Approvals include all required consents and approvals under the *Investment Canada Act*. The Arrangement would result in an acquisition by a non-Canadian of control of

Petrominerales and is therefore subject to review under the *Investment Canada Act*. As such, the Arrangement cannot be completed until the Minister of Industry has approved the Arrangement. See "The Arrangement – Regulatory Matters".

The completion of the Arrangement is also conditional upon Petrominerales, Pacific Rubiales and ResourceCo completing the ResourceCo Organization Transaction prior to the Effective Date. See "Matters Related to the Arrangement – The ResourceCo Organization Transaction".

Effective Date

Provided that the required Shareholder approval, Court approval and Regulatory Approvals have been obtained and are final and all other conditions to closing set out in the Arrangement Agreement have been satisfied or waived, it is anticipated that the Arrangement will become effective on or around November 28, 2013. Completion of the Arrangement may be delayed, however, for a number of reasons, including failure to receive required consents and approvals under the *Investment Canada Act* or any other required Regulatory Approvals on a timely basis. See "The Arrangement - Effective Date".

Procedure 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 Shares and all other required documents, will enable each Shareholder (other than Dissenting Shareholders) to receive in respect of each Share, the cash and ResourceCo Shares that such holder is entitled to receive under and following the completion of the Arrangement. Only registered Shareholders are required to submit a Letter of Transmittal.

Beneficial Shareholders whose 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 Shares.

See "Matters Related to the Arrangement - Procedure for Exchange of Share Certificates by Shareholders".

Stock Exchange Listings

Shares

The Shares are currently listed on the TSX and on the BVC. It is anticipated that the Shares will be delisted from the TSX and the BVC after the Effective Date.

ResourceCo Shares

ResourceCo has applied to list the ResourceCo Shares on the facilities of the TSXV. Such listing will be subject to ResourceCo fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the ResourceCo Shares will be listed and listing is not a condition to the completion of the Arrangement. If listing approval is obtained prior to the effective time of the Arrangement (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the ResourceCo Shares is expected to commence concurrently with the delisting of the Shares from the TSX.

The completion of the Arrangement is not conditional upon the listing of the ResourceCo Shares on any stock exchange.

Non-Solicitation and Right to Match

In the Arrangement Agreement, Petrominerales has agreed not to solicit, initiate, facilitate or encourage (including by furnishing information) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to, an Acquisition Proposal. Nonetheless, the 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 Petrominerales to proceed with the Arrangement as amended rather than the Superior Proposal. If Petrominerales enters into an agreement regarding a Superior Proposal (or certain other events occur), Petrominerales will be required to pay to Pacific Rubiales the Petrominerales Termination Fee. See "The

Arrangement Agreement – Covenants - Non-Solicitation Covenants of Petrominerales" and "The Arrangement Agreement – Termination Fee and Damages".

The Companies

Petrominerales

Petrominerales is an exploration and production company incorporated under the ABCA and operating in Colombia, Peru and Brazil.

Petrominerales' registered office is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9. Petrominerales' head office in Canada is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7.

Petrominerales is a reporting issuer in each of the provinces of Canada. The Shares are listed on the TSX and the BVC under the symbols "PMG" and "PMGC", respectively.

See "Information Concerning Petrominerales" and Appendix F – Information Concerning Petrominerales.

ResourceCo

ResourceCo is a corporation incorporated under the ABCA. The principal business office of ResourceCo is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7 and the registered office of ResourceCo is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta.

ResourceCo was incorporated on September 25, 2013 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. ResourceCo is currently a wholly-owned subsidiary of Petrominerales.

See "Information Concerning ResourceCo" and Appendix G – Information Concerning ResourceCo.

Pacific Rubiales

Pacific Rubiales is a corporation existing under the laws of the Province of British Columbia that is a producer of natural gas and crude oil.

The head office of Pacific Rubiales 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.

Pacific Rubiales is a reporting issuer in each of the provinces of Canada. Pacific Rubiales' common shares trade on the TSX and the BVC and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols "PRE", "PREC", and "PREB", respectively.

Certain Canadian Federal Income Tax Considerations

A Shareholder who is resident in Canada and who holds the Shares as capital property will generally realize a net capital gain (or net capital loss) equal to the amount by which the aggregate of the fair market value of the ResourceCo Shares received (if any) and the amount of the cash received exceeds (or is less than) the adjusted cost base of the Shares and any reasonable costs of disposition, as a result of the transactions comprising the Arrangement or the exercise of Dissent Rights. Shareholders who are not resident in Canada generally will not be subject to the tax under the Tax Act in respect of the transactions comprising the Arrangement or the exercise of Dissent Rights.

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

Certain United States Federal Income Tax Considerations

A Shareholder that is a U.S. taxpayer will be treated as making a taxable disposition of Shares for U.S. federal income tax purposes, whether such Shareholder participates in the Arrangement and receives both ResourceCo Shares and cash or exercises Dissent Rights and receives solely cash. U.S. taxpayers that receive ResourceCo Shares pursuant to the Arrangement may be subject to certain adverse U.S. federal income tax consequences under the "passive foreign investment company" regime, as described in further detail below under the section in this Information Circular entitled "Certain United States Federal Income Tax Considerations".

The foregoing is a brief summary of certain United Stated federal income tax consequences only. Shareholders should review the more detailed information under the heading "Certain United States Federal Income Tax Considerations" in the Information Circular and consult with their own tax advisors regarding their particular circumstances.

Certain Colombian Income Tax Considerations

A Colombian Resident Holder that participates in the Arrangement or exercises Dissent Rights will be treated as making a taxable disposition of Shares for Colombian income tax purposes unless the Shares that are being disposed are listed on BVC at the time of disposition. If taxable, income will be equivalent to the difference between the sale price and the Shares' tax basis. The tax rate will depend on whether income from the disposition of Shares constitutes capital gains or ordinary income as described in further detail below under the section in this Information Circular entitled "Certain Colombian Income Tax Considerations".

The foregoing is a brief summary of certain Colombian income tax consequences only. Shareholders should review the more detailed information under the heading "Certain Colombian Income Tax Considerations" in the Information Circular and consult with their own tax advisors regarding their particular circumstances.

Dissent Rights

Registered Shareholders are entitled to exercise Dissent Rights in accordance with the provisions of the ABCA as modified by the Interim Order. If a registered Shareholder dissents, and the Arrangement is completed, each Share held by a Dissenting Shareholder shall be, and shall be deemed to be, transferred to Petrominerales for cancellation on the Effective Date and each Dissenting Shareholder shall cease to have any rights as a holder of such Shares other than the right to be paid the "fair value" of its 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 holders of not more than five percent of the outstanding Shares having validly exercised, and not withdrawn, Dissent Rights as of the Effective Time.

A registered Shareholder who wishes to dissent must provide a dissent notice to Petrominerales by 5:00 p.m. (Calgary time) on November 25, 2013 as more particularly described in the Information Circular (or such other date that is two business days immediately preceding the date of the Meeting).

It is important that 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 Shareholder Rights".

Risk Factors

Shareholders should understand that, if the Arrangement is completed, Shareholders (other than Dissenting Shareholders) will receive ResourceCo Shares and cash in respect of their Shares pursuant to a series of transactions as set out in the Plan of Arrangement. Accordingly, a former Shareholder will become a shareholder of ResourceCo and will be subject to all of the risks associated with the business and operations of ResourceCo and the industry in which such corporation will operate. See the risk factors relating to ResourceCo set forth in Appendix G - Information Concerning ResourceCo under the headings "Forward-Looking Statements" and "Risk Factors".

There are also risks respecting the Arrangement and the Arrangement Agreement. Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances, in which case the market price for 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, and that the ResourceCo Shares may fail to become listed on the TSXV or any other stock exchange. See "Risk Factors".

ResourceCo Option Plan

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving the ResourceCo Option Plan to be effective upon completion of the Arrangement. To be passed, this resolution must be approved by a majority of the votes validly cast by the Shareholders present in person or represented by proxy at the Meeting. The completion of the Arrangement is not conditional upon the approval of the ResourceCo Option Plan at the Meeting. See "ResourceCo Option Plan".

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.

"**2010 Debentureholders**" means the holders of the 2010 Debentures;

"**2010 Debentures**" means the 2.625% senior unsecured convertible debentures of Petrominerales dated August 21, 2010;

"**2012 Debentureholders**" means the holders of the 2012 Debentures;

"**2012 Debentures**" means the 3.25% senior unsecured convertible debentures of Petrominerales dated June 7, 2012;

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

"**Acquisition Proposal**" has the meaning set out in the Arrangement Agreement;

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

"**Alvopetro**" means Alvopetro Oil and Gas Investments Inc., a corporation incorporated pursuant to the ABCA, and which holds all of Petrominerales' exploration assets in Brazil, which consists of three producing fields and 12 exploration blocks comprising of 120,013 gross acres onshore Brazil;

"**Alvopetro Additional Shares**" means any additional Alvopetro Shares acquired, directly or indirectly, by Petrominerales prior to the Effective Date, including such Alvopetro Shares subject to the Alvopetro SPA, when acquired by Petrominerales;

"**Alvopetro Shares**" means the class "A" common shares in the capital of Alvopetro, 75% of which were acquired by Petrominerales on December 11, 2012, and 25% of which are subject to the Alvopetro SPA;

"**Alvopetro SPA**" means the share purchase agreement entered into between Petrominerales and the third-party holder of 250,000 Alvopetro Shares on September 28, 2013, pursuant to which Petrominerales has agreed to purchase the remaining 250,000 Alvopetro Shares;

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Petrominerales and Pacific Rubiales, each acting reasonably;

"**Arrangement Agreement**" means the agreement dated September 29, 2013 between Pacific Rubiales, Petrominerales and ResourceCo, with respect to the Arrangement, in the form attached to this Information Circular as Appendix C, together with all amendments thereto;

"**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 sent to the Registrar for filing after the Final Order has been granted, giving effect to the Arrangement;

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

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

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

"**BVC**" means the Bolsa de Valores de Colombia, the Colombian stock exchange;

"**Certificate of Arrangement**" means the proof of filing to be issued by the Registrar pursuant to subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

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

"**CRA**" means the Canada Revenue Agency;

"**D&M**" means DeGolyer and MacNaughton, independent oil and gas reservoir engineers, of Dallas, Texas, USA;

"**D&M Report**" means the independent engineering appraisal of Petrominerales' reserves prepared by D&M, dated February 15, 2013, with an effective date of December 31, 2012;

"**Depositary**" means Equity Financial Trust Company;

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

"**Dissenting Shareholders**" means registered 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;

"**Dissenting Shares**" means Shares held by Dissenting Shareholders;

"**Effective Date**" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"**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 Petrominerales and Pacific Rubiales;

"**Fairness Opinion**" means the opinion of TD Securities addressed to the Board of Directors attached to this Information Circular as Appendix E;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA, in a form acceptable to each of the Parties, acting reasonably, as contemplated by the Arrangement Agreement, as such order may be affirmed, amended or modified by the Court (with the consent of each of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to each of the Parties, acting reasonably) on appeal;

"**Governmental Entity**" means, with respect to Canada, Colombia, Peru, Brazil, the United States of America, the United Kingdom, Bermuda or Bahamas, 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, agency, 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, TSXV and BVC), regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and "**Governmental Entities"** means more than one Governmental Entity;

"**IFRS**" means the International Financial Reporting Standards;

"**Information Circular**" means this information circular, together with all appendices hereto and the accompanying notice of Meeting as required pursuant to the Interim Order in connection with the Meeting;

"**Interim Order**" means the interim order of the Court pursuant to Section 193(4) of the ABCA dated October 29, 2013, a copy of which is attached to this Information Circular as Appendix B, as such order may be amended by the Court (with the consent of each of the Parties, acting reasonably);

"**Investment Canada Act**" means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.);

"**Investment Canada Approval**" means: (i) Pacific Rubiales shall have received written evidence from the Minister of Industry under the Investment Canada Act that the Minister of Industry is satisfied or deemed to be satisfied that the transactions contemplated by the Arrangement Agreement are likely to be of net benefit to Canada pursuant to the *Investment Canada Act*; and (ii) the Minister of Industry has not sent to Pacific Rubiales a notice under section 25.2(1) or section 25.2(4)(b) of the *Investment Canada Act* within the period prescribed pursuant thereto or, if a notice has been sent under section 25.2 of the *Investment Canada Act*, then either the Minister of Industry has sent to Pacific Rubiales a notice under section 25.2(4)(a) or 25.3(6)(b) of the *Investment Canada Act* or the Governor in Council has issued an order pursuant to section 25.4(1)(b) of the *Investment Canada Act* authorizing the transactions contemplated by the Arrangement Agreement;

"**Letter of Transmittal**" means the letter of transmittal accompanying this Information Circular sent to registered Shareholders in respect of the exchange of their Shares;

"**Material Adverse Effect**" has the meaning set out in the Arrangement Agreement;

"**Meeting**" means the special meeting of Shareholders to be held at 9:00 a.m. (Calgary time) on November 27, 2013 to consider, among other things the Arrangement Resolution, and any and all adjournments or postponements 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 Québec;

"**MI 62-104**" means Multilateral Instrument 62-104 - *Take-Over Bids and Issuer Bids* of the Securities Authorities;

"**Midstream Assets**" means: (i) the Specified Midstream Assets; (ii) Petrominerales' transport rights in the OCENSA Pipeline; and (iii) Petrominerales' 9.65% equity interest and transport rights in the OBC Pipeline;

"**Minister of Industry**" means the responsible Minister under the Investment Canada Act;

"**OBC Pipeline**" means the Oleoducto Bicentenario de Colombia S.A.S. oil pipeline project built in the Llanos Basin of Colombia;

"**OCENSA**" means Oleoducto Central S.A., a company organized pursuant to the laws of Colombia;

"**OCENSA Pipeline**" means the Colombian crude oil pipeline owned by OCENSA;

"**Outside Date**" means December 10, 2013, subject to the right of either Pacific Rubiales or Petrominerales to postpone the Outside Date for up to an additional 120 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, or such later date as may be agreed to in writing by Pacific Rubiales and Petrominerales;

"**Pacific Rubiales**" means Pacific Rubiales Energy Corp.;

"**Pacific Rubiales Termination Fee**" means US$60,000,000;

"**Parties**" means, collectively, Pacific Rubiales, Petrominerales and ResourceCo and "**Party**" means any one of them;

"**person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, 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;

"**Petrominerales**" means Petrominerales Ltd.;

"**Petrominerales AIF**" means the annual information form of Petrominerales for the year ended December 31, 2012 dated March 28, 2013;

"**Petrominerales DCS Award**" means a deferred share issued under the Petrominerales DCS Plan;

"**Petrominerales DCS Plan**" means the deferred share award plan of Petrominerales as amended, restated and/or supplemented from time to time;

"**Petrominerales ICS Award**" means an incentive share issued under the Petrominerales ICS Plan;

"**Petrominerales ICS Plan**" means the incentive share award plan of Petrominerales as amended, restated and/or supplemented from time to time;

"**Petrominerales Management**" means the senior officers of Petrominerales;

"**Petrominerales Option**" means an outstanding stock option, whether or not vested, to acquire Shares granted pursuant to the Petrominerales Option Plan;

"**Petrominerales Option Plan**" means the stock option plan of Petrominerales as amended, restated and/or supplemented from time to time;

"**Petrominerales SAR**" means an outstanding share appreciation right granted pursuant to the Petrominerales SAR Plan;

"**Petrominerales SAR Plan**" means the share appreciation rights plan of Petrominerales effective as amended, restated and/or supplemented from time to time;

"**Petrominerales Termination Fee**" means US$60,000,000;

"**Plan of Arrangement**" means the plan of arrangement in the form attached as Appendix D to this Information Circular and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Petrominerales and Pacific Rubiales, each acting reasonably;

"**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: (i) the Investment Canada Approval; (ii) approvals or notices to the Superintendence of Industry and Commerce of the Republic of Colombia; (iii) the approval of any applicable U.S. state securities regulators; and (iv) such other 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 required to consummate the transactions contemplated by the Arrangement Agreement (including, for greater certainty the Arrangement and the ResourceCo Organization Transaction);

"**ResourceCo**" means 1774501 Alberta Ltd., a corporation existing under the laws of the Province of Alberta that is a wholly owned subsidiary of Petrominerales;

"**ResourceCo Assets**" means collectively, the assets to be transferred, directly or indirectly, prior to the Effective Date by Petrominerales to ResourceCo in connection with the ResourceCo Organization Transaction, consisting primarily of (i) the Alvopetro Shares; (ii) the Alvopetro Additional Shares; and (iii) the ResourceCo Initial Capital;

"**ResourceCo Board**" means the board of directors of ResourceCo as it may be comprised from time to time;

"**ResourceCo Initial Capital**" means $100,000,000 less: (i) the amount, if any, paid by Petrominerales prior to the Effective Date to acquire the Alvopetro Additional Shares (including legal, accounting, technical, consulting and any other acquisition costs); and (ii) the amount, if any, by which capital expenditures and operating expenses expended or committed by Petrominerales with respect to the business of Alvopetro prior to the Effective Date exceed US$18,000,000;

"**ResourceCo Option Plan**" means the stock option plan of ResourceCo described under the heading "ResourceCo Option Plan", the full text of which is set out in Appendix I to this Information Circular;

"**ResourceCo Organization Transaction**" means the transactions involving Petrominerales, Pacific Rubiales, ResourceCo and their respective subsidiaries, as applicable, to occur prior to the Effective Date pursuant to which, among other things, Petrominerales will cause the transfer, directly or indirectly, of the ResourceCo Assets to ResourceCo and ResourceCo will assume the liabilities associated therewith, all in the manner set forth in the Arrangement Agreement;

"**ResourceCo Shares**" means the common shares in the capital of ResourceCo;

"**Shareholder Rights Plan**" means the shareholder rights plan agreement dated November 19, 2010 between Petrominerales and Computershare Trust Company of Canada, as amended and restated from time to time;

"**Shareholders**" means the holders from time to time of Shares, collectively or individually, as the context requires;

"**Shares**" means the common shares in the capital of Petrominerales;

"**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 Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada;

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

"**Specified Midstream Assets**" means Petrominerales' 5% equity interest in the OCENSA Pipeline;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act;

"**Superior Proposal**" has the meaning set out in the Arrangement Agreement;

"**Support Agreements**" means the support agreements, effective September 29, 2013, between Pacific Rubiales and each of the directors and executive officers of Petrominerales;

"**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;

"**TD Securities**" means TD Securities Inc., Petrominerales' financial advisor with respect to the Arrangement;

"**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 U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The *pro forma* financial statements of, and the summaries of *pro forma* financial information concerning ResourceCo, contained in this Information Circular are reported in United States dollars, unless otherwise specified, and have been prepared in accordance with IFRS.

EXCHANGE RATES

In this Information Circular, dollar amounts are expressed in Canadian dollars unless otherwise specified by indicating that amounts are in U.S. dollars (US$) or Colombian pesos (COL$).

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.

	Nine Months Ended September 30, 2013	Year Ended December 31		
		2012	2011	2010
High	1.0576	1.0418	1.0604	1.0778
Low	0.9839	0.9710	0.9449	0.9946
Average[(1)]	1.0230	0.9981	0.9852	1.0335
Period End	1.0285	0.9949	1.017	0.9946

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

On October 28, 2013 the exchange rate for one U.S. dollar expressed in Canadian dollars was $1.0445 based upon the Bank of Canada noon spot rate of exchange.

The following table sets forth, for each period indicated, the high and low exchange rates for one Colombian peso 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.

	Nine Months Ended September 30, 2013	Year Ended December 31		
		2012	2011	2010
High	0.000571	0.000582	0.000558	0.000585
Low	0.000532	0.000528	0.000508	0.000510
Average[(1)]	0.000552	0.000553	0.000534	0.000543
Period End	0.000539	0.000563	0.000525	0.000518

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

On October 28, 2013 the exchange rate for one Colombian peso expressed in Canadian dollars was $0.000554 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).

To Convert From	To	Multiply By
barrel	cubic metres	0.159
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
cubic feet	cubic metres	0.028

THE ARRANGEMENT

General

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass the Arrangement Resolution. The Arrangement Resolution approves the Arrangement. Under the Arrangement, each Shareholder, other than a Dissenting Shareholder, will: (i) receive one ResourceCo Share, as a distribution of capital from Petrominerales, with respect to each Share held; and (ii) then transfer each Share held to Pacific Rubiales for $11.00 in cash.

The Arrangement will be implemented by means of the Plan of Arrangement. Petrominerales, Pacific Rubiales and ResourceCo have entered into the Arrangement Agreement, which sets out the terms and conditions under which the Parties have agreed to pursue the completion of the Arrangement. The Arrangement Agreement is attached to this Information Circular as Appendix C. The Plan of Arrangement is attached to this Information Circular as Appendix D. See "The Arrangement Agreement".

Background to the Arrangement

The terms of the Arrangement are the result of an unsolicited arm's length offer from Pacific Rubiales to Petrominerales and ensuing negotiations between representatives of Pacific Rubiales and Petrominerales and their respective advisors. The following is a summary of the events leading up to the execution of the Arrangement Agreement.

The Board of Directors, with the assistance of the management of Petrominerales, continually reviews the strategic options and opportunities available to Petrominerales to ensure the maximization of Shareholder value. These opportunities include the possibility of strategic transactions with various industry participants. The Board of Directors and the management of Petrominerales review and consider such opportunities as they arise to determine whether pursing them would be in the best interests of Shareholders.

In January, 2012, Petrominerales concluded that prevailing market conditions created circumstances where Petrominerales might be the subject of unsolicited acquisition offers or proposals. In order to ensure that Petrominerales and the Board of Directors would be in a position to react to any such offer or proposal in a timely manner and on a basis that would facilitate the maximization of value for Shareholders, Petrominerales requested that TD Securities assist in identifying potential transaction counterparties and provide peer review, valuation analysis and mergers and acquisitions advice.

In the period from January, 2012 to August, 2012, Petrominerales received unsolicited expressions of interest from various parties, including Pacific Rubiales, however, none of these expressions of interest proceeded past the stage of preliminary discussions. In light of the continued receipt of unsolicited expressions of interest, Petrominerales directed TD Securities to complete the preparation of a data room and invite a select number of potential counterparties to enter into confidentiality and standstill agreements and review the data room information.

During the period from September, 2012 to February, 2013, confidentiality agreements were entered into with a total of seven counterparties, which did not include Pacific Rubiales. One of these counterparties submitted a non-binding expression of interest with indicative value ranges to Petrominerales respecting a potential acquisition of all of the Shares in December, 2012 and again in April, 2013, each predicated on additional due diligence and the granting of exclusive negotiating rights for an extended period. In both cases, Petrominerales and the counterparty were unable to agree on terms that would have permitted Petrominerales to pursue the expression of interest on a basis that may have provided attractive value to the Shareholders.

In June, 2013, Petrominerales determined that the provision of access to the data room and the interactions with potential counterparties to that point would not likely result in an attractive strategic transaction. Accordingly, Petrominerales closed the data room and discontinued active discussions with potential counterparties.

On August 20, 2013, Pacific Rubiales contacted Petrominerales to discuss the possibility of a business transaction and submitted an unsolicited non-binding expression of interest for an all-cash transaction to acquire all of the issued and outstanding Shares.

Between August 20, 2013 and September 17, 2013, Petrominerales and TD Securities had discussions with other select potential counterparties, including counterparties that had, as described above, previously entered into

confidentiality and standstill agreements with Petrominerales and accessed the data room. These discussions were held with a view to permitting the Board of Directors to assess the alternatives available to Petrominerales to maximize Shareholder value in light of the non-binding expression of interest received from Pacific Rubiales on August 20, 2013. Those discussions led to Petrominerales entering into a confidentiality agreement with another potential counterparty and due diligence being conducted by that counterparty.

On September 9, 2013 Petrominerales and Pacific Rubiales entered into a confidentiality agreement that allowed for the provision of certain information to Pacific Rubiales in order for Pacific Rubiales and certain of its employees, officers, consultants and financial advisors to complete a due diligence review of Petrominerales and its operations. On September 13, 2013, Petrominerales' senior management and senior technical employees met with representatives of Pacific Rubiales via teleconference to provide a detailed review of Petrominerales' operations and exploration programs.

On September 16, 2013, Pacific Rubiales submitted a second, revised non-binding expression of interest which included a ResourceCo spinout, seeded with cash, in addition to the previously offered cash consideration, subject to confirmatory due diligence. Discussions between Petrominerales and Pacific Rubiales and their respective financial advisors ensued on September 16, 2013 and September 17, 2013.

On September 17, 2013, the Board of Directors met with management of Petrominerales and TD Securities to review and consider: (i) Petrominerales' discussions with Pacific Rubiales and various potential alternative counterparties, (ii) a third, further revised verbal non-binding expression of interest from Pacific Rubiales which contemplated an increase in the cash component of the offer in addition to a ResourceCo spinout seeded with cash; and (iii) the potential strategic alternatives available to Petrominerales, including alternative transactions and maintaining Petrominerales' existing strategic direction. At that meeting, the Board of Directors directed management of Petrominerales to negotiate towards the completion of a transaction with Pacific Rubiales on the terms and conditions presented to the Board of Directors.

On September 18, 2013, representatives of Petrominerales management, along with Petrominerales' financial advisor, met with representatives of Pacific Rubiales, along with Pacific Rubiales' legal and financial advisors. The parties worked towards the execution of a letter of intent which would form the basis of the negotiation of a definitive arrangement agreement. The letter of intent was executed by both parties on September 18, 2013, and the parties then commenced negotiations on the terms of the Arrangement Agreement.

Petrominerales and Pacific Rubiales settled the final terms of the Arrangement Agreement on September 29, 2013. The Board of Directors met on September 29, 2013 to consider the Arrangement and the Arrangement Agreement. At such meeting, the Board of Directors received advice from TD Securities concerning its analysis of the proposed transaction and TD Securities provided the Board of Directors with a verbal opinion that, as of the date thereof, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders. At the conclusion of the meeting of the Board of Directors, the Board of Directors unanimously: (i) approved the Arrangement and the entering into of the Arrangement Agreement; (ii) determined that the Arrangement is in the best interests of Petrominerales and is fair, from a financial point of view, to the Shareholders, and (iii) determined to recommend that the Shareholders vote in favour of the Arrangement.

Following the meeting of the Board of Directors, Petrominerales and Pacific Rubiales entered into the Arrangement Agreement, each of the directors and officers of Petrominerales executed a Support Agreement, and a news release announcing the Arrangement was issued by both Petrominerales and Pacific Rubiales on September 29, 2013.

On October 28, 2013, the Board of Directors approved this Information Circular and unanimously reconfirmed their approval of the Arrangement and recommendation that the Shareholders vote in favour of the Arrangement Resolution.

Reasons for the Arrangement

Following receipt of advice and assistance from management, TD Securities and its legal advisors, the Board of Directors carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of Petrominerales; (ii) determined that the Arrangement is fair, from a financial point of view, to the Shareholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Shareholders vote for the Arrangement Resolution.

In reaching these determinations and approvals, the Board of Directors considered, among other things, the following factors and potential benefits and risks of the Arrangement:

(a) the cash consideration to be paid under the Arrangement of $11.00 per Share: (i) without considering the value of the ResourceCo Share, represents a premium of 42% over the last closing price of the Shares on the TSX prior to the execution of the Arrangement Agreement of $7.74 and 56% over the 20 trading day volume weighted average trading price of $7.07, and (ii) provides Shareholders with liquidity and certainty of value;

(b) in addition to receiving the cash consideration of $11.00 per Share, Shareholders will also receive a ResourceCo Share through which Shareholders will be able to continue to participate in Petrominerales' Brazilian opportunities upon completion of the Arrangement;

(c) TD Securities' verbal opinion to the Board of Directors that, as of the date thereof, and subject to the assumptions, limitations and conditions contained therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders, which verbal opinion has been confirmed by the Fairness Opinion;

(d) the Arrangement Agreement was 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 Petrominerales' legal counsel and financial advisor, and it resulted in terms and conditions that are reasonable in the judgment of the Board of Directors;

(e) Petrominerales' efforts to solicit competing proposals from potential alternative counterparties did not result in any proposal that would provide superior value to the Shareholders compared to that provided for under the Arrangement;

(f) 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, including the payment of the Petrominerales Termination Fee, the Board of Directors is not precluded from accepting a Superior Proposal;

(g) the current state of the business of Petrominerales, the oil and natural gas industry in the areas in which Petrominerales' operates and the financial markets;

(h) Petrominerales' prospects for the future and the short and long term risks associated with maintaining the current strategic direction of Petrominerales;

(i) the likelihood that the conditions to complete the Arrangement will be satisfied, including the absence of a financing condition in favour of Pacific Rubiales;

(j) the requirement that the Arrangement must be approved by at least two-thirds of the votes cast at the Meeting by the Shareholders present in person or represented by proxy;

(k) the requirement that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement to Shareholders; and

(l) the fact that registered Shareholders may exercise the Dissent Rights.

Fairness Opinion

In deciding to recommend the Arrangement for approval, the Board of Directors considered, among other things, TD Securities' verbal opinion to the Board of Directors provided on September 29, 2013 that, as of the date thereof, and subject to the assumptions, limitations and conditions contained therein, the consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. This verbal opinion has been confirmed by the Fairness Opinion.

The full text of the written Fairness Opinion, dated September 29, 2013, which sets forth assumptions made, procedures followed, matters considered in connection with and limitations and qualifications on

the Fairness Opinion, is attached as Appendix E. Petrominerales 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. TD Securities provided the Fairness Opinion for the information and assistance of the Board of Directors in connection with its 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 Shareholder should vote with respect to the Arrangement or any other matter.

TD Securities was engaged by Petrominerales as a financial advisor effective August 15, 2012 to provide Petrominerales with various financial advisory services including, without limitation, with respect to various transaction alternatives available to Petrominerales and, if applicable, to provide a Fairness Opinion.

In consideration of the provision of these services, Petrominerales has agreed to pay TD Securities certain fees and also agreed to indemnify TD Securities against certain liabilities, including under applicable securities laws, and to reimburse TD Securities for reasonable expenses incurred by TD Securities in performing financial advisor services.

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

Support Agreements

Each of the directors and executive officers of Petrominerales 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 Shares in favour of the Arrangement Resolution. As of the date hereof, these directors and executive officers (together with their associates and affiliates) collectively own or exercise control or direction over an aggregate of 3,336,833 Shares, representing approximately 3.92% of the outstanding Shares.

The rights and obligations of the parties to the Support Agreements terminate, among other circumstances, upon the termination of the Arrangement Agreement.

Approval and Recommendation of the Board of Directors

The Board of Directors has unanimously determined that the Arrangement is in the best interests of Petrominerales and has, based upon, among other things, the Fairness Opinion, unanimously determined that the Arrangement is fair, from a financial point of view, to the Shareholders. **Accordingly, the Board of Directors has unanimously approved the Arrangement and unanimously recommends that Shareholders vote for the Arrangement Resolution.**

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 Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all required Regulatory Approvals in respect of the completion of the Arrangement must be obtained;

(d) the ResourceCo Organization Transaction 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;

(e) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

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

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) the Shareholder Rights Plan shall be terminated and be of no further force and effect and all rights issued thereunder shall be terminated and expire without any payment in respect thereof;

(b) each of the Shares held by Dissenting Shareholders shall be deemed to have been transferred to Petrominerales for cancellation without any further act or formality and:

  (i) such Dissenting Shareholders shall cease to be holders of such Dissenting Shares and to have any rights as holders of such Shares other than the right to be paid fair value for such Shares; and

  (ii) such Dissenting Shareholders' names shall be removed as the holders of such Shares from the registers of Shares maintained by or on behalf of Petrominerales;

(c) Petrominerales shall reduce its stated capital in an amount equal to the aggregate fair market value of the ResourceCo Shares held by it, as determined by the Board of Directors, in its sole discretion, and shall satisfy such reduction by the distribution to the Shareholders, other than Dissenting Shareholders, *pro rata*, of the ResourceCo Shares; and

(d) each issued and outstanding Share (other than 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 $11.00 in cash.

Shareholder Approval

At the Meeting, 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 not less than 66 2/3% of the votes validly cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting.

It is a requirement of the TSX that the Arrangement Resolution be approved by a simple majority of the votes validly cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, which approval threshold will be met if the Arrangement Resolution is approved by 66 2/3% of the votes validly cast.

See “Canadian Securities Law Matters – Application of MI 61-101”.

Court Approval

The Arrangement requires approval by the Court under Section 193 of the ABCA. Prior to the mailing of this Information Circular, Petrominerales obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the 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 November 27, 2013 at 1:30 p.m. (Calgary time) (or as soon thereafter as counsel may be heard) at the Calgary Courts Centre, 601 - 5th Street S.W., 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 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.

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 ResourceCo Shares issuable to Shareholders pursuant to the Arrangement (including those Shares issued pursuant to the Exercised Petrominerales 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 Shares for the ResourceCo Shares are fair to the Shareholders. The Court will be advised of this effect of the Final Order. See "United States Securities Law Matters".

Conditions Precedent

In addition to the receipt of Shareholder approval and Court approval, the Arrangement Agreement provides that the implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of Petrominerales and Pacific Rubiales on or before the Effective Date. See "The Arrangement Agreement - Conditions Precedent".

The conditions contained in the Arrangement Agreement include a condition that all of the requisite Regulatory Approvals be obtained. The required Regulatory Approvals are described below under the heading "The Arrangement - Regulatory Matters".

The completion of the Arrangement is also conditional upon the completion of the ResourceCo Organization Transaction. See "Matters Related to the Arrangement – The ResourceCo Organization Transaction".

Regulatory Matters

Neither Pacific Rubiales nor Petrominerales 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.

Although Pacific Rubiales and Petrominerales believe that no competition or antitrust filings will be required in any jurisdiction, except as described below, 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.

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 Minister of Industry. Approval of such an acquisition is to be granted where the Minister of Industry 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 Petrominerales and is therefore subject to review under the *Investment Canada Act*. As such, the Arrangement cannot be completed until the Minister of Industry has approved the Arrangement. Pacific Rubiales has filed an application for review of the Arrangement under the *Investment Canada Act.* The Minister of Industry 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 of Industry 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 of Industry. If no notice is sent by the Minister of Industry to the applicant within the 45 day period or the extended period, as the case may be, that the Minister of Industry 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 of Industry has approved the Arrangement.

Colombian Competition Legislation

Under Law 1340 of 2009 the integration or merger of companies that have revenues or assets equal to or above certain legal thresholds and participate in the same market or markets that belong to the same production chain are subject to merger control in Colombia. As such, certain mergers are required to be cleared before the

Superintendency of Industry and Commerce. When the intervening companies meet the legal thresholds but have a combined market share that is below 20% of the relevant market where such companies participate (as it is the case of Petrominerales and Pacific Rubiales as at the time of this Information Circular), then a notice must be sent to the Superintendency of Industry and Commerce for informational purposes and without further proceedings required, except for the request of additional information that the Superintendency of Industry and Commerce may deem necessary. Such notice has been given.

Colombian Securities Laws

Under Circular Letter 004 of 2012 of the Finance Superintendency, foreign issuers listed on the BVC are required to report to the National Registry of Securities and Issuers, through the Information System of the Securities Market – the SIMEV (the equivalent in Colombia to SEDAR), in addition to all information required to be provided under Colombian laws, all information, whether relevant or periodic, that they are required to disclose in their primary listing jurisdiction. No other specific disclosure obligations or regulatory approvals are required under Colombian securities laws in connection with the execution and performance of the Arrangement.

Effective Date

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. Provided that the required Shareholder approval, Court approval and Regulatory Approvals have been obtained and are final and all other conditions to closing set out in the Arrangement Agreement have been satisfied or waived, it is anticipated that the Arrangement will become effective on or around November 28, 2013. Completion of the Arrangement may be delayed, however, for a number of reasons, including failure to receive required consents and approvals under the *Investment Canada Act* or any other required Regulatory Approvals on a timely basis.

It is a condition to the completion of the Arrangement in favour of both Petrominerales and Pacific Rubiales that the Arrangement have been completed by the Outside Date. The Arrangement Agreement provides that the original Outside Date for the completion of the Arrangement of December 10, 2013 may be extended by either Petrominerales or Pacific Rubiales for up to an additional 120 days (in 30-day increments) if the Regulatory Approvals, which would include the *Investment Canada Act* approval, have not been obtained.

MATTERS RELATED TO THE ARRANGEMENT

The ResourceCo Organization Transaction

ResourceCo is a newly incorporated, wholly-owned subsidiary of Petrominerales that currently holds no assets. The completion of the Arrangement is conditional upon Petrominerales, Pacific Rubiales and ResourceCo completing the ResourceCo Organization Transaction prior to the Effective Date. The ResourceCo Organization Transaction will result in a transfer, directly or indirectly through subsidiaries of Petrominerales, Pacific Rubiales or ResourceCo, of the ResourceCo Assets to ResourceCo in exchange for the issuance by ResourceCo to Petrominerales of a number of ResourceCo Shares such that, following completion of the ResourceCo Organization Transaction, Petrominerales will hold a number of ResourceCo Shares equal to the number of ResourceCo Shares that Petrominerales will be required to distribute pursuant to the Arrangement. The transfer of the ResourceCo Assets to ResourceCo will be conducted pursuant to the terms of a conveyance agreement between Petrominerales and ResourceCo substantially in the form set out in Schedule C to the Arrangement Agreement. Under the conveyance agreement, ResourceCo will assume all of the liabilities related to the ResourceCo Assets and provide indemnities to Petrominerales with respect thereto.

Following the ResourceCo Organization Transaction, ResourceCo will, directly or indirectly, hold the ResourceCo Assets. These will consist primarily of Petrominerales' shareholdings in Alvopetro at the time the ResourceCo Organization Transaction is completed plus cash in an amount equal to the ResourceCo Initial Capital.

Petrominerales currently holds 75% of the Alvopetro Shares. Pursuant to the Alvopetro SPA, Petrominerales has agreed to acquire the remaining 25% of the Alvopetro Shares from the holder thereof for consideration of $9,000,000, which acquisition Petrominerales anticipates will be completed prior to the Effective Date. If the acquisition of these Alvopetro Shares is completed prior to the Effective Date, a 100% interest in the Alvopetro Shares will be transferred to ResourceCo as part of the ResourceCo Organization Transaction. If this acquisition is not completed prior to the Effective Date, a 75% interest in the Alvopetro Shares will be transferred to

ResourceCo as part of the ResourceCo Organization Transaction and Petrominerales will seek to assign its rights under the Alvopetro SPA to ResourceCo.

The cash held by ResourceCo following completion of the ResourceCo Organization Transaction will consist of the ResourceCo Initial Capital, which will be indirectly transferred to ResourceCo through the transfer of the shares of a subsidiary of Petrominerales holding such cash. The ResourceCo Initial Capital will be an amount equal to $100,000,000 less: (i) the amount, if any, paid by Petrominerales prior to the Effective Date to acquire the remaining 25% of the Alvopetro Shares (including legal, accounting, technical, consulting and any other acquisition costs); and (ii) the amount, if any, by which capital expenditures and operating expenses expended or committed by Petrominerales with respect to the business of Alvopetro prior to the Effective Date exceed US$18,000,000.

If, as anticipated, Petrominerales acquires the remaining 25% interest in Alvopetro pursuant to the Alvopetro SPA prior to the Effective Time, ResourceCo will hold an estimated amount of cash of approximately $91 million following completion of the ResourceCo Organization Transaction. If Petrominerales does not acquire the remaining 25% interest in Alvopetro prior to the Effective Time, ResourceCo will hold an estimated amount of cash of approximately $100 million following completion of the ResourceCo Organization Transaction. In either case, the cash to be transferred to ResourceCo pursuant to the ResourceCo Organization Transaction is in addition to budgeted capital and operating expenditures of Petrominerales respecting the assets for the period prior to the completion of the Arrangement of approximately US$18 million.

Prior to the completion of the Arrangement, ResourceCo will change its name to a name selected by the board of directors of ResourceCo.

See Appendix G - Information Concerning ResourceCo for a complete description of ResourceCo following the Arrangement and the assets currently held by Alvopetro.

Expenses

The combined estimated fees, costs and expenses of Petrominerales and ResourceCo in connection with the Arrangement including, without limitation, severance, bonus and change of control payments to directors, officers and employees of Petrominerales, TD Securities' fees, filing fees, legal fees, accounting fees, engineering fees, printing and mailing costs and other costs incurred in connection with the Meeting are estimated to be approximately $32.3 million.

Stock Exchange Listings

Shares

The Shares are currently listed on the TSX and on the BVC. It is anticipated that the Shares will be delisted from the TSX and the BVC after the Effective Date.

ResourceCo Shares

ResourceCo has applied to list the ResourceCo Shares on the facilities of the TSXV. Such listing will be subject to ResourceCo fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the ResourceCo Shares will be listed and listing is not a condition to the completion of the Arrangement. If listing approval is obtained prior to the effective time of the Arrangement (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the ResourceCo Shares is expected to commence concurrently with the delisting of the Shares from the TSX.

The completion of the Arrangement is not conditional upon the listing of the ResourceCo Shares on any stock exchange.

Sources of Funds for the Arrangement

Pursuant to the Arrangement, Pacific Rubiales is expected to pay an aggregate amount of approximately $935 million to acquire all of the outstanding Shares, assuming no Shareholders validly exercise their Dissent Rights.

Pacific Rubiales has represented and warranted to Petrominerales in the Arrangement Agreement that it has made adequate arrangements to ensure that, at the Effective Date, Pacific Rubiales will have sufficient funds to

pay in full the aggregate cash consideration for all Shares to be acquired pursuant to the Arrangement and to make all other payments required to be made by Pacific Rubiales in connection with the transactions contemplated by the Arrangement Agreement and to pay all related fees and expenses required to be paid by Pacific Rubiales under the Arrangement Agreement.

Specified Midstream Assets

In May, 2013, Petrominerales commenced a formal process to pursue opportunities to monetize certain of its Midstream Assets, including the Specified Midstream Assets.

Pursuant to the Arrangement Agreement, Pacific Rubiales made an irrevocable offer to purchase the Specified Midstream Assets, which offer may be accepted by Petrominerales if the Arrangement is not completed by December 10, 2013 for any reason or if the Arrangement Agreement has been terminated for any reason other than a Petrominerales Termination Event (as defined in the Arrangement Agreement). Petrominerales is not bound to accept the offer by Pacific Rubiales or any other offer respecting the Specified Midstream Assets. Pursuant to the Arrangement Agreement, Petrominerales has agreed that it will not enter into a definitive agreement with respect to the Midstream Assets without the consent of Pacific Rubiales.

All proceeds from any sale of the Midstream Assets will be used to pay down outstanding indebtedness, including indebtedness under the 2010 Debentures and 2012 Debentures.

Debentures

US$138,700,000 in principal amount of 2010 Debentures and US$400,000,000 in principal amount of 2012 Debentures are outstanding as of the date hereof.

As of the date hereof, the 2010 Debentures are convertible into Shares at a conversion price equal to one Share per each US$30.26 in interest or principal converted.

As of the date hereof, the 2012 Debentures are convertible into Shares at a conversion price equal to one Share per each US$16.2512 in interest or principal converted. Under the terms of the agreement governing the 2012 Debentures, the conversion price of the 2012 Debentures is subject to adjustment on December 12, 2013 to an amount equal to 135% of the ten day volume weighted average trading price of the Shares prior to that date in the event such trading price is lower than a reference price set out in the agreement.

2010 Debentureholders and 2012 Debentureholders may convert their debentures into Shares prior to Effective Time and the holders of any Shares issued upon such conversion would be entitled to receive the ResourceCo Shares and cash payable under the Arrangement. However, given the conversion prices of the 2010 Debentures and 2012 Debentures, Petrominerales does not anticipate any material conversions prior to the Effective Time.

Treatment of Share Based Compensation

The Arrangement will result in a “change of control” for the purposes of the Petrominerales Option Plan, the Petrominerales ICS Plan and the Petrominerales SAR Plan.

In order to facilitate the exercise of all Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards and Petrominerales SARs prior to the Arrangement becoming effective, and in accordance with the terms applicable in the event of a change of control, the Board of Directors has resolved to accelerate the vesting of all previously unvested and outstanding Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards and Petrominerales SARs to the time immediately prior to the Effective Time. The Board of Directors considered, among other things, their discussion with TD Securities regarding the potential range of public market trading values of a ResourceCo Share in determining the cash equivalent of a ResourceCo Share.

The Arrangement Agreement provides that Petrominerales will use all commercially reasonable efforts to cause each of the holders of Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards and Petrominerales SARs to enter into exercise or termination agreements pursuant to which the holders thereof:

(a) in the case of Petrominerales Options, agree that: (i) each Petrominerales Option held by such holder shall be exercised immediately prior to the Effective Time for, at the election of the holder, one Share or a cash payment equal to the difference between the exercise price of the Option and the total of $11.00 and the cash equivalent, as determined by the Board of Directors, of one ResourceCo Share, being $2.00;

and (ii) any Petrominerales Options not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time;

(b) in the case of Petrominerales ICS Awards, agree that: (i) each Petrominerales ICS Award held by such holder shall be exercised immediately prior to the Effective Time for, at the election of the holder, one Share or a cash payment equal to the difference between $0.05 and the five day volume weighted average trading price of the Shares on the TSX for the five trading days prior to the Effective Date, in each case adjusted for cumulative dividends as provided for in the Petrominerales ICS Plan; and (ii) any Petrominerales ICS Awards not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time;

(c) in the case of Petrominerales DCS Awards, agree that: (i) each Petrominerales DCS Award held by such holder shall be exercised immediately prior to the Effective Time for, at the election of the holder, one Share or a cash payment equal to the difference between $0.05 and the five day volume weighted average trading price of the Shares on the TSX for the five trading days prior to the Effective Date, in each case adjusted for cumulative dividends as provided for in the Petrominerales DCS Plan; and (ii) any Petrominerales DCS Awards not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time; and

(d) in the case of Petrominerales SARs, agree that: (i) each Petrominerales SAR held by such holder shall be exercised immediately prior to the Effective Time for a cash payment equal to the difference between $0.05 and the total of $11.00 and the cash equivalent, as determined by the Board of Directors, of one ResourceCo Share, being $2.00; and (ii) any SARs not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time.

The Board of Directors has resolved to adjust the terms of any Petrominerales ICS Awards and Petrominerales DCS Awards, in accordance with the Petrominerales ICS Plan and the Petrominerales DCS Plan, respectively, that remain outstanding following the Effective Time such that, following the Effective Time, such incentives shall be exercisable or exchangeable only into a cash payment equal to the difference between $0.05 and $11.00 plus the five day volume weighted average trading price of the ResourceCo Shares for the first five trading days following the Effective Date.

The tax consequences of the treatment of Petrominerales' share based compensation plans pursuant to the Arrangement are not described in this Information Circular. Participants in such plans should consult their own tax advisors for advice with respect to any potential Canadian or U.S. income tax consequences to them arising from the Arrangement.

Interests of Certain Persons in the Arrangement

Each officer of Petrominerales is a party to an employment agreement with Petrominerales. Each officer will cease to be an executive officer of Petrominerales upon completion of the Arrangement. If the Arrangement is completed, Petrominerales will pay aggregate severance, 2013 bonus and change of control payments to the officers in connection with the Arrangement equal to $7,955,931. Receipt of such payments will be conditional upon receipt of a satisfactory release from the applicable executive officer.

As of October 28, 2013, the directors and officers of Petrominerales beneficially owned or exercised control or direction over an aggregate of 3,336,833 Shares (not including any Shares that may be issued prior to the Effective Time pursuant to the exercise of outstanding Petrominerales Options, Petrominerales ICS Awards or Petrominerales DSC Awards). The Shares held by the directors and officers will be exchanged for cash and ResourceCo Shares under the Arrangement on the same terms and conditions as applicable to all other Shareholders. The directors and officers of Petrominerales will receive an aggregate of $36,705,163 in cash and 3,336,833 ResourceCo Shares for all of their Shares if the Arrangement is completed.

As of October 28, 2013, the directors and officers of Petrominerales held, in aggregate:

(a) 2,381,680 Petrominerales Options, 537,000 of which were vested and exercisable as of that date and 1,844,680 of which were unvested and not exercisable as of that date, with exercise prices ranging from $3.75 to $17.20 and an aggregate weighted average exercise price of $6.97 per Share;

(b) 494,369 Petrominerales ICS Awards, 144,813 of which were vested and exercisable as of that date and 349,556 of which were unvested and not exercisable as of that date;

(c) 238,161 Petrominerales DCS Awards, 81,662 of which were vested and exercisable as of that date and 156,499 of which were unvested and not exercisable as of that date; and

(d) 7,995 Petrominerales SARs, 1,500 of which were vested and exercisable as of that date and 6,495 of which were unvested and not exercisable as of that date.

If the Arrangement is consummated, all of the unvested Petrominerales Options, Petrominerales ICS Awards, Petrominerales DCS Awards and Petrominerales SARs will be deemed to vest and become exercisable immediately prior to the Effective Time. Each director and officer of Petrominerales may enter into an agreement with Petrominerales respecting the exercise or cancellation of such securities on the terms set out under the heading "Matters Related to the Arrangement – Treatment of Share Based Compensation".

If all such "in-the-money" securities are exercised or exchanged for cash, the directors and officers would receive an aggregate of $24,167,344 (assuming for the purposes of this calculation, and with respect to the Petrominerales ICS Awards and the Petrominerales DCS Awards, that the five day volume weighted average trading price of the Shares on the TSX for the five trading days prior to the Effective Date is $13.00).

If all such "in-the-money" securities that are capable of being exercised or exchanged for Shares are exercised or exchanged for Shares, the directors and officers would receive an aggregate of 3,122,205 Shares, which Shares would then participate in the Arrangement on the same terms and conditions as Shares held by all other Shareholders (assuming for the purposes of this calculation that the exercise price threshold for "in-the-money" securities is $13.00).

Certain directors and officers of Petrominerales will be directors or officers ResourceCo following the completion of the Arrangement and will receive remuneration for acting in that capacity. See Appendix G - Information Concerning ResourceCo – Compensation of Executive Officers and Directors.

Procedure for Exchange of Share Certificates by 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 Shares and all other required documents, will enable each Shareholder (other than Dissenting Shareholders) to receive in respect of each Share, the cash and the ResourceCo Shares that such holder is entitled to receive under and following the completion of the Arrangement. Only registered Shareholders are required to submit a Letter of Transmittal.

Beneficial Shareholders whose 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 Shares.

On and after the Effective Time, all certificates that represented Shares immediately prior to the Effective Time will cease to represent any rights with respect to Shares and will only represent the right to receive the consideration under the Arrangement or, in the case of Dissenting Shareholders, the right to receive fair value for their Shares represented by such certificates. Registered Shareholders who do not forward to the Depositary a validly completed and duly signed Letter of Transmittal, together with their certificate(s) representing Shares, 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 ResourceCo 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 Shares until the certificates representing Shares are surrendered and delivered as provided in the Arrangement. Subject to applicable Law, after a former Shareholder of record surrenders and exchanges the certificates representing Shares, that holder will be entitled to receive any such dividends or distributions of ResourceCo Shares declared after the Effective Time (with a record date after the Effective Time) and prior to the exchange of the certificates representing Shares, which will have become payable with respect to the number of ResourceCo Shares to which the holder is entitled.

Any use of mail to transmit certificate(s) for 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 Shareholders and a certificate representing the appropriate number of ResourceCo Shares issuable to a former 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 certificate or certificates formerly representing Shares or other documentation as provided for in the Letter of Transmittal, be delivered by the Depositary to such former Shareholder.

The cash consideration to be received by the Shareholders for Shares under the Arrangement is payable in Canadian dollars. However, a Shareholder may elect to have the Depositary convert such amount to U.S. dollars, Euros or U.K. pound sterling, at the prevailing exchange rate available to the Depositary at its typical banking institution on the date the funds are converted, prior to payment to the Shareholder by checking the appropriate box in the Letter of Transmittal. **A Shareholder electing to have the cash consideration to be received pursuant to the Arrangement converted by the Depositary from Canadian dollars to U.S. dollars, Euros or U.K. pound sterling does so solely at the Shareholder's own risk with respect to the prevailing exchange rate available to the Depositary at the time of conversion and none of Pacific Rubiales, Petrominerales, Resource or the Depositary can guarantee what the prevailing exchange rate will be at the time of conversion.**

Under no circumstances will interest accrue or be paid by Petrominerales, Pacific Rubiales, ResourceCo or the Depositary on the cash payable to persons depositing Shares, including any cash payable on account of any dividends or distributions in respect of ResourceCo Shares after the Effective Time, regardless of any delay in making such payment.

The Depositary will act as the agent of persons who have deposited 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 Shares.

Where a certificate for Shares has been destroyed, lost or stolen, the registered holder of that certificate should immediately contact the Depositary by telephone at (toll-free) 1-866-393-4891, or by e-mail at investor@equityfinancialtrust.com, or by mail, hand or courier to the Depositary, Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Corporate Actions, regarding the issuance of a replacement certificate upon the holder satisfying the requirements relating to replacement certificates, including the provision of a bond and/or indemnity. See Instruction 6 to the Letter of Transmittal.

Petrominerales, Pacific Rubiales and the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to any Shareholder under the Plan of Arrangement (including any payment to Dissenting Shareholders) such amounts as Petrominerales, Pacific Rubiales or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax law as counsel may advise is required to be so deducted and withheld by Petrominerales, Pacific Rubiales or the Depositary, as the case may be. For the purposes hereof, all such withheld amounts shall be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity by or on behalf of the Petrominerales, Pacific Rubiales or the Depositary, as the case may be.

Cancellation of Rights After Three Years

Any certificate which immediately before the Effective Time represented 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 Petrominerales, Pacific Rubiales, ResourceCo or the Depositary. **Accordingly, persons who tender certificates for Shares after the third anniversary of the Effective Date will not be issued any ResourceCo Shares or paid any cash or other compensation.**

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. 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 and on the terms set out in the Plan of Arrangement. See "The Arrangement".

Covenants

Covenants of Petrominerales

Petrominerales 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 practice. However, (i) Petrominerales and/or ResourceCo are specifically permitted to acquire any number of the remaining Alvopetro Shares not currently held by Petrominerales; and (ii) Petrominerales is specifically permitted to advance certain negotiations with respect to the Midstream Assets (provided that it does not enter into any definitive agreement in respect to the Midstream Assets without the consent of Pacific Rubiales). Petrominerales has also agreed to deliver certain notifications required in connection with the termination of certain contracts and to provide Pacific Rubiales with certain information about the day-to-day business of OCENSA.

Mutual Covenants

Petrominerales and Pacific Rubiales have each given usual and customary mutual covenants for an agreement of this nature, including, among others, a mutual covenant to each use commercially reasonable efforts to (i) prepare and file all documents necessary to obtain any Regulatory Approvals; (ii) satisfy the conditions precedent to its respective obligations under the Arrangement Agreement; and (iii) reasonably cooperate with the party and their tax advisors in structuring the Arrangement, the ResourceCo Organization Transaction and any reorganization required to be undertaken in accordance with the terms of the Arrangement Agreement. The parties have also agreed that they will not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede, delay or impair the completion of the transactions contemplated under the Arrangement Agreement.

Non-Solicitation Covenants of Petrominerales

Pursuant to the terms of the Arrangement Agreement, Petrominerales agreed to immediately cease any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by Petrominerales or any of its officers, directors, employees, representatives (including any financial or other advisor) and agents ("**Representatives**"), with respect to any actual or potential Acquisition Proposal.

Petrominerales also agreed that it will not, directly or indirectly, or through its affiliates or Representatives:

(a) solicit, initiate, facilitate or encourage (including by furnishing information) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to, an Acquisition Proposal; or

(b) encourage or participate in any discussions or negotiations with any person (other than Pacific Rubiales) regarding an Acquisition Proposal; or

(c) make a change in in its recommendation with respect to the Arrangement, except in accordance with terms of the Arrangement Agreement; or

(d) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal; or

(e) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal; or

(f) waive, or otherwise forebear 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

(g) resolve or determine to take any action which would be reasonably likely to result in any of the foregoing.

However, if Petrominerales receives any written *bona fide* Acquisition Proposal, other than any Acquisition Proposal that resulted from a breach of the Arrangement Agreement, that the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel, constitutes a Superior Proposal, if consummated in accordance with its terms, then Petrominerales may:

(a) furnish information with respect to Petrominerales to the person making such Acquisition Proposal; and/or

(b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, the person making such Acquisition Proposal,

provided that Petrominerales will not, and will not allow its Representatives to, disclose any non-public information to such person without having entered into a confidentiality and standstill agreement (a correct and complete copy of which confidentiality and standstill agreement shall be provided to Pacific Rubiales before any such non-public information is provided) with such person that contains provisions that are no less favourable to Petrominerales than those contained in the confidentiality agreement entered into between Petrominerales and Pacific Rubiales.

Petrominerales also agreed to promptly (and in any event within 24 hours following receipt) notify Pacific Rubiales (orally and in writing) in the event it receives a *bona fide* Acquisition Proposal (including any request for non-public information relating to Petrominerales in connection with a potential Acquisition Proposal), including the material terms and conditions thereof and the identity of the person making the Acquisition Proposal, and provide Pacific Rubiales with a copy of any written Acquisition Proposal and keep Pacific Rubiales informed as to the status of developments and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.

If Petrominerales receives an Acquisition Proposal not resulting from a breach of the Arrangement Agreement which the Board of Directors concludes in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal and that failure to take such action would be inconsistent with its fiduciary duties under applicable law, the Board of Directors may authorize Petrominerales to terminate the Arrangement Agreement, if certain conditions are met, including payment of the Petrominerales Termination Fee in accordance with the Arrangement Agreement and that five business days (the “Matching Period”) have elapsed from the date that is the later of: (i) the date Pacific Rubiales received written notice advising Pacific Rubiales, among other things, that the Board of Directors has resolved to terminate the Arrangement Agreement; and (ii) the date Pacific Rubiales has received all of the materials related to the matching rights as set forth in the Arrangement Agreement.

During the Matching Period, Petrominerales agreed that Pacific Rubiales shall have the right to offer to amend the terms of the Arrangement Agreement. If the Board of Directors determines that the Acquisition Proposal giving rise to such Matching Period would not continue to be a Superior Proposal compared to the Arrangement Agreement as it is proposed to be amended by Pacific Rubiales, the Parties shall amend the Arrangement Agreement to give effect to such amendments and the Board of Directors shall promptly reaffirm its recommendation of the Arrangement.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of Petrominerales including representations and warranties relating to the following: corporate existence and power; corporate authorization; governmental authorization, non-contravention; corporate capitalization; subsidiaries; indebtedness; bankruptcy and insolvency matters; guarantees; Canadian securities laws matters; financial statements; the absence of certain changes; undisclosed material liabilities; books, records and disclosure controls; internal reporting over financial reporting; swaps; compliance with laws; litigation; taxes and tax pools; flow-through obligations; employment matters; health, welfare and other plans; collective bargaining agreements; environmental matters; notices of environmental laws and policies; personal property; title; permits; restrictions on business; reserves reports prepared by D&M; production allowables and penalties; reduction of interests; operational matters; production; take or pay obligations; operation and condition of wells; operation and condition of tangible properties

and assets; areas of mutual interest; processing and transportation commitments; the OCENSA and OBC Pipelines; expropriation, material contracts, intellectual property; insurance; the Fairness Opinion; finders' fees; transaction costs; shareholder rights plans; collateral benefit; anti-corruption; compliance with money laundering laws; competition laws; non-arm's length transactions; funds; and disclosures.

The Arrangement Agreement contains certain representations and warranties of Petrominerales and ResourceCo regarding ResourceCo including representations and warranties relating to the following: corporate existence and power; corporate authorization; governmental authorization, non-contravention; corporate capitalization; subsidiaries; and conduct of business.

The Arrangement Agreement contains certain representations and warranties of Pacific Rubiales including representations and warranties relating to the following: corporate existence and power; non-contravention, corporate authorization; governmental authorization, litigation; funds; and U.S. Securities Laws.

Conditions Precedent

Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement and the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

(a) the Arrangement Resolution shall have been approved by the Shareholders at the Meeting in accordance with the Interim Order and ABCA;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(c) the Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement will be in form and substance satisfactory to the Parties, acting reasonably;

(d) no applicable law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Parties from consummating the Arrangement;

(e) no proceeding shall be pending or overtly threatened by any Governmental Entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by the Arrangement Agreement;

(f) Petrominerales and ResourceCo shall have implemented the ResourceCo Organization Transaction in such a manner that enables ResourceCo to receive and hold the ResourceCo Assets on terms and conditions satisfactory to both Parties, acting reasonably;

(g) the Effective Date will be on or before the Outside Date;

(h) the Plan of Arrangement shall not have been amended, modified or supplemented by approval or direction of the Court without the written consent of Pacific Rubiales and Petrominerales, acting reasonably;

(i) all necessary actions shall have been taken with respect to the Arrangement so that the ResourceCo Shares to be issued in the United States pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act and similar exemptions under all applicable state securities laws; and (ii) the Final Order will serve as a basis of a claim to an exemption pursuant to Section 3(a)(10) of the U.S. Securities Act from the registration requirements of the U.S. Securities Act regarding the distribution of the ResourceCo Shares pursuant to the Arrangement; and

(j) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Conditions Precedent in Favour of Pacific Rubiales

The obligations of Pacific Rubiales to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Pacific Rubiales and may be waived by Pacific Rubiales):

(a) Petrominerales and ResourceCo shall not have breached and shall have performed all covenants under the Arrangement Agreement to be performed on or before the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not, or would not reasonably be expected to, result in a Material Adverse Effect 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;

(b) the representations and warranties made by Petrominerales and ResourceCo in the Arrangement Agreement shall be true and correct (subject to certain allowable understandings pursuant to the Arrangement Agreement) as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures 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 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;

(c) all Regulatory Approvals shall have been obtained or received on terms which are acceptable to Pacific Rubiales, acting reasonably. 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 thereby 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 the reasonable judgement of Pacific Rubiales, make the consummation of the transactions contemplated by the Arrangement and other transactions contemplated thereby a violation of any applicable Laws or inadvisable;

(d) in addition to the Regulatory Approvals, all other third party consents, waivers, permits, orders and approvals required in connection with the consummation of the Arrangement (excluding certain consents, waivers or agreements as set forth in the Arrangement Agreement) will have been provided or obtained on terms and conditions acceptable to Pacific Rubiales, acting reasonably, at or before the Effective Time;

(e) no later than three business days prior to the Effective Date, Petrominerales will have provided Pacific Rubiales with a certificate of Petrominerales, signed on behalf of Petrominerales by two senior executive officers of Petrominerales (and without personal liability), detailing: (i) the amount, if any, by which expenditures on the business of Alvopetro have exceeded US$18,000,000; and (ii) the amount, if any, of consideration paid in connection with the purchase of the remaining interest in Alvopetro;

(f) since the date of the Arrangement Agreement, there shall not have been or occurred a Material Adverse Effect;

(g) the aggregate number of Shares held, directly or indirectly, by those holders of such shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Shares outstanding immediately prior to the Effective Time;

(h) on or prior to the Effective Date, Pacific Rubiales will have received executed full and final mutual releases in form and substance acceptable to Pacific Rubiales, acting reasonably, from each of the persons who is entitled to receive a change of control payment pursuant to the Arrangement Agreement;

(i) on or prior to the Effective Date, Pacific Rubiales will have received executed full and final resignations and mutual releases in form and substance acceptable to Pacific Rubiales, acting reasonably, from all of the directors of each Petrominerales Entity (as defined in the Arrangement Agreement); and

(j) the Plan of Arrangement shall not have been amended, modified or supplemented: (i) by Petrominerales without Pacific Rubiales' written consent; or (ii) by approval or direction of the Court without the written consent of Pacific Rubiales, acting reasonably.

Conditions Precedent in Favour of Petrominerales

The obligations of Petrominerales to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the following conditions precedent (each of which is for the exclusive benefit of Petrominerales and may be waived by Petrominerales):

(a) Pacific Rubiales shall not have breached and shall have performed all covenants under the Arrangement Agreement to be performed on or before the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not, or would not reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms;

(b) the representations and warranties of Pacific Rubiales set forth in the Arrangement Agreement shall be true and correct in all respects as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct would not, or would not be reasonably be expected to, directly or indirectly, adversely affect the completion of the Arrangement in accordance with its terms;

(c) all Regulatory Approvals shall have been obtained; and

(d) Pacific Rubiales shall have deposited or caused to be deposited with the Depositary in escrow (on terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) the funds required to effect payment in full of the aggregate cash consideration to be paid for the Shares pursuant to the Arrangement.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time:

(a) by mutual written agreement of the Parties;

(b) by either of Petrominerales (on its own behalf and on behalf of ResourceCo) or Pacific Rubiales if:

  (i) the Effective Time shall not have occurred on or before the Outside Date, provided that a 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 shall not be permitted to so terminate; or

  (ii) there shall be enacted or made any applicable law (or any such applicable law shall have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Petrominerales or Pacific Rubiales from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

  (iii) the Arrangement Resolution shall have failed to receive the requisite vote of the Shareholders for approval at the Meeting in accordance with the Interim Order and the ABCA;

(c) by Pacific Rubiales if:

  (i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, (i) the Board of Directors shall have withdrawn, withheld, qualified or modified in a manner adverse to Pacific Rubiales or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by Pacific Rubiales its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of three days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (ii) the Board of Directors shall have approved or recommended any Acquisition Proposal; (iii) Petrominerales shall have entered into

a written agreement in respect of an Acquisition Proposal; or (iv) Petrominerales shall have publicly announced the intention to do any of the foregoing; or

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Petrominerales set forth in the Arrangement Agreement shall have occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Pacific Rubiales is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied; and

(d) by Petrominerales (on its own behalf and on behalf of ResourceCo), if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, the Board of Directors authorizes Petrominerales to enter into a written agreement concerning a Superior Proposal; or

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of Pacific Rubiales set forth in the Arrangement Agreement shall have occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Petrominerales or ResourceCo is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied; or

(iii) Pacific Rubiales does not provide or cause to be provided the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement; provided that Petrominerales or ResourceCo is not then in breach of the Arrangement Agreement so as to cause its conditions not to be satisfied.

Termination Fee and Damages

Petrominerales Termination Fee

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

(a) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, (i) the Board of Directors shall have withdrawn, withheld, qualified or modified in a manner adverse to Pacific Rubiales or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by Pacific Rubiales its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of three days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (ii) the Board of Directors shall have approved or recommended any Acquisition Proposal; (iii) Petrominerales shall have entered into a written agreement in respect of an Acquisition Proposal; or (iv) Petrominerales shall have publicly announced the intention to do any of the foregoing; or

(b) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Petrominerales set forth in the Arrangement Agreement shall have occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Pacific Rubiales is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied; or

(c) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, the Board of Directors authorizes Petrominerales to enter into a written agreement concerning a Superior Proposal; or

(d) the Arrangement Resolution shall have failed to receive the requisite vote of the Shareholders for approval at the Meeting in accordance with the Interim Order and the ABCA and: (i) prior to the Meeting a *bona fide* Acquisition Proposal shall have been publicly announced, proposed or disclosed by any person other than Pacific Rubiales or Pacific Rubiales or any affiliate thereof; and (ii) an Acquisition Proposal is consummated within 12 months following the termination of the Arrangement Agreement, or a definitive

agreement with respect to an Acquisition Proposal is entered into within such 12 month period and such Acquisition Proposal is subsequently consummated;

then Petrominerales shall pay to Pacific Rubiales the Petrominerales Termination Fee.

Pacific Rubiales Termination Fee

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

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of Pacific Rubiales set forth in the Arrangement Agreement shall have occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Petrominerales or ResourceCo is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied; or

(b) Pacific Rubiales does not provide or cause to be provided the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement; provided that Petrominerales or ResourceCo is not then in breach of the Arrangement Agreement so as to cause its conditions not to be satisfied;

then Pacific Rubiales shall pay to Petrominerales the Pacific Rubiales Termination Fee.

Liquidated Damages

Petrominerales and Pacific Rubiales each acknowledge that payment of the Petrominerales Termination Fee and the Pacific Rubiales Termination Fee are payments of liquidated damages which are a genuine pre-estimate of the damages which Pacific Rubiales or Petrominerales, as applicable, will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement, and are not penalties. Petrominerales and Pacific Rubiales irrevocably waived any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

Amendments to the Arrangement Agreement

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

(c) 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) modify any mutual conditions precedent contained in the Arrangement Agreement.

CANADIAN SECURITIES LAWS MATTERS

Application of MI 61-101

Petrominerales is of the view that the Arrangement will only constitute a “business combination” under MI 61-101 if any director or senior officer of Petrominerales is entitled to receive a “collateral benefit”, as defined in MI 61-101, in connection with the Arrangement. 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 Shareholders, excluding those votes attaching to Shares beneficially owned, or over which control or direction is exercised, by the directors and officers of Petrominerales 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 2/3% of the votes cast by the Shareholders that vote in person or by proxy at the Meeting.

The: (i) receipt of severance, 2013 bonus and change of control payments by the officers of Petrominerales in connection with the Arrangement and (ii) the accelerated vesting of unvested Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards and Petrominerales SARs held by directors and officers of Petrominerales in connection with the Arrangement, both as described under "Matters Related to the Arrangement – Interests of Certain Persons in the Arrangement" (together, the "**Potential Collateral Benefits**"), may be considered to be "collateral benefits" received by the applicable directors and officers of Petrominerales for the purposes of MI 61-101 if certain exceptions do not apply.

The Potential Collateral Benefits will not constitute "collateral benefits" for the purposes of MI 61-101 if they are a benefit that is received solely in connection with the applicable officer or director's services as an employee, director or consultant of Petrominerales, of an affiliated entity of Petrominerales or of a successor to the business of Petrominerales and: (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the officer or director for securities relinquished under the transaction, (ii) the conferring of the benefit is not, by its terms, conditional on the officer or director supporting the transaction in any manner, (iii) full particulars of the benefit are disclosed in the disclosure document for the transaction, and (iv) (A) at the time the transaction is agreed to or the bid is publicly announced, the officer or director and his or her associated entities beneficially own or exercise control or direction over less than one per cent of the outstanding securities of each class of equity securities of Petrominerales, or (B) if the transaction is a business combination for Petrominerales and (a) the officer or director discloses to an independent committee of Petrominerales the amount of consideration that the he or she expects to be beneficially entitled to receive, under the terms of the transaction or bid, in exchange for the equity securities beneficially owned by him or her, (b) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the officer or director, is less than five per cent of the value referred to in subclause (a), and (c) the independent committee's determination is disclosed in the disclosure document for the transaction.

Petrominerales is of the view that the Potential Collateral Benefits to be received by all directors and officers are not "collateral benefits" for the purposes of MI 61-101 due to the application of the exception described above. Petrominerales is of the view that the criteria set out in items (i), (ii) and (iii) in the exception described above apply to all of the Potential Collateral Benefits. Petrominerales believes that item (iv) in the exception described above has been satisfied for the reasons set out in the paragraph below.

No director or officer of Petrominerales, together with his or her associated entities, beneficially owns or exercises control or direction over more than one per cent of the outstanding Shares other than John Wright, Chairman of the Board of Directors. Mr. Wright, together with his associated entities, beneficially owns or exercises control or direction over 2,303,470 Shares, 73,896 Petrominerales Options, 8,860 Petrominerales ICS Awards and 29,741 Petrominerales DCS Awards, representing 2.83% of the outstanding Shares presuming the exercise by Mr. Wright of the Petrominerales Options, Petrominerales ICS Awards and Petrominerales DCS Awards held by him to acquire Shares prior to the Effective Time. The sole Potential Collateral Benefit to be received by Mr. Wright in connection with the Arrangement consists of the accelerated vesting of 47,300 Petrominerales Options, 8,860 Petrominerales ICS Awards and 19,032 Petrominerales DCS Awards. Mr. Wright would receive $25,338,170 in cash and 2,303,470 ResourceCo Shares under the Arrangement with respect to the Shares he beneficially owns. An independent committee of the Board of Directors consisting of all of the members of the Board of Directors, other than Mr. Wright, has determined that the value of the Potential Collateral Benefit to Mr. Wright is less than five percent of the value of the cash and ResourceCo Shares to be received by Mr. Wright under the Arrangement with respect to the Shares that he beneficially owns.

Based on the above, Petrominerales has concluded that the Arrangement is not a "business combination" for the purposes of MI 61-101 and that the minority approval and valuation provisions under that instrument respecting "business combinations" are not applicable to the Arrangement.

Resale of ResourceCo Shares Received in the Arrangement

The ResourceCo Shares to be issued and distributed to 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: (i) the

issuer of the securities (namely, ResourceCo) has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the resale; (ii) the resale is not a "control distribution" as defined in NI 45-102; (iii) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the resale; (iv) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (v) 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.

Petrominerales has been a reporting issuer for more than the past four months. In the case of ResourceCo, 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 ResourceCo 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 Petrominerales has been a reporting issuer.

Shareholders should consult with their own financial and legal advisors with respect to the tradability of ResourceCo 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 Petrominerales 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 Petrominerales, any recent significant decisions which would apply in this instance. **Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

UNITED STATES SECURITIES LAWS MATTERS

Status Under U.S. Securities Laws

ResourceCo is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act. ResourceCo does not currently intend to seek a listing for the ResourceCo Shares on a stock exchange in the United States.

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

The ResourceCo Shares to be issued to Shareholders as a distribution with respect to their Shares pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. 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 and similar exemptions under applicable state securities laws. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration under the U.S. Securities Act 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 Shareholders. The Court granted the Interim Order on October 29, 2013 and, subject to the approval of the Arrangement by the Shareholders, a hearing on the Arrangement will be held by the Court on November 27, 2013. See "The Arrangement - Court Approval of the Arrangement and Completion of the Arrangement".

Resale of the ResourceCo Shares after the Completion of the Arrangement

The ResourceCo Shares to be issued to Shareholders pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" of ResourceCo after the Effective Time or were "affiliates" of ResourceCo 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 ResourceCo Shares 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 ResourceCo Shares 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 ResourceCo Shares 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 ResourceCo after the Effective Time, or were "affiliates" of ResourceCo within 90 days prior to the Effective Time, will be entitled to sell, during any three-month period, those ResourceCo 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 ResourceCo is a "foreign private issuer" (as defined in Rule 3b-4 under the U.S. Exchange Act), persons who are "affiliates" of ResourceCo after the Effective Time, or were "affiliates" of ResourceCo within 90 days prior to the Effective Time, solely by virtue of their status as an officer or director of ResourceCo may sell their ResourceCo Shares 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 the 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 the purposes of Regulation S, an "offshore transaction" includes an offer that is not made to a person in the United States where either: (i) at the time the buy order is originated, the buyer is outside the United States or the seller and any person acting on its behalf reasonably believe that the buyer is outside the United States; or (ii) (x) for the purposes of Rule 903 under Regulation S, the transaction is executed in, on or through a physical trading floor of an established foreign securities exchange that is located outside the United States; or (y) for purposes of Rule 904 under Regulation S, the transaction is executed in, on or through the facilities of a "designated offshore securities market", and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions set forth in Rule 903 of Regulation S are applicable to sales outside the United States by a holder of ResourceCo Shares who is an "affiliate" of ResourceCo after the Effective Time, or was an "affiliate" of ResourceCo within 90 days prior to the Effective Time, other than by virtue of his or her status as an officer or director of ResourceCo.

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, tax counsel ("**Tax Counsel**") to Petrominerales, the following is, as at the date of this Information Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Shareholder who disposes of Shares under the Arrangement and who, at all relevant times, for the purposes of the Tax Act, deals at arm's length and is not affiliated with Petrominerales or ResourceCo and holds the Shares and will hold the ResourceCo Shares (together, the "**Securities**") acquired under the Arrangement as capital property (a "**Holder**"). Generally, the Securities will be considered capital property to a Holder for the purposes of the Tax Act provided the Holder 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 Holder: (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", each as defined in the Tax Act; (iii) who has acquired Shares on the exercise of an employee stock option; (iv) an interest in which is, or whose Shares are, a "tax shelter" or "tax shelter investment", each as defined in the Tax Act; (v) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (vi) that has or will enter into a "derivative forward agreement" as such term is defined in the proposed amendments to the Tax Act contained in Bill C-4 that received first reading in the House of Commons on October 22, 2013, in respect of the Shares or the ResourceCo Shares. Such Holders should consult their own tax advisors.

This summary is based on representations from Petrominerales as to certain factual matters, the provisions of the Tax Act and the regulations thereunder (the "**Regulations**") in force as at the date hereof, all specific proposals to amend the Tax Act and the Regulations that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("**Proposed Amendments**") and Tax 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 the CRA's administrative or assessing practices or policies, whether by way of legislative, governmental or judicial action or decision, 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. This summary assumes that the Proposed Amendments will be enacted as proposed, although 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 Holder. Consequently, Holders should consult their own tax advisors regarding the tax consequences applicable to them in their particular circumstances.

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 the purposes of the Tax Act (a "**Resident Holder**"). Certain Resident Holders whose Securities 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.

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 ResourceCo is, or becomes, a "foreign affiliate", as defined in the Tax Act, of the Resident Holder for the purposes of the Tax Act. Such Resident Holders should consult their own tax advisors.

Distribution of ResourceCo Shares

Under the Arrangement, Resident Holders will receive one ResourceCo Share, as a distribution of capital from Petrominerales on the reduction of the stated capital of the Shares, with respect to each Share held. This summary is based on the assumption that the fair market value of the ResourceCo Shares distributed under the Arrangement will not exceed the paid-up capital for the purposes of the Tax Act of the Shares. Petrominerales Management has advised Tax Counsel that the paid-up capital of the Shares immediately prior to the distribution will be well in excess of the fair market value of the ResourceCo Shares to be so distributed.

Based on this assumption and Petrominerales Management's advice with respect to the paid-up capital of the Shares, no portion of the amount so distributed will be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Resident Holder of its Shares will be reduced by the fair market value of the ResourceCo Shares received by such Resident Holder. If such fair market value exceeds the adjusted cost base to the Resident Holder of its Shares immediately before the distribution, the Resident Holder will be deemed to realize a capital gain from a disposition of its Shares equal to the amount of such excess and the adjusted cost base to the Resident Holder of its Shares will immediately thereafter be deemed to be nil. The tax treatment of capital gains is discussed below under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

Based on Tax Counsel's understanding of the CRA's administrative practices, the cost to a Resident Holder of the ResourceCo Shares received as a distribution on the reduction of stated capital of the Shares should be equal to the fair market value thereof.

Disposition of Shares Pursuant to the Arrangement

Under the Arrangement, Resident Holders will transfer their Shares to Pacific Rubiales in consideration for a cash payment by Pacific Rubiales and will realize a capital gain (or a capital loss) equal to the amount by which the cash payment exceeds (or is exceeded by) the aggregate of the adjusted cost base to the Resident Holder of such Shares and any reasonable costs of the disposition. The taxation of capital gains and capital losses is discussed below under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

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 Securities 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 Securities 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 Securities.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6⅔% on its "aggregate investment income", as defined in the Tax Act, including taxable capital gains.

Resident Holders Who Exercise Dissent Rights

A Resident Holder who validly exercises Dissent Rights (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Shares to Petrominerales, and will be entitled to receive a payment from Petrominerales of an amount equal to the fair value of the Dissenting Resident Holder's Shares. The Dissenting Resident Holder will be deemed to have received a taxable dividend equal to the amount by which the amount received from Petrominerales for the Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the "paid-up capital" of such Shares as computed for the purposes of the Tax Act. Any such deemed dividend will be subject to tax as discussed below under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Dividends".

A Dissenting Resident Holder will also be considered to have disposed of its Shares for proceeds of disposition equal to the amount paid to such Dissenting Resident Holder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. Dissenting Resident Holders may realize a capital gain (or a capital loss) in respect of such disposition. The taxation of capital gains and capital losses is discussed above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

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

Taxation of Dividends

A Resident Holder who is an individual will be required to include in income any dividend that the Resident Holder receives or is deemed to receive on the Securities, and will be subject to the normal gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules for "eligible dividends" if so designated by Petrominerales or ResourceCo,

as the case may be. A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on the Securities, and generally will be entitled to deduct an equivalent amount in computing its taxable income.

A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax of 33⅓% on any dividend it receives or is deemed to have received on the Securities to the extent that such dividends are deductible in computing the corporation's taxable income. Any such Part IV tax will be refundable at the rate of $1 for every $3 of taxable dividends that it pays on its shares.

Subsection 55(2) of the Tax Act provides that where certain corporate holders of shares receive a dividend or deemed dividend in specified circumstances, and such dividend is otherwise deductible in computing the corporation's taxable income, all or part of the dividend may be treated as proceeds of disposition from the disposition of capital property. Resident Holders that are corporations should consult their own tax advisors in this regard.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" for the year, which will include dividends or deemed dividends that are not deductible in computing taxable income.

Alternative Minimum Tax on Individuals

A capital gain realized, or deemed to be realized and the actual amount of taxable dividends (not including the gross-up) received or deemed to be received by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability for alternative minimum tax under the Tax Act. Any additional tax payable by an individual under the alternative minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

Holding and Disposing of ResourceCo Shares

Taxation of Dividends

Dividends received or deemed to be received on the ResourceCo Shares will be subject to tax as discussed above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Dividends".

Disposition of ResourceCo Shares

Where a Resident Holder disposes, or is deemed to dispose, of a ResourceCo Share other than to ResourceCo (unless purchased by ResourceCo in the open market in the manner in which shares are normally purchased by any member of the public in an open market 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 aggregate of the adjusted cost base to the Resident Holder of such ResourceCo Share and any reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

A Resident Holder who is an individual (including certain trusts and estates) may be liable for "alternative minimum tax" in respect of capital gains and taxable dividends as discussed above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Alternative Minimum Tax on Individuals".

Qualified Investment Status for Registered Plans

Based on the current provisions of the Tax Act and the Regulations, if, at the Effective Time of the Arrangement, the ResourceCo Shares are listed on a "designated stock exchange", as defined in the Tax Act, (which currently includes the TSX and the TSXV (Tiers 1 and 2)), the ResourceCo Shares will be a "qualified investment", as defined in the Tax Act, for a trust governed by a "registered retirement savings plan" ("**RRSP**"), "registered retirement income fund" ("**RRIF**"), "deferred profit sharing plan", "registered education savings plan", "registered disability savings plan" and a "tax free savings account" ("**TFSA**"), each as defined in the Tax Act, (collectively, "**Registered Plans**"). However, there can be no assurance that tax laws relating to "qualified investments" will not be changed.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF will be subject to a penalty tax if the ResourceCo Shares are a "prohibited investment", as defined in the Tax Act, for the TFSA, RRSP or RRIF, as the case may be. Generally, the ResourceCo Shares will not be a "prohibited investment" for a trust governed by a TFSA, RRSP or RRIF provided that the holder of the TFSA or the annuitant under the RRSP or RRIF, as the case may be, deals at arm's length with ResourceCo for purposes of the Tax Act and, under Proposed Amendments contained in Bill C-4 that received first reading in the House of Commons on October 22, 2013, does not have a "significant interest", as defined in the Tax Act, in ResourceCo.

If the ResourceCo Shares are not listed on a "designated stock exchange" at the Effective Time of the Arrangement, the ResourceCo Shares will not be a "qualified investment" for Registered Plans. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by Registered Plans and certain other taxpayers and with respect to the acquisition or holding of "prohibited investments" by a TFSA or an RRSP or RRIF.

Resident Holders who will hold their ResourceCo Shares in a Registered Plan should consult their own tax advisors.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is not, and is not deemed to be, resident in Canada, does not and will not use or hold, and is not deemed to use or hold, the Securities in the course of, or in connection with, a business carried on in Canada and is not an insurer who carries on an insurance business in Canada and elsewhere (a "**Non-Resident Holder**").

Distribution of ResourceCo Shares

Under the Arrangement, Non-Resident Holders will receive one ResourceCo Share, as a distribution of capital from Petrominerales on the reduction of the stated capital of the Shares, with respect to each Share held. This summary is based on the assumption that the fair market value of the ResourceCo Shares distributed under the Arrangement will not exceed the paid-up capital for the purposes of the Tax Act of the Shares. Petrominerales Management has advised Tax Counsel that the paid-up capital of the Shares immediately prior to the distribution will be well in excess of the fair market value of the ResourceCo Shares to be so distributed.

Based on this assumption and Petrominerales Management's advice with respect to the paid-up capital of the Shares, no portion of the amount so distributed will be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Non-Resident Holder of its Shares will be reduced by the fair market value of the ResourceCo Shares received by such Non-Resident Holder. If such fair market value exceeds the adjusted cost base to the Non-Resident Holder of its Shares immediately before the distribution, the Non-Resident Holder will be deemed to realize a capital gain from a disposition of its Shares equal to the amount of such excess, and the adjusted cost base to the Non-Resident Holder of its Shares will immediately thereafter be deemed to be nil. The Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on such disposition of the Shares unless such Shares are, or are deemed to be, "taxable Canadian property", as defined in the Tax Act, of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence.

In the event that the Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder and the capital gain realized upon a disposition of such Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences as described above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada - Taxation of Capital Gains and Capital Losses" will generally apply. Such Non-Resident Holders should consult their own tax advisors in this regard. For a discussion of the circumstances in which the Shares will constitute "taxable Canadian property" of the Non-Resident Holder, see below under "Certain Canadian Federal Income Tax Consequences – Holders Not Resident in Canada - Taxable Canadian Property".

Disposition of Shares Pursuant to the Arrangement

Under the Arrangement, Non-Resident Holders will transfer their Shares to Pacific Rubiales in consideration for a cash payment by Pacific Rubiales and will realize a capital gain (or a capital loss) equal to the amount by which

the cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Non-Resident Holder of such Shares and any reasonable costs of the disposition.

A Non-Resident Holder will be taxable on a capital gain only if the Shares are, or are deemed to be, "taxable Canadian property" of the Non-Resident Holder at the time of the disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence. For a discussion of the circumstances in which the Shares will constitute "taxable Canadian property" of the Non-Resident Holder, see below under "Certain Canadian Federal Income Tax Consequences – Holders Not Resident in Canada - Taxable Canadian Property".

Taxable Canadian Property

Provided that the Shares are listed on a "designated stock exchange" (which currently includes the TSX and the TSXV), the Shares generally will not be "taxable Canadian property" of a Non-Resident Holder at the time of disposition, unless, at any time during the 60-month period immediately preceding the disposition, (i)(A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length, (C) pursuant to certain Proposed Amendments released on July 12, 2013, partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest, directly or indirectly through one or more partnerships, or (D) the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Petrominerales, and (ii) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property", as defined in the Tax Act, "timber resource property", as defined in the Tax Act, and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Petrominerales Management has advised Tax Counsel that it believes that the Shares should not constitute "taxable Canadian property" of a Non-Resident Holder, as less than 50% of the fair market value of the Shares should be considered, at all relevant times in respect of the Shares, to be derived from any of the property enumerated in (ii) of the immediately preceding sentence. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Shares could be deemed to be "taxable Canadian property" of the Non-Resident Holder.

Even if the Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder, a taxable capital gain resulting from the disposition of the Shares will not be included in computing the Non-Resident Holder's income for purposes of the Tax Act provided that the Shares constitute "treaty-protected property", as defined in the Tax Act. Shares owned by a Non-Resident Holder will generally be "treaty-protected property" at the time of the disposition if the gain from the disposition of such Shares would, because of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence, be exempt from tax under the Tax Act. Non-Resident Holders should consult their own tax advisors with respect to the availability of any relief under the terms of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence in their particular circumstances.

In the event that the Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder and the capital gain realized upon a disposition of such Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences as described above under "Certain Canadian Federal Income Tax Consequences - Holders Resident in Canada — Taxation of Capital Gains and Capital Losses" will generally apply.

A Non-Resident Holder who disposes of Shares and whose Shares are "taxable Canadian Property" will be required to file a Canadian federal income tax return reporting the disposition of such Shares in the year of disposition (unless the disposition is an "excluded disposition", as defined in the Tax Act). **Non-Resident Holders who dispose of "taxable Canadian property" should consult their own tax advisors regarding any resulting Canadian reporting requirements.**

Non-Resident Holders Who Exercise Dissent Rights

A Non-Resident Holder who validly exercises Dissent Rights (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Shares to Petrominerales, and will be entitled to receive a payment from Petrominerales of an amount equal to the fair value of the Dissenting Non-Resident Holder's Shares. The Dissenting Non-Resident Holder will be deemed to have received a taxable dividend equal to the amount, if any, by which the amount received from Petrominerales for the Shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the "paid up capital" of such Shares as computed for

the purposes of Tax Act. Any such dividend will be subject to tax as discussed below under "Certain Canadian Federal Income Tax Consequences – Holders Not Resident in Canada - Taxation of Dividends".

A Dissenting Non-Resident Holder will also be considered to have disposed of the Shares for proceeds of disposition equal to the amount paid to such Dissenting 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 realize a capital gain (or a capital loss) to the extent such proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the Shares to the Dissenting Non-Resident Holder and any reasonable costs of the disposition. The Dissenting Non-Resident Holder will be taxable on any such capital gain only if the Shares are, or are deemed to be, "taxable Canadian property" of the Dissenting Non-Resident Holder and the Dissenting Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the Dissenting Non-Resident Holder's country of residence. In the event that the Shares are, or are deemed to be, "taxable Canadian property" of a Dissenting Non-Resident Holder and the capital gain realized upon a disposition of such Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences as described above under "Certain Canadian Federal Income Tax Consequences - Holders Resident in Canada — Taxation of Capital Gains and Capital Losses" will generally apply. Such Dissenting Non-Resident Holders should consult their own tax advisors in this regard. For a discussion of the circumstances in which the Shares will constitute "taxable Canadian property" of the Dissenting Non-Resident Holder, see above under "Certain Canadian Federal Income Tax Consequences – Holders Not Resident in Canada - Taxable Canadian Property".

A Dissenting Non-Resident Holder will not be subject to Canadian withholding tax on any amount of interest that is awarded by the Court.

Non-Resident Holders who are considering exercising their Dissent Rights should consult their own tax advisors for advice regarding their particular circumstances.

Taxation of Dividends

A Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25% on the gross amount of any dividends received or deemed to be received on the Securities, 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 between Canada and the Non-Resident Holder's country of residence.

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%. If the beneficial owner is a company that is a U.S. resident for the purposes of, and is entitled to the benefits in accordance with, the provisions of the Convention, and owns at least 10% of the voting shares of Petrominerales or ResourceCo, as the case may be, the applicable rate of withholding tax on dividends will be reduced to 5%.

Holding and Disposing of ResourceCo Shares

Taxation of Dividends

Dividends received or deemed to be received by a Non-Resident Holder on the ResourceCo Shares will be subject to tax as described above under "Certain Canadian Federal Income Tax Consequences – Holders Not Resident in Canada - Taxation of Dividends".

Disposition of ResourceCo Shares

A Non-Resident Holder generally will not be subject to tax in Canada in respect of the disposition of ResourceCo Shares unless the ResourceCo Shares constitute "taxable Canadian property" of such 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.

If the ResourceCo Shares are listed on a "designated stock exchange" (which currently includes the TSX and the TSXV (Tiers 1 and 2)), the ResourceCo Shares generally will not be "taxable Canadian property" of a Non-Resident Holder at the time of disposition, unless, at any time during the 60-month period immediately preceding

the disposition, (i)(A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length, (C) pursuant to certain Proposed Amendments released on July 12, 2013, partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest, directly or indirectly through one or more partnerships, or (D) the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of ResourceCo, and (ii) more than 50% of the fair market value of the ResourceCo Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property", "timber resource property", and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the ResourceCo Shares could be deemed to be "taxable Canadian property" of the Non-Resident Holder.

If the ResourceCo Shares are not listed on as "designated stock exchange" at the time of the disposition, the ResourceCo Shares generally will not be "taxable Canadian property" unless the condition listed in (ii) in the immediately preceding paragraph is met.

Even if the ResourceCo Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder, a taxable capital gain resulting from the disposition of the ResourceCo Shares will not be included in computing the Non-Resident Holder's income for purposes of the Tax Act provided that the ResourceCo Shares constitute "treaty-protected property". ResourceCo Shares owned by a Non-Resident Holder will generally be "treaty-protected property" at the time of the disposition if the gain from the disposition of such ResourceCo Shares would, because of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence, be exempt from tax under the Tax Act. **Non-Resident Holders should consult their own tax advisors with respect to the availability of any relief under the terms of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence in their particular circumstances.**

In the event that the ResourceCo Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder and the capital gain realized upon a disposition of such ResourceCo Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences as described above under "Certain Canadian Federal Income Tax Consequences - Holders Resident in Canada — Taxation of Capital Gains and Capital Losses" will generally apply.

A Non-Resident Holder who disposes of ResourceCo Shares and whose ResourceCo Shares are "taxable Canadian Property" will be required to file a Canadian federal income tax return reporting the disposition of such ResourceCo Shares in the year of disposition (unless the disposition is an "excluded disposition"). **Non-Resident Holders who dispose of "taxable Canadian property" should consult their own tax advisors regarding any resulting Canadian reporting requirements.**

Furthermore, if the ResourceCo Shares are not listed on a "recognized stock exchange", as defined in the Tax Act, at the time of their disposition and are not "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act, the notification and withholding provisions of section 116 of the Tax Act will apply to the Non-Resident Holder with respect to the disposition of the ResourceCo Shares. **Non-Resident Holders should consult their own tax advisors in this regard.**

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

IN COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, SHAREHOLDERS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF FEDERAL TAX ISSUES SET FORTH HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED; (II) THIS DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS DISCUSSED HEREIN; AND (III) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following discussion summarizes certain material U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) relating to the receipt of ResourceCo Shares as a distribution from Petrominerales, the transfer of Shares to Pacific Rubiales in exchange for cash, and the ownership and disposition of ResourceCo Shares received pursuant to the Arrangement. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the U.S. Treasury Regulations promulgated thereunder (the

"**Treasury Regulations**"), judicial authorities, published positions of the U.S. Internal Revenue Service (the "**IRS**"), the Canada-United States Income Tax Convention (1980), as amended (the "**Treaty**"), and other applicable authorities, all as in effect on the date hereof and all of which are subject to change (potentially with retroactive effect) and to differing interpretations, so as to result in U.S. federal income tax considerations different from those summarized below.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Shares participating in the Arrangement (or exercising Dissent Rights pursuant to the Arrangement) that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident alien of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to taxation in the United States regardless of its source; or
- a trust (i) that is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (ii) that has an election in effect under applicable Treasury Regulations to be treated as a United States person.

There can be no assurance that the IRS will not challenge one or more of the tax considerations described in this summary, and Petrominerales has not obtained, nor does it intend to obtain, a ruling from the IRS or an opinion from legal counsel with respect to the U.S. federal income tax considerations discussed herein. This summary addresses only certain considerations arising under U.S. federal income tax law, and it does not address any other federal tax considerations or any tax considerations arising under the laws of any state, locality, or non-U.S. taxing jurisdiction.

This summary is of a general nature only and does not address all of the U.S. federal income tax considerations that may be relevant to a U.S. Holder in light of such U.S. Holder's particular circumstances. In particular, this summary deals only with U.S. Holders that hold Shares as "capital assets" within the meaning of Section 1221 of the Code, and it does not address the tax rules that may apply to special classes of taxpayers, including, without limitation, financial institutions, insurance companies, traders that have elected a mark-to-market method of accounting, tax-exempt organizations, regulated investment companies, securities broker-dealers, persons that hold Shares as part of a hedging or integrated financial transaction or straddle, persons whose functional currency is not the U.S. dollar, U.S. expatriates, persons that are owners of an interest in a partnership or other pass-through entity that is a holder of Shares, partnerships or other pass-through entities, persons that own or have owned (directly, indirectly, or constructively) 10% of more of the Shares, persons subject to the alternative minimum tax, and persons who received their Shares upon the exercise or cancellation of employee stock options or otherwise as compensation. In addition, this summary does not address the U.S. federal income tax consequences of transactions effected prior or subsequent to, or concurrently with the Arrangement (whether or not any such transactions are undertaken in connection with the Arrangement), including, without limitation, any conversion into Shares or ResourceCo Shares of any notes, debentures, or other debt instruments, as well as any transaction, other than the Arrangement, in which Shares or ResourceCo Shares are acquired.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. This summary does not discuss the tax consequences to such partners or partnerships. A partner of a partnership that owns Shares is urged to consult its own tax adviser regarding the specific tax consequences of the Arrangement.

This discussion is for general information only and is not intended to constitute a complete description of all tax consequences for U.S. Holders relating to the Arrangement. Shareholders should consult their own tax advisers with regard to the U.S. federal, state, local, and non-U.S. tax consequences of the receipt of ResourceCo Shares as a distribution from Petrominerales, the transfer of Shares to Pacific Rubiales in exchange for cash, and the ownership and disposition of ResourceCo Shares received pursuant to the Arrangement.

Tax Consequences of the Disposition of Shares Pursuant to the Arrangement

U.S. Holders Participating in the Arrangement

The receipt of ResourceCo Shares as a distribution from Petrominerales and the transfer of Shares to Pacific Rubiales in exchange for cash will be treated as a taxable disposition of Shares for U.S. federal income tax purposes. As a result, subject to the discussion below under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Disposition of Shares Pursuant to the Arrangement - Passive Foreign Investment Company Considerations - Petrominerales", a U.S. Holder who participates in the Arrangement will recognize gain or loss equal to the difference between (i) the sum of the fair market value of the ResourceCo Shares received from Petrominerales and the amount of cash received from Pacific Rubiales and (ii) such U.S. Holder's adjusted tax basis in its Shares transferred pursuant to the Arrangement. Any such gain or loss generally will be long-term capital gain or loss if such U.S. Holder's holding period in the Shares exceeds one year upon the consummation of the Arrangement. Preferential tax rates generally apply to long-term capital gain recognized by a non-corporate U.S. Holder. The deductibility of capital losses is subject to complex limitations. Any such gain or loss recognized by a U.S. Holder generally will be treated as U.S.-source gain or loss for foreign tax credit limitation purposes. Additionally, a U.S. Holder may be subject to an additional Medicare tax of 3.8% on unearned income (see "Certain United States Federal Income Tax Considerations - Medicare Tax" below).

A U.S. Holder's tax basis in the ResourceCo Shares received pursuant to the Arrangement will equal their fair market value on the date of receipt. A U.S. Holder's holding period for such ResourceCo Shares will begin on the day after the date of receipt.

Dissenting U.S. Holders

Subject to the discussion below under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Disposition of Shares Pursuant to the Arrangement - Passive Foreign Investment Company Considerations - Petrominerales", a U.S. Holder that exercises Dissent Rights in the Arrangement and is paid cash in exchange for all of its Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of cash received by such U.S. Holder in exchange for Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and (ii) such U.S. Holder's tax basis in such Shares surrendered. Preferential tax rates generally apply to long-term capital gain recognized by a non-corporate U.S. Holder. The deductibility of capital losses is subject to complex limitations. Any such gain or loss recognized by a U.S. Holder generally will be treated as U.S.-source gain or loss for foreign tax credit limitation purposes. Additionally, a U.S. Holder may be subject to an additional Medicare tax of 3.8% on unearned income (see "Certain United States Federal Income Tax Considerations – Medicare Tax" below).

Passive Foreign Investment Company Considerations - Petrominerales

The U.S. federal income tax consequences of the Arrangement for a U.S. Holder will depend on whether Petrominerales is a passive foreign investment company ("**PFIC**") for any taxable year during which a U.S. Holder holds or held Shares.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year in which either (i) 75% or more of the non-U.S. corporation's gross income is passive income or (ii) 50% or more of the average quarterly value of the non-U.S. corporation's assets produce or are held for the production of passive income. Passive income includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. However, passive income does not include gains from the sale of commodities that arise in the active conduct of a commodities business by a non-U.S. corporation, provided that certain other requirements are satisfied. In determining whether or not it is classified as a PFIC, a non-U.S. corporation must take into account a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least 25% by value.

Petrominerales does not believe it has been a PFIC or is likely to become a PFIC for 2013. However, PFIC status is fundamentally factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. Consequently, there can be no assurance that Petrominerales will not be classified as a PFIC for any taxable year during which a U.S. Holder holds or held Shares. U.S. Holders are urged to consult

their own tax advisers regarding the possible classification of Petrominerales as a PFIC and the consequences if that classification were to occur.

If Petrominerales were classified as a PFIC for any year during which a U.S. Holder holds or held Shares (regardless of whether Petrominerales currently is a PFIC) then, subject to certain elections described below, any gain recognized by such U.S. Holder upon the consummation of the Arrangement generally would be required to be allocated ratably to each day of such U.S. Holder's holding period for the Shares. Any gain allocated to the taxable year in which the Arrangement occurs generally would be subject to tax as ordinary income. Any gain allocated to other taxable years generally would be subject to U.S. federal income tax at the highest rate of tax applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due for each such year. Different rules would apply to a U.S. Holder that has made a Mark-to-Market Election or a QEF Election (as defined below) with respect to such U.S. Holder's Shares. Such elections are discussed in greater detail under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Ownership and Disposition of ResourceCo Shares - Passive Foreign Investment Company Considerations - ResourceCo".

The PFIC rules are complex and may have a significant adverse effect on a U.S. Holder who participates in the Arrangement. Each U.S. Holder should consult its own tax adviser regarding the possible classification of Petrominerales as a PFIC and the potential for the PFIC rules to apply in light of such U.S. Holder's particular circumstances.

Tax Consequences of the Ownership and Disposition of ResourceCo Shares

Distributions on ResourceCo Shares

Subject to the discussion below under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Ownership and Disposition of ResourceCo Shares - Passive Foreign Investment Company Considerations - ResourceCo", a distribution on ResourceCo Shares will be includible in income by a U.S. Holder as dividend income to the extent such distribution is paid out of the current or accumulated earnings and profits of ResourceCo as determined under U.S. federal income tax principles. Any portion of such distribution in excess of ResourceCo's current and accumulated earnings and profits will first be treated as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in its ResourceCo Shares and will be applied against and reduce such basis on a dollar-for-dollar basis (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent disposition of ResourceCo Shares). To the extent that such distribution exceeds the U.S. Holder's adjusted tax basis, the excess will be treated as gain from the sale or exchange of its ResourceCo Shares, which will be treated as long-term capital gain if such U.S. Holder's holding period in its ResourceCo Shares exceeds one year as of the date of the distribution (and will otherwise be treated as short-term capital gain).

If ResourceCo is (i) eligible for benefits under the Treaty and (ii) not treated as a PFIC for the taxable year in which the dividend is paid or for the preceding taxable year, then dividends received by non-corporate U.S. Holders may be "qualified dividend income" to such U.S. Holders. Qualified dividend income received by non-corporate U.S. Holders from ResourceCo will be subject to U.S. federal income tax at preferential rates. A U.S. Holder may be subject to an additional Medicare tax of 3.8% on unearned income (see "Certain United States Federal Income Tax Considerations – Medicare Tax" below). Dividends received by corporate U.S. Holders will not be eligible for the dividends received deduction generally allowed to U.S. corporate shareholders on dividends received from a U.S. corporation.

Sale or Other Disposition of ResourceCo Shares

Subject to the discussion below under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Ownership and Disposition of ResourceCo Shares - Passive Foreign Investment Company Considerations - ResourceCo", a U.S. Holder will recognize gain or loss upon the sale or other taxable disposition of ResourceCo Shares in an amount equal to the difference, if any, between (i) the sum of the amount of cash and the fair market value of any property received and (ii) such U.S. Holder's tax basis in such ResourceCo Shares sold or otherwise disposed of. Any such gain or loss will be long-term capital gain or loss if, at the time of the sale or other disposition, such ResourceCo Shares have been held for more than one year. Preferential tax rates generally apply to long-term capital gain recognized by a non-corporate U.S. Holder. The deductibility of capital losses is subject to complex limitations. Any such gain or loss recognized by a U.S. Holder generally will be

treated as U.S.-source gain or loss for foreign tax credit limitation purposes. Additionally, a U.S. Holder may be subject to an additional Medicare tax of 3.8% on unearned income (see "Certain United States Federal Income Tax Considerations – Medicare Tax" below).

Passive Foreign Investment Company Considerations - ResourceCo

Special, generally adverse U.S. federal income tax rules apply to U.S. persons that own shares of a non-U.S. corporation classified as a PFIC. The rules for determining whether a non-U.S. corporation is a PFIC are described above under the heading "Certain United States Federal Income Tax Considerations – Tax Consequences of the Disposition of Shares Pursuant to the Arrangement - Passive Foreign Investment Company Considerations - Petrominerales".

Based on ResourceCo's expected operations and the expected composition of its income and assets, Petrominerales currently believes that ResourceCo is likely to be classified as a PFIC for 2013 and 2014. Petrominerales does not anticipate ResourceCo being classified as a PFIC for 2015 or later years. However, PFIC status is fundamentally factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. Consequently, there can be no assurance as to the classification of ResourceCo as a PFIC for any taxable year during which a U.S. Holder holds ResourceCo Shares. U.S. Holders are urged to consult their own tax advisers regarding the possible classification of ResourceCo as a PFIC, the consequences of such classification, and the availability of the elections described below for mitigating any adverse U.S. federal income tax consequences under the PFIC rules.

If ResourceCo is classified as a PFIC for any year during which a U.S. Holder owns ResourceCo Shares (regardless of whether ResourceCo continues to be a PFIC) then, subject to certain elections described below, any gain realized by such U.S. Holder upon the sale or other disposition of ResourceCo Shares would be required to be allocated ratably to each day of such U.S. Holder's holding period for the ResourceCo Shares. Any gain allocated to the taxable year of such sale or other disposition generally would be subject to tax as ordinary income. Any gain allocated to other taxable years generally would be subject to U.S. federal income tax at the highest rate of tax applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due for each such year. Similar rules apply with respect to certain "excess distributions" (as defined in the Code) of a PFIC. In addition, no distribution made by ResourceCo would qualify for taxation at the preferential rates available with respect to qualified dividend income, as discussed above under the heading "Certain United States Federal Income Tax Considerations - Tax Consequences of the Ownership and Disposition of ResourceCo Shares - Distributions on ResourceCo Shares", if ResourceCo were a PFIC for the taxable year of such distribution or for the preceding taxable year. A U.S. Holder might be required to file an annual report with the IRS if ResourceCo were classified as a PFIC, and the failure to file such report could result in the imposition of penalties on such U.S. Holder and in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. Holder.

If ResourceCo is classified as a PFIC for any year during which a U.S. Holder owns ResourceCo Shares, and a subsidiary of ResourceCo is also a PFIC in such year, then a U.S. Holder would be deemed to own its proportionate share of the stock of such subsidiary PFIC and generally would be subject to the PFIC rules described herein with respect to such holder's deemed ownership of shares of such subsidiary PFIC.

To mitigate the adverse U.S. federal income tax consequences of owning shares of a PFIC, a U.S. person may be permitted to make a "qualified electing fund" election (a "**QEF Election**") with respect to such PFIC shares. A U.S. Holder that makes the QEF Election for the first year that ResourceCo is treated as a PFIC would, in lieu of the tax consequences described above, be currently taxable on such holder's pro rata share of ResourceCo's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year of ResourceCo for which it is classified as a PFIC, regardless of whether such earnings or gain are distributed in the form of dividends or otherwise. Any gain realized by a U.S. Holder upon the taxable disposition of ResourceCo Shares with respect to which the QEF Election had been timely made would be treated as capital gain. Based on ResourceCo's expected operations, Petrominerales currently does not expect for ResourceCo to have significant ordinary earnings or net capital gain in 2013, although no assurance can be given in this regard. Each U.S. Holder is urged to consult its own tax adviser regarding the advisability of making the QEF Election with regard to such holder's particular circumstances.

A QEF Election must be made on an entity-by-entity basis, including with respect to any subsidiary PFIC of ResourceCo. To make a QEF election, a U.S. Holder must, among other things, (i) obtain a PFIC annual

information statement from ResourceCo and (ii) prepare and submit IRS Form 8621 with such U.S. Holder's annual federal income tax return. Petrominerales understands that ResourceCo intends to timely provide U.S. Holders with the information necessary to make a QEF Election with respect to ResourceCo and any ResourceCo subsidiary that is a PFIC. Once the QEF Election is made with respect to an entity, the election applies to any additional shares of interest in such entity acquired directly or indirectly thereafter, including shares acquired pursuant to a share dividend plan, if available.

Recently proposed U.S. Treasury Regulations contain special rules for applying a 3.8% Medicare tax (as described below under "Certain United States Federal Income Tax Considerations - Medicare Tax") to non-corporate U.S. Holders making the QEF Election. Although the regulations generally are proposed to become effective for taxable years beginning on or after January 1, 2014, U.S. taxpayers are permitted to rely on the proposed regulations for taxable years beginning on or after January 1, 2013. Under the proposed regulations, a U.S. taxpayer owning shares of a PFIC with respect to which the QEF Election has been made may be permitted to make a special election to treat such taxpayer's share of ordinary earnings and net capital gains of the PFIC as net investment income for purposes of the 3.8% Medicare tax. Under certain circumstances, the proposed regulations would require a U.S. taxpayer to make special adjustments to its basis in PFIC shares solely for purposes of the 3.8% Medicare tax. Each U.S. Holder is urged to consult its own tax adviser regarding the potential application of these proposed U.S. Treasury Regulations to its ownership and disposition of ResourceCo Shares.

As an alternative to the QEF Election, a U.S. person generally is permitted to make a "mark to market" election under the PFIC rules (a "**Mark-to-Market Election**") and thereby agree for the year of such election and each subsequent taxable year to include as ordinary income each year the excess, if any, of the fair market value of PFIC shares owned by such person over its adjusted basis in such shares at the end of the taxable year. For a U.S. Holder to make such election with respect to ResourceCo Shares, ResourceCo Shares must be treated as "marketable stock" for U.S. federal income tax purposes. There can be no assurance that the ResourceCo Shares will be listed on a stock exchange, and listing is not a condition to the completion of the Arrangement. However, assuming that the ResourceCo Shares are regularly traded on the TSXV, Petrominerales believes that the ResourceCo Shares should qualify as marketable stock, although no assurance can be given in this regard. Shares of ResourceCo's subsidiaries are not expected to qualify as marketable stock. Accordingly, the Mark-to-Market Election is not expected to be available with respect to any ResourceCo subsidiary that is classified as a PFIC.

The PFIC rules are complex and may have a significant adverse effect on a U.S. Holder in the event that ResourceCo is classified as a PFIC. Each U.S. Holder is urged to consult its own tax adviser regarding the application of the PFIC rules to the ownership and disposition of ResourceCo Shares, the requirement to file an annual report with the IRS, and the availability of the QEF Election or the Mark-to-Market Election with respect to ResourceCo Shares.

Foreign Currency Gains

A taxable dividend with respect to ResourceCo Shares that is paid in Canadian dollars will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate in effect on the day the dividend is received by the U.S. Holder, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to their U.S. dollar value on the date of receipt. Any U.S. Holder that receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that will be treated as ordinary income or loss, and generally will be U.S.-source income or loss for foreign tax credit purposes. U.S. Holders are urged to consult their own tax advisers concerning the U.S. tax consequences of acquiring, holding, and disposing of Canadian dollars.

In the case of a cash basis U.S. Holder who receives Canadian dollars, or another foreign currency, in connection with a sale, exchange, or other disposition of ResourceCo Shares, the amount realized will be based on the U.S. dollar value of the foreign currency received with respect to the ResourceCo Shares as determined on the settlement date of the sale or exchange. An accrual basis U.S. Holder may elect the same treatment required of cash basis taxpayers with respect to a sale or exchange of ResourceCo Shares, provided that the election is applied consistently from year to year. This election may not be changed without the consent of the IRS. If an accrual basis U.S. Holder does not elect to be treated as a cash basis taxpayer, that U.S. Holder may have a foreign currency gain or loss for U.S. federal income tax purposes as a result of differences between the U.S. dollar

value of the currency received prevailing on the date of the sale or exchange of the ResourceCo Shares and the date of payment. This currency gain or loss would be treated as ordinary income or loss and would be in addition to gain or loss, if any, recognized by such U.S. Holder upon the sale, exchange, or other disposition of the ResourceCo Shares.

Foreign Tax Credits

Any Canadian tax withheld with respect to distributions on, or proceeds from disposition of, ResourceCo Shares may, subject to a number of complex limitations, be claimed as a foreign tax credit against a U.S. Holder's U.S. federal income tax liability or may be claimed as a deduction for U.S. federal income tax purposes. The limitation on foreign taxes eligible for a credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to ResourceCo Shares will be foreign-source income and will be "passive category income" or "general category income" for purposes of computing the foreign tax credit allowable to a U.S. Holder, and gain recognized upon the sale of ResourceCo Shares generally will be treated as U.S.-source for such purposes. Because of the complexity of these limitations, each U.S. Holder should consult its own tax adviser with respect to the amount of foreign taxes that may be claimed as a credit.

Medicare Tax

A non-corporate U.S. Holder (including an individual, estate, and trust) whose income exceeds certain thresholds generally will be subject to a 3.8% Medicare tax on the lesser of (i) such U.S. Holder's "net investment income" for the relevant taxable year and (ii) the excess of such U.S. Holder's "modified adjusted gross income" for the taxable year over a certain threshold. A U.S. Holder's net investment income generally will include, among other things, dividends on, and capital gains from the sale or other taxable disposition of, both Shares and ResourceCo Shares, subject to certain limitations and exceptions. Non-corporate U.S. Holders are urged to consult their own tax advisers regarding the applicability of the Medicare tax to their income and gains.

Information Reporting and Backup Withholding

U.S. Holders of Shares may be subject to information withholding and may be subject to backup withholding, currently at up to a 28% rate, on any cash payments received in exchange for Shares pursuant to the Arrangement. Distributions on, or proceeds from the sale or other disposition of, ResourceCo Shares paid within the United States may also be subject to information reporting and backup withholding. Distributions on, or proceeds from the sale or other disposition of, ResourceCo Shares paid to or through a foreign office of a broker generally will not be subject to backup withholding, although information reporting may apply to such payments in certain circumstances.

Backup withholding generally will not apply, however, to a U.S. Holder who (i) furnishes a correct taxpayer identification number and certifies that such U.S. Holder is not subject to backup withholding on IRS Form W-9 (or substitute form) or (ii) otherwise is exempt from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules may be credited against such U.S. Holder's U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

Information Reporting with Respect to Foreign Financial Assets

U.S. individuals that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the taxable year (or $75,000 at any time during the taxable year) generally must file an information report with respect to such assets with their U.S. federal income tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties, and (iii) interests in non-U.S. entities. Under these rules, Shares and ResourceCo Shares may be treated as "specified foreign financial assets". U.S. Holders are urged to consult their own tax advisers regarding the possible implications of the foregoing rules.

CERTAIN COLOMBIAN INCOME TAX CONSIDERATIONS

In the opinion of Baker & Mckenzie S.A.S., Colombian tax counsel ("**Colombian Tax Counsel**") to Petrominerales, the following is, as at the date of this Information Circular, a summary of the principal Colombian income tax considerations generally applicable under the Colombian Tax Code to a Shareholder who disposes of Shares under the Arrangement and who, at all relevant times, for the purposes of the Colombian Tax Code, deals at arm's length and is not affiliated with Petrominerales or ResourceCo and holds the Shares and will hold the ResourceCo Shares (together, the "**Securities**") acquired under the Arrangement as capital property (a "**Holder**").

This summary is based on representations from Petrominerales as to certain factual matters, the provisions of the Colombian Tax Code and the regulations thereunder (the "**Colombian Regulations**") in force as at the date hereof, all specific proposals to amend the Colombian Tax Code and the Colombian Regulations that have been publicly announced prior to the date hereof by the National Government (Colombia) (the "**Colombian Proposed Amendments**") and Colombian Tax Counsel's understanding of the current published administrative and assessing practices and policies of the Colombian Tax Authority ("**DIAN**") and the Double Taxation Treaty entered into by and between Colombia and Canada, executed on November 21, 2008 and applicable since January 1, 2013. This summary is not exhaustive of all possible Colombian income tax considerations and, except for the Colombian Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the DIAN's administrative or assessing practices or policies, or by way of rulings, nor does it take into account municipal, departmental or foreign tax considerations, which may differ significantly from the Colombian income tax considerations discussed herein. This summary assumes that the Colombian Proposed Amendments will be enacted as proposed, although no assurance can be given that the Colombian 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 Holder. Consequently, Holders should consult their own tax advisors regarding the tax consequences applicable to them in their particular circumstances.

Holders Resident in Colombia

This section of the summary is applicable to a Holder who, at all relevant times, is or is deemed to be, resident in Colombia for the purposes of the Colombian Tax Code (a "**Colombian Resident Holder**"). According to the Colombian Tax Code, Colombian residents (companies and individuals) are subject to income tax on their worldwide income.

If a Colombian Resident Holder disposes of the Shares according to the Arrangement Agreement, proceeds derived from this disposition will generally be subject to income tax in Colombia as a capital gain or ordinary income, as the case may be. See "Taxation of Capital Gains or Ordinary Income", below.

Taxation of Capital Gains or Ordinary Income

In the opinion of Colombian Tax Counsel, the distribution of ResourceCo Shares and the disposition of Shares is treated as one transaction for Colombian purposes and the corresponding tax effects are described in this section as of the date of this Information Circular. Taxable income from the sale of Shares would be equivalent to the difference between the sale price and the Shares' tax basis. The sale price is equivalent to the agreed price, that is, cash consideration ($11.00) plus the fair market value of the common shares in ResourceCo. The tax basis is equivalent to the acquisition cost of the Shares plus inflationary adjustments as authorized by the Colombian Tax Code. The use of inflationary adjustments is optional.

If at the moment of the sale the Colombian Resident Holder has owned the Shares for a period of less than two years, income will be deemed as ordinary income and taxed at progressive rates if the Colombian Resident Holder is an individual or at a 34% rate if the Colombian Resident Holder is a legal entity. This rate comprises the income tax (25%) and the income tax on fairness ("**CREE**") (9%). If at the moment of the sale the resident shareholder has owned the Shares for two years or more, taxable gains will be subject to capital gains tax at a 10% rate. Losses from the disposition of the Shares are not deductible.

Income from the disposition of Shares listed on the BVC is exempted from Colombian income, capital gains tax and CREE if the beneficial owner of the Shares does not transfer more than 10% of the overall outstanding Shares during a single tax year. If a Colombian Resident Holder holds their shares on the BVC, no Colombian tax is anticipated on any inherent gain arising on the disposition.

The abovementioned exemption is applicable only if the Shares are listed on the BVC at the time of disposition. If at the time of disposition the Shares are not listed on the BVC, this exemption is not applicable and ordinary income and or capital gains will be subject to the general taxation rules previously summarized. It is expected that the Shares will be listed on the BVC up to and including the Effective Date. As such, Shareholders who hold their Shares on the BVC are expected to qualify for this tax treatment.

Resident Holders Who Exercise Dissent Rights

A dissenting Colombian Resident Holder will be deemed to have disposed of its Shares upon the Arrangement becoming effective and will be entitled to receive a payment from Petrominerales for an amount equal to the fair market value of the dissenting Colombian Resident Holder's Shares. Taxable income from the transfer of the dissenting Colombian Resident Holder's Shares to Petrominerales would be equivalent to the difference between the transfer price and the Shares' tax basis. The transfer price is the amount paid by Petrominerales which is assumed to be equivalent to the fair market value of the Shares held by the holder in respect of which the holder dissents, determined as at the close of business on the last business day before the day on which the Arrangement Resolution is approved. The tax basis is equivalent to the acquisition cost of the Shares plus inflationary adjustments as authorized by the Colombian Tax Code. The use of inflationary adjustments is optional.

If at the moment of the disposition the dissenting Colombian Resident Holder has owned the Shares for a period of less than two years, income will be deemed as ordinary income and taxed at progressive rates if the dissenting Colombian Resident Holder is an individual or at a 34% rate if the dissenting Colombian Resident Holder is a legal entity. This rate comprises the income tax (25%) and the CREE (9%). If at the moment of the sale the dissenting Colombian Resident Holder has owned the Shares for two years or more, income will be deemed as taxable gains will be subject to capital gains tax at a 10% rate. Losses from the disposition of the dissenting Colombian Resident Holder's Shares are not deductible.

Income from the disposition of dissenting Colombian Resident Holder's Shares listed on the BVC is exempted from Colombian income tax, capital gains tax and CREE if the beneficial owner of the Shares does not transfer more than 10% of the overall outstanding Shares during a single tax year. If a dissenting Colombian Resident Holder holds its Shares on the BVC, no Colombian tax is anticipated on any inherent gain arising on the disposition.

The abovementioned exemption is applicable only if the dissenting Colombian Resident Holder's Shares are listed on the BVC at the time of disposition. If at the time of disposition the dissenting Colombian Resident Holder's Shares are not listed on the BVC, this exemption is not applicable and ordinary income and/or capital gains will be subject to the general taxation rules previously summarized. It is expected that the Shares will be listed on the BVC up to and including the Effective Date. As such, Shareholders who hold their Shares on the BVC are expected to qualify for this tax treatment.

Taxation of Dividends

Colombian Resident Holders that are legal entities and receive dividends from the Shares will generally be required to include in computing income for the year in which the dividends are distributed, the amount of such dividends and will be entitled to a foreign tax credit according to Colombian tax rules, provided that the amount to be discounted does not exceed the amount of the Colombian taxes that the Colombian Resident Holder must pay for that same income.

A foreign tax credit on such dividends is not available for Colombian Resident Holders who are Colombian individuals, as in this specific case dividends are characterized as Colombian-source income, per article 24 of the Colombian Tax Code. This situation may create a double taxation situation for Colombian Resident Holders who are Colombian individuals. It must be noted that foreign tax credit rules are only applicable on foreign-source income obtained by Colombian residents. Colombian Resident Holders are urged to consult their own tax advisors regarding their particular circumstances including those derived from the Double Taxation Treaty between Colombia and Canada.

Alternative Minimum Tax on Individuals

A Colombian Resident Holder who is an individual deemed as an "employee" for income tax purposes, may be liable for the National Minimum Alternative Tax "IMAN" as established in the Tax Code. The average IMAN rate is

equal 15% which will be assessed over a taxable base that only allows for specific tax deductions. Colombian Resident Holders should consult their own tax advisors to determine if IMAN will apply to them.

Holding and Disposing of ResourceCo Shares

Taxation of Dividends

Colombian Resident Holders that receive dividends from ResourceCo Shares will generally be required to include in computing income for the year in which the dividends are distributed the amount of such dividends and will be entitled to a foreign tax credit according to Colombian tax rules, provided that the amount to be discounted does not exceed the amount of the Colombian taxes that the Colombian Resident Holder must pay for that same income. Note that as ResourceCo is not expected to have investments or activities in Colombia, dividend distributions made by ResourceCo should qualify as foreign-source income and Colombian resident individuals should therefore be entitled to a foreign tax credit on any foreign tax withholdings according to Colombian tax rules.

Disposition of ResourceCo Shares

If a Colombian Resident Holder disposes of the ResourceCo Shares, proceeds derived from this disposition will generally be subject to income tax in Colombia as a capital gain or ordinary income, as the case may be.

Taxable income from the sale of ResourceCo Shares would be equivalent to the difference between the sale price and the ResourceCo Shares' tax basis. The sale price will be the price determined at the time of disposition which, for tax purposes, shall be fixed at fair market value. The tax basis is equivalent to the acquisition price of the ResourceCo Shares plus inflationary adjustments as authorized by the Colombian Tax Code. The use of inflationary adjustments is optional. For purposes of determining the tax basis, the acquisition price of ResourceCo Shares is equivalent to the fair market value at which such shares were distributed to the Colombian Resident Holder under the Arrangement. In the Colombian Tax Counsel's opinion, this tax basis also applies for Colombian Resident Holders which Shares were listed on the BVC at the time of disposition.

If at the moment of the disposition the Colombia Resident Holder has owned the ResourceCo Shares for a period of less than two years, income will be deemed as ordinary income and taxed at progressive rates if the shareholder is an individual, or at a 34% rate if the shareholder is a legal entity. If the disposition takes place after the 2015 tax year, the applicable rate will be equivalent to 33%. If at the moment of the disposition the Colombian Resident Holder has owned the ResourceCo Shares for two years or more, taxable gains will be subject to capital gains tax at a 10% rate.

Presumptive Income Tax Base

A Colombian Resident Holder may have to include their ResourceCo Shares in the determination of their presumptive income in accordance with articles 188 and 189 of the Colombia Tax Code. Presumptive income is deemed to be 3% of the taxpayer's net equity on December 31st, of the previous taxable year. Income tax will be assessed on the presumptive income only if higher than the ordinary income.

Colombian Resident Holders who are individuals are not obligated to determine presumptive income if they are deemed employees for tax purposes.

TAX CONSIDERATIONS IN OTHER JURISDICTIONS

Shareholders who are resident in (or citizens of) jurisdictions other than Canada, the United States and Colombia should be aware that the disposition of Shares pursuant to the Arrangement may have tax consequences in their jurisdiction. All Shareholders 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 ResourceCo Shares in such jurisdictions.

INFORMATION CONCERNING PETROMINERALES

Petrominerales is an exploration and production company incorporated under the ABCA and operating in Colombia, Peru and Brazil.

Petrominerales' registered office is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9. Petrominerales' head office in Canada is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7. In Colombia, the office is located at Calle 116 No. 7-15 Edificio Torre Cusezar Piso 6, Bogotá. In Peru, the office is located at Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Via Principal 123, Edificio Real Uno, Oficina 801 San Isidro, Lima. In Brazil, Alvopetro S.A., a wholly-owned subsidiary of Alvopetro, has an office located at Rua Major Lopes 800 – 3 andar, São Pedro – Belo Horizonte, Minas Gerais.

Petrominerales is a reporting issuer in each of the provinces of Canada. The Shares are listed on the TSX and the BVC under the symbols "PMG" and "PMGC", respectively.

See Appendix F – Information Concerning Petrominerales.

INFORMATION CONCERNING PACIFIC RUBIALES

Pacific Rubiales is a corporation existing under the laws of the Province of British Columbia. Its head office 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.

Pacific Rubiales is a producer of natural gas and crude oil. It owns 100% of Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin, and 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the northwestern area of Colombia. Pacific Rubiales has also acquired 100% of PetroMagdalena Energy Corp., which owns light oil assets in Colombia, and 100% of C&C Energia Ltd., which owns light oil assets in the Llanos Basin. In addition, the Company has a diversified portfolio of assets beyond Colombia, which includes producing and exploration assets in Peru, Guatemala, Brazil, Guyana, Belize and Papua New Guinea.

Pacific Rubiales is a reporting issuer in each of the provinces of Canada. Pacific Rubiales' common shares are listed on the TSX and the BVC and as Brazilian Depositary Receipts on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols "PRE", "PREC", and "PREB", respectively.

INFORMATION CONCERNING RESOURCECO

ResourceCo is a corporation incorporated under the ABCA. The principal business office of ResourceCo is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7 and the registered office of ResourceCo is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

ResourceCo was incorporated on September 25, 2013 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. Petrominerales presently owns all of the issued and outstanding shares of ResourceCo. ResourceCo does not currently have any subsidiaries. See Appendix G - Information Concerning ResourceCo.

DISSENTING SHAREHOLDER RIGHTS

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such shareholder's 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 H to this Information Circular. **A 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 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 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 Petrominerales the fair value of the Shares held by the holder in respect of which the holder dissents, determined as at the close of business on the last business day before the day on which the Arrangement Resolution is approved. A registered Shareholder may dissent only with respect to all of the Shares held by the Shareholder and registered in the Dissenting Shareholder's name. Shareholders who have voted any of their 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 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 Shares is entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise Dissent Rights must make arrangements for the Shares beneficially owned by that holder to be registered in the name of that Shareholder prior to the time the written objection to the Arrangement Resolution is required to be received by Petrominerales or, alternatively, make arrangements for the registered holder of such Shares to dissent on behalf of the holder.**

A Dissenting Shareholder must send to Petrominerales a written objection to the Arrangement Resolution and such written objection must be received by Petrominerales c/o its counsel McCarthy Tétrault LLP, 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Attention: Mark Franko, by 5:00 p.m. (Calgary time) on November 25, 2013 (or such other date that is two business days immediately preceding the date of the Meeting). A vote against the Arrangement Resolution or an abstention shall not constitute the required written objection. No Shareholder who has voted any of their 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 Petrominerales or by a Dissenting Shareholder to fix the fair value of the Dissenting Shareholder's Shares. If such an application to the Court is made by either Petrominerales or a Dissenting Shareholder, Petrominerales must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay such person an amount considered by the Board of Directors to be the fair value of the Shares held by such Dissenting Shareholder. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder who holds the Shares at least 10 days before the date on which the application is returnable, if Petrominerales is the applicant, or within 10 days after Petrominerales is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will contain or be accompanied by a statement showing how the fair value was determined.

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

A Dissenting 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 Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Petrominerales and in favour of each of those Dissenting Shareholders, and fixing the time within which Petrominerales must pay that amount to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Shareholder until the date of payment.

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

Petrominerales shall not make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that Petrominerales is or would after the payment be unable to pay its liabilities as they become due, or the realizable value of the assets of Petrominerales would thereby be less than the aggregate of its liabilities. In such event, Petrominerales shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their Shares in which case the Dissenting Shareholder may, by written notice to Petrominerales within 30 days after receipt of such notice, withdraw its written objection, in which case such Dissenting Shareholder shall, in accordance with the Interim Order, be deemed to have participated in the Arrangement as a Shareholder. If the Dissenting Shareholder does not withdraw its written objection it retains its status as a claimant against Petrominerales to be paid as soon as Petrominerales is lawfully entitled to do so or, in a liquidation, to generally be ranked subordinate to creditors but prior to Shareholders.

All Shares held by registered 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 Petrominerales in exchange for such fair value as at the Effective Date. If such Shareholders are ultimately not entitled to be paid the fair value for the Shares, such Shares will be deemed to have participated in the Arrangement on the same basis as any non-dissenting Shareholder as at and from the Effective Time.

Pursuant to the Plan of Arrangement, in no event shall Petrominerales be required to recognize a Dissenting Shareholder as a Shareholder after the Effective Time and the names of such Dissenting Shareholders shall be removed from the applicable register of 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 validly exercised and not withdrawn by the holders of more than five percent of the outstanding Shares.

We urge any 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 Shareholder, see "Certain Canadian Federal Income Tax Considerations" and "Tax Considerations in Other Jurisdictions".

RISK FACTORS

Shareholders should understand that if the Arrangement is completed, Shareholders (other than Dissenting Shareholders) will receive in respect of each Share, one ResourceCo Share and $11.00 in cash pursuant to a series of transactions as set out in the Plan of Arrangement. Accordingly, a former Shareholder will become a shareholder of ResourceCo and will be subject to all of the risks associated with the business and operations of each of ResourceCo and the industry in which such corporation will operate. Those risks include the risk factors relating to ResourceCo set forth in Appendix G - Information Concerning ResourceCo to this Information Circular under the headings "Forward-Looking Statements" and "Risk Factors". Additional risks and uncertainties, including those currently unknown to or considered immaterial by Petrominerales may also adversely affect the business of Petrominerales and ResourceCo going forward. In particular, the Arrangement and the operations of ResourceCo 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 Petrominerales or Pacific Rubiales in certain circumstances. Accordingly, there is no certainty, nor can Petrominerales provide any assurance, that the Arrangement Agreement will not be terminated by either Petrominerales or Pacific Rubiales before the completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the trading price of the Shares. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Board of Directors will be able to find a party willing to pay an equivalent or a more attractive price for 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 Petrominerales and/or Pacific

Rubiales, including the approval of the Shareholders, receipt of Regulatory Approvals and approval from the Court. There is no certainty, nor can Petrominerales provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of 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 Petrominerales 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 Petrominerales 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 ResourceCo Shares

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

The Petrominerales Termination Fee provided under the Arrangement Agreement may discourage other parties from attempting to acquire Petrominerales

Under the Arrangement Agreement, Petrominerales is required to pay the Petrominerales Termination Fee in the event that the Arrangement Agreement is terminated in certain circumstances. This Petrominerales Termination Fee may discourage other parties from attempting to enter into transactions with Petrominerales, even if those parties would otherwise be willing to offer greater value to that offered by Pacific Rubiales under the Arrangement.

U.S. Tax Consequences of Owning an Interest in a Passive Foreign Investment Company

Shareholders who are U.S. taxpayers and who participate in the Arrangement may face adverse U.S. federal income tax consequences arising from the ownership of an interest in a "passive foreign investment company" (**"PFIC**"). Based on ResourceCo's expected operations and the expected composition of its income and assets, Petrominerales currently believes that ResourceCo is likely to be classified as a PFIC for 2013 and 2014, but does not anticipate ResourceCo being classified as a PFIC for 2015 or later years. In general, gain realized by a U.S. taxpayer from the sale of shares of a PFIC is subject to tax at ordinary income rates, and an interest charge generally applies. In addition, special U.S. federal income tax reporting requirements apply with respect to an interest in a PFIC. The adverse tax consequences of owning PFIC shares, as well as the availability of certain tax elections for mitigating these adverse consequences, are described in greater detail above under the heading "Certain United States Federal Income Tax Considerations - Tax Consequences of the Ownership and Disposition of ResourceCo Shares - Passive Foreign Investment Company Considerations - ResourceCo". Shareholders who are U.S. taxpayers should consult their own tax advisers regarding the implications of the PFIC rules for the ownership and disposition of ResourceCo Shares.

RESOURCECO OPTION PLAN

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving the ResourceCo Option Plan to be effective upon completion of the Arrangement. The completion of the Arrangement is not conditional upon the approval of the ResourceCo Option Plan at the Meeting. A description of the terms of the ResourceCo Option Plan is set forth below. The full text of the ResourceCo Option Plan is attached as Appendix I.

Terms of the ResourceCo Option Plan

General

The purpose of the ResourceCo Option Plan is to provide the directors, officers, employees and consultants of ResourceCo following the completion of the Arrangement (the "**Participants**") with an opportunity to purchase ResourceCo Shares and to benefit from the appreciation thereof. This will provide an increased incentive for the

Participants to contribute to the future success and prosperity of ResourceCo, thus enhancing the value of the ResourceCo Shares for the benefit of all the shareholders and increasing the ability of ResourceCo to attract and retain individuals of exceptional skill.

The ResourceCo Option Plan will be administered by the ResourceCo Board, but the ResourceCo Board may delegate administration to a committee of the ResourceCo Board consisting of not less than three directors. The ResourceCo Board may, from time to time, adopt such rules and regulations for administering the ResourceCo Option Plan as it may deem proper and in the best interests of ResourceCo.

Option Grants and Exercise Price

Under the ResourceCo Option Plan, the ResourceCo Board may, from time to time, grant options ("**ResourceCo Options**") to such Participants as it chooses and, subject to the restrictions described below, in such numbers as it chooses.

The exercise price of each ResourceCo Option is fixed by the ResourceCo Board when the ResourceCo Option is granted, provided that such price shall not be less than the volume weighted average trading price per share for the Shares on the TSXV (or, if the ResourceCo Shares are not then listed and posted for trading on TSXV, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the ResourceCo Board) for the five consecutive trading days ending on the last trading day preceding the date that the ResourceCo Option is granted.

ResourceCo Options granted to Participants are non-assignable.

Limits on ResourceCo Option Grants

The aggregate number of ResourceCo Shares that may be reserved for issuance at any time under the ResourceCo Option Plan, together with any ResourceCo Shares reserved for issuance under any other share compensation arrangement implemented by ResourceCo after the date of the adoption of the ResourceCo Option Plan, shall be equal to 10% of outstanding ResourceCo Shares (on a non-diluted basis) outstanding at that time. In addition, any grant of ResourceCo Options under the ResourceCo Option Plan shall be subject to the following restrictions:

(a) the aggregate number of ResourceCo Shares reserved for issuance pursuant to ResourceCo Options granted to any one person, when combined with any other share compensation arrangement, may not exceed 5% of the outstanding ResourceCo Shares (on a non-diluted basis);

(b) the aggregate number of ResourceCo Shares reserved for issuance pursuant to ResourceCo Options granted to Insiders (as defined in exchange polices) pursuant to the ResourceCo Option Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Shares (on a non-diluted basis);

(c) the aggregate number of ResourceCo Shares issued within any one year period to Insiders pursuant to ResourceCo Options, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding ResourceCo Shares (on a non-diluted basis).

(d) the aggregate number of ResourceCo Shares reserved for issuance pursuant to ResourceCo Options granted to any one person who is a Consultant (as defined in exchange polices) in any twelve (12) month period, may not exceed 2% of the issued and outstanding ResourceCo Shares (on a non-diluted basis); and

(e) the aggregate number of ResourceCo Shares reserved for issuance pursuant to ResourceCo Options granted to individuals conducting Investor Relations Activities (as defined in exchange polices) in any twelve (12) month period, may not exceed 2% of the issued and outstanding ResourceCo Shares (on a non-diluted basis).

Expiry

The expiry date of ResourceCo Options granted pursuant to the ResourceCo Option Plan is set by the ResourceCo Board, but must not be later than ten years from the date of grant. In the event that any ResourceCo Option expires during, or within two business days after, a self-imposed blackout period on trading securities of

ResourceCo, such expiry date will be deemed to be extended to the tenth day following the end of the blackout period.

In the event of the Participant ceasing to be a director, officer, employee or consultant of ResourceCo for any reason other than death (including the resignation or retirement of the Participant as a director, officer or employee of ResourceCo or the termination by ResourceCo of the employment of the Participant or the termination by ResourceCo or the Participant of the consulting arrangement with the Participant), all unvested ResourceCo Options held by such Participant shall immediately cease and terminate and be of no further force or effect and all vested ResourceCo Options held by such Participant shall cease and terminate and be of no further force or effect on the earlier of the expiry time of the ResourceCo Option and the thirtieth day following: (i) the effective date of such resignation or retirement; (ii) the date the notice of termination of employment is given by ResourceCo; or (iii) the date the notice of termination of the consulting agreement is given by ResourceCo to the Participant, as the case may be. Notwithstanding the foregoing, in the event of termination for cause, such ResourceCo Option shall cease and terminate immediately upon the date notice of termination of employment for cause is given by ResourceCo and shall be of no further force or effect whatsoever as to the ResourceCo Shares in respect of which an ResourceCo Option has not previously been exercised.

If a Participant dies, the legal representatives of the Participant may exercise the vested ResourceCo Options held by the Participant within a period after the date of the Participant's death as determined by the ResourceCo Board, provided that such period shall not extend beyond 6 months following the death of the Participant or exceed the expiry date of such ResourceCo Option.

Vesting

The vesting period or periods of ResourceCo Options granted under the ResourceCo Option Plan is determined by the ResourceCo Board at the time of grant. The ResourceCo Board may, in its sole discretion at any time, accelerate vesting of ResourceCo Options previously granted. In the event a change of control of ResourceCo, as defined in the ResourceCo Option Plan, is contemplated or has occurred, all ResourceCo Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the ResourceCo Board.

Exercise

Participants may exercise vested ResourceCo Options by providing a notice in writing signed by the Participant to ResourceCo together with payment in full of the exercise price for the ResourceCo Shares which are the subject of the exercise. ResourceCo will not provide Participants with financial assistance for the exercise of ResourceCo Options.

A Participant may offer to dispose of vested ResourceCo Options to ResourceCo for cash in an amount not to exceed the fair market value thereof as determined by the ResourceCo Board and ResourceCo has the right, but not the obligation, to accept the Participant's offer.

A Participant may elect a net share exercise of ResourceCo Options, pursuant to which ResourceCo shall satisfy any obligations to the Participant in respect of any ResourceCo Options exercised by the Participant by issuing such number of ResourceCo Shares to the Participant that is equal in value to the difference between the closing trading price of the Resource Shares on the TSXV (or, if the ResourceCo Shares are not then listed and posted for trading on TSXV, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the ResourceCo Board) on the day prior to the date on which the ResourceCo Option is exercised and the exercise price.

Amendments to the ResourceCo Option Plan

The ResourceCo Board may amend the ResourceCo Option Plan and any ResourceCo Options granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Shares, provided that:

(a) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding ResourceCo Options;

(b) the approval of the holders of a majority of the ResourceCo Shares present and voting in person or by proxy at a meeting of ResourceCo Shareholders (including approval of the disinterested holders of

ResourceCo Shares if required by exchange policies) must be obtained for any amendment that would have the effect of:

(i) increasing the maximum percentage of ResourceCo Shares that may be reserved for issuance under the ResourceCo Option Plan;

(ii) increasing the maximum percentage of ResourceCo Shares that may be reserved for issuance under the ResourceCo Option Plan to Insiders or any one person;

(iii) increasing the maximum percentage of ResourceCo Shares that may be issued under the ResourceCo Option Plan within any one year period to Insiders, Consultants or individuals conducting Investor Relations Activities;

(iv) changing the amendment provisions of the ResourceCo Option Plan;

(v) changing the terms of any ResourceCo Options held by Insiders;

(vi) reducing the exercise price of any outstanding ResourceCo Options held by Insiders (including the reissue of an ResourceCo Option within 90 days of cancellation which constitutes a reduction in the exercise price);

(vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the ResourceCo Option Plan;

(viii) extending the expiry date of an outstanding ResourceCo Option or amending the ResourceCo Option Plan to allow for the grant of an ResourceCo Option with an expiry date of more than ten years from the grant date; or

(ix) amending the ResourceCo Option Plan to permit the transferability of ResourceCo Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

Adjustments

The ResourceCo Option Plan provides that appropriate adjustments in the number of ResourceCo Shares subject to the ResourceCo Option Plan, the number of ResourceCo Shares optioned and the exercise price shall be made by the ResourceCo Board to give effect to adjustments in the number of ResourceCo Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by ResourceCo (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of ResourceCo.

If a Participant elects to exercise a ResourceCo option to purchase ResourceCo Shares following the merger or consolidation of ResourceCo with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Participant shall be entitled to receive, and shall accept, in lieu of the number of ResourceCo Shares to which the Participant was theretofore entitled upon such exercise, either, at the discretion of the ResourceCo Board: (i) the kind and amount of shares and other securities or property which such Participant could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, the Participant had been the registered holder of the number of ResourceCo Shares to which the Participant was theretofore entitled to purchase upon exercise; or (ii) a cash amount determined by the ResourceCo Board to be equal to the fair value of the shares, securities or property referred to in (i) on the effective date of the merger or consolidation.

Recommendation of the Board

The Board of Directors unanimously recommends that the Shareholders vote in favour of the resolution approving the ResourceCo Option Plan.

Resolution Approving the ResourceCo Option Plan

At the Meeting, the Shareholders will be asked to consider and vote upon the following ordinary resolution approving the ResourceCo Option Plan:

> "**BE IT RESOLVED**, as an ordinary resolution of the holders of common shares of Petrominerales Ltd. ("**Petrominerales**"), that the stock option plan of 1774501 Alberta Ltd., substantially as set out in Appendix I of the Information Circular of Petrominerales dated October 29, 2013, be and the same is hereby approved and authorized."

The above resolution is an ordinary resolution of the Shareholders and, to be valid, it must be approved by a majority of the votes cast by the Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for approval of the foregoing resolution.**

INFORMATION CONCERNING THE MEETING

Date, Time and Place of Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on November 27, 2013 in the Royal Room at The Metropolitan Conference Centre, 333 – 4 Avenue S.W., Calgary, Alberta.

General

This Information Circular is furnished in connection with the solicitation of proxies by management of Petrominerales for use at the Meeting at the place and for the purposes set out in the accompanying Notice of Meeting. As a 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 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 by mail or courier to Computershare Trust Company of Canada in the enclosed postage prepaid envelope or by hand delivery to Computershare Trust Company of Canada, Attention: Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting. Proxies may also be voted by telephone or through the Internet in accordance with the instructions provided on the form of proxy. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting in his discretion, without notice. If you are not a registered 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 Shares".

All costs of this solicitation of proxies by management will be borne by Petrominerales, except as set out below. In addition to the solicitation of proxies by mail, officers and certain employees of Petrominerales may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so.

Petrominerales has also retained Kingsdale Shareholder Services Inc. ("**Kingsdale**") to provide the following services in connection with the Meeting: review and analysis of the Circular, recommending corporate governance best practices where applicable, liaising with proxy advisory firms, developing and implementing Shareholder communication and engagement strategies, advice with respect to Meeting and proxy protocol, reporting and reviewing the tabulation of Shareholder proxies, and the solicitation of Shareholder proxies including contacting Shareholders by telephone. Pacific Rubiales will pay the total cost of these services and any related expenses, which is estimated to not exceed $500,000. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-888-518-6812 or collect call outside North America at 416-867-2272, or by e-mail at contactus@kingsdaleshareholder.com.

Quorum

A quorum at the Meeting shall be at least one person present in person and holding or representing by proxy not less than 5% of the votes entitled to be cast. If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting shall be adjourned to such place and time as may be determined by the Chair of the Meeting and if at such adjourned Meeting a quorum is not present, the Shareholders present in person or represented by proxy shall be a quorum for all purposes.

Solicitation and Appointment of Proxies

The individuals named in the accompanying form of proxy are officers and/or directors of Petrominerales. **A Shareholder wishing to appoint some other person (who need not be a 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 Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the Shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the 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 unless the completed form of proxy is delivered by mail, courier or hand to Computershare Trust Company of Canada Proxies or is voted by telephone or through the Internet in accordance with the instructions provided on the form of proxy, in each case not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Alberta) prior to the commencement of the Meeting. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting in his discretion, without notice.

Revocation of Proxies

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

Voting of Proxies

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

Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed form of proxy will be voted or withheld from voting on any poll in accordance with the instructions made on the proxy forms and, if a Shareholder specifies a choice as to any matters to be acted on, such 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 Petrominerales Management 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

Petrominerales' issued and outstanding voting securities as the record date of the meeting of October 28, 2013 consist of 85,098,833 Shares. As at October 28, 2013, there were 5,861,230 Shares reserved for issuance pursuant to the exercise of Petrominerales Options, Petrominerales ICS Awards and Petrominerales DCS Awards. Shareholders present in person or by proxy at the Meeting are entitled to one vote for each Share held on all matters to be considered and acted upon at the Meeting.

Petrominerales has set the close of business on October 28, 2013 as the record date for the Meeting. Petrominerales will prepare a list of Shareholders of record at such time. Only Shareholders named on that list will be entitled to vote the Shares then registered in their name at the Meeting.

To the knowledge of the directors and officers of Petrominerales, as of the date hereof, there are no persons or companies who beneficially own, directly or indirectly, or control or direct Shares carrying ten percent or more of the voting rights attached to all of the Shares, except as set forth below:

Name	Number of Shares Beneficially Owned or Controlled	Percentage of Total Shares
Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisers Incorporated, and FIL Limited	11,632,332 (1)	13.67%

Note:
(1) Based on the Alternative Monthly Report respecting ownership of Shares filed on SEDAR on May 10, 2013.

Information for Beneficial Shareholders

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

Applicable regulatory policy in Canada requires intermediaries/brokers to seek voting instructions from Beneficial 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 Shareholders in order to ensure that their Shares are voted at the Meeting. The voting information form ("**VIF**") supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered Shareholders by Petrominerales; however, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically asks Beneficial 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 Shareholder receiving a Broadridge VIF cannot use that VIF to vote Shares directly at the Meeting. The Broadridge VIF must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered 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 Shares held through an intermediary (such as a bank, trust company, securities broker, trustee or other), please contact that intermediary for assistance.

Information for Certain Colombian Beneficial Shareholders

Voting

All Shareholders that acquired their Shares through the BVC (the "**BVC Shareholders**") are currently Beneficial Shareholders as all BVC Shareholders hold their Shares through a bank, trust company, securities broker, trustee or other nominee (each a "**Nominee**") and Deceval S.A. BVC Shareholders are required to be contacted by the Nominee that holds their Shares and be provided with a VIF that allows BVC Shareholders to direct their Nominee to vote their Shares in accordance with their instructions. For BVC Shareholders the VIF will have been translated into Spanish. BVC Shareholders should pay careful attention to the deadline to ensure their Shares are voted at the Meeting.

A BVC Shareholder who wishes to attend and vote its Shares at the Meeting in person must direct their Nominee to appoint the BVC Shareholder as proxy for its Shares on the VIF. The BVC Shareholder will then be able to attend and vote its Shares at the Meeting.

This section should be read together with "Information for Beneficial Shareholders" above.

Dissent Rights

A BVC Shareholder who wishes to exercise its dissent rights (see "Dissenting Shareholder Rights") should note that only registered Shareholders are permitted to dissent. As such, in order to dissent, a BVC Shareholder must first withdraw its Shares from Deceval S.A. to become a registered shareholder. To do so, a BVC Shareholder must contact its Nominee to request that its Shares be registered in its name. BVC Shareholders are advised that this request should be made well in advance of the Meeting and the registration process may take one to two weeks or longer. Alternatively, the BVC Shareholder may make arrangements with its Nominee to dissent on behalf of the BVC Shareholder. There can be no assurances that a Nominee will agree to make arrangements to dissent on behalf of a BVC Shareholder.

Notwithstanding a BVC Shareholder's right to dissent, a BVC Shareholder who has dissented or intends to dissent is still entitled to vote at the Meeting. See "Dissenting Shareholder Rights".

Foreign Exchange Regulations

Under the foreign exchange regulations applicable in Colombia, the disposition of the Shares and an investment in the ResourceCo Shares by a BVC Shareholder is subject to the fulfillment of reporting and registration requirements before the Colombian Central Bank (Banco de la República) related to Colombian investments abroad. BVC Shareholders are advised to contact their securities broker or other Nominee to ensure that all relevant compliance requirements are satisfied.

Depositary

Pacific Rubiales and Petrominerales have engaged Equity Financial Trust Company to act as depositary for the receipt of certificates representing 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 Pacific Rubiales and Petrominerales against certain liabilities and expenses in connection therewith.

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

Other Business

Petrominerales 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.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No director or executive officer of Petrominerales, any of their associates or affiliates, nor any employee, is or has been at any time since the beginning of the most recently completed financial year of the Petrominerales, indebted to the Petrominerales or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of Petrominerales has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Petrominerales or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "*Matters Related to the Arrangement - Interests of Certain Persons in the Arrangement*", "*Canadian Securities Laws Matters – Application of MI 61-101*", or as may otherwise be disclosed in the Information Circular, no informed person of Petrominerales, 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 Petrominerales or any of its subsidiaries since the commencement of the most recently completed financial year of Petrominerales.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon on behalf of Petrominerales by McCarthy Tétrault LLP and Torys LLP and, with respect to Colombian law, by Godoy & Hoyos and Baker & Mckenzie S.A.S. Certain legal matters in connection with the Arrangement will be passed on behalf of Pacific Rubiales by Norton Rose Fulbright Canada LLP and, with respect to Colombian law, Norton Rose Fulbright Colombia SAS. As of the date of this Information Circular, the partners and associates of each of these firms, respectively, owned beneficially, directly or indirectly, less than one percent of the outstanding Shares.

OTHER MATTERS

Petrominerales Management knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the notice of the Meeting; however, if any other matter properly comes before the Meeting, the accompanying form of proxy will be voted on such matter in accordance with the best judgement of the person(s) voting the proxy.

ADDITIONAL INFORMATION

Petrominerales 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. Shareholders may contact the Chief Financial Officer of the Corporation by e-mail at ir@petrominerales.com, by telephone at 403.705.8850 (Calgary) or 011.571.629.2701 (Bogotá) or by facsimile at 403.266.5794 (Calgary) or 011.571.629.4723 (Bogotá) or by submitting a written request to Petrominerales at either 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7 or Calle 116 No. 7-15 Edificio Torre Cusezar Piso 6, Bogotá, Colombia, Attention: Chief Financial Officer to request without charge copies of Petrominerales' financial statements and management discussion and analysis. Financial information of Petrominerales is provided in the comparative financial statements and management discussion and analysis.

AUDITORS

The auditors of Petrominerales are Deloitte LLP, Chartered Accountants, 700 – 850, 2nd Street SW, Calgary, Alberta, T2P 0R8.

APPROVAL OF THE BOARD OF DIRECTORS

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

DATED at Calgary, Alberta, this 29th day of October, 2013.

BY ORDER OF THE BOARD OF DIRECTORS
OF PETROMINERALES LTD.

(signed) "*Corey C. Ruttan*"
President and Chief Executive Officer

APPENDIX A - ARRANGEMENT RESOLUTION

FORM OF ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the **Arrangement**) under section 193 of the *Business Corporations Act* (Alberta) (the **ABCA**) of Petrominerales Ltd. (**Petrominerales**), as more particularly described and set forth in the management information circular (the **Circular**) dated October 29, 2013 of Petrominerales accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the **Arrangement Agreement**) made as of September 29, 2013 between Petrominerales, Pacific Rubiales Energy Corp. and 1774501 Alberta Ltd.), is hereby authorized, approved and adopted.

2. The plan of arrangement of Petrominerales (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms) (the **Plan of Arrangement**), the full text of which is set forth in Appendix D to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of Petrominerales in approving the Arrangement and the Arrangement Agreement, and (iii) actions of the directors and officers of Petrominerales in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Petrominerales or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Petrominerales are hereby authorized and empowered to, without notice to or approval of the shareholders of Petrominerales, (i) amend, modify or supplement 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 and related transactions.

5. Any officer or director of Petrominerales is hereby authorized and directed for and on behalf of Petrominerales 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 such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX B - INTERIM ORDER

Court File Number	1301-12564
Court	COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre	Calgary
Applicant	PETROMINERALES LTD.
	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 Petrominerales Ltd., Pacific Rubiales Energy Corp., 1774501 Alberta Ltd., and the shareholders of Petrominerales Ltd.
Document	**ORDER**
Address for Service and Contact Information of Party Filing this Document	Counsel for the Applicant, Petrominerales Ltd. McCarthy Tétrault LLP Barristers & Solicitors Suite 3300, 421 - 7 Avenue SW Calgary, AB T2P 4K9 Attention: Douglas T. Yoshida / Timothy W. Froese Telephone: 403.260.3737 / 3509 Facsimile: 403.260.3501 Our file no. 200304/456638

Clerk's stamp

DATE ON WHICH ORDER WAS PRONOUNCED: Tuesday, October 29, 2013

PLACE AT WHICH ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice B.E.C. Romaine

UPON the Originating Application (the "**Application**") of Petrominerales Ltd. ("**Petrominerales**") for an Order under section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "**ABCA")** in connection with a proposed arrangement (the "**Arrangement**") under section 193 of the ABCA involving Petrominerales, the holders of common shares (the "**Shares**" or individually, a "**Share**") of Petrominerales (the "**Shareholders**" or individually, a

"**Shareholder**"), Pacific Rubiales Energy Corp. ("**Pacific Rubiales**") and 1774501 Alberta Ltd. ("**ResourceCo**");

AND UPON the Application for an interim order regarding, among other things, the calling and holding of a meeting of Shareholders to consider and vote upon the proposed Arrangement;

AND UPON hearing read the Application and the Affidavit of Corey Ruttan, the President and Chief Executive Officer of Petrominerales, sworn October 25, 2013, and the Exhibits referred to therein (the "**Ruttan Affidavit**"), filed;

AND UPON hearing counsel;

AND UPON noting the consent of Pacific Rubiales and ResourceCo;

AND UPON noting that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of the Application as required by subsection 193(8) of the ABCA and that the Executive Director neither consents to nor opposes the Application, and did not appear or make submissions with respect to the Application;

AND UPON noting that for the purpose of this Order the capitalized terms not defined in this Order shall have the meaning attributed to them in the Information Circular of Petrominerales (the "**Circular**"), a draft copy of which is attached as Exhibit "A" to the Ruttan Affidavit;

IT IS HEREBY ORDERED AND DIRECTED THAT:

General

1. Petrominerales shall seek approval of the Arrangement by the Shareholders in the manner set forth below.

Meeting

2. Petrominerales shall call and conduct a special meeting (the "**Meeting**") of Shareholders to be held in the Royal Room at The Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta at or around 9:00 a.m. (Calgary time) on November 27, 2013. At the Meeting, the Shareholders will consider and, if thought advisable, pass, with or

without variation, the Arrangement Resolution, attached as Appendix "A" to the Circular, approving the Arrangement. The Shareholders may further deal with any other items of business as may be properly brought before the Meeting or described in the Circular.

3. Each Share entitled to be voted at the Meeting will entitle the holder to one vote, as one class, at the Meeting in respect of the Arrangement Resolution and the other matters to be considered at the Meeting. The Board of Directors of Petrominerales has set the close of business on October 28, 2013 as the record date (the "**Record Date**") for the Meeting. Only the Shareholders whose names have been entered into the register of Shareholders (the "**Registered Shareholders**") as of the Record Date are entitled to receive notice of, and to vote at, the Meeting.

4. The Meeting shall, subject to the express provisions of this Order and any further Order of this Honourable Court, be called and conducted in accordance with the ABCA and the articles and by-laws of Petrominerales.

Notice

5. The meeting materials (the "**Meeting Materials**"), which include the Notice of Special Meeting of Shareholders, the Notice of Originating Application, the Circular, a form of proxy, and a copy of this Order, substantially in the form marked as Exhibit "A" to the Ruttan Affidavit, with such amendments thereto as may be necessary or desirable (provided such amendments are not inconsistent with the terms of this Order) and such other materials as may be necessary or advisable to properly conduct the Meeting, shall be mailed by prepaid ordinary mail, at least 21 days prior to the date of the Meeting to Registered Shareholders at the addresses for such holders recorded in the records of Petrominerales at the close of business on the Record Date, and to the directors and auditors of Petrominerales. In calculating the 21 day period, the date of mailing shall be included and the date of the Meeting shall be excluded. The addressees of such mailing shall be deemed to have received the Meeting Materials on the date of mailing and such mailing shall constitute good and sufficient service of notice of the Application, the Meeting, the Meeting Materials, and the final hearing in respect of the Application.

6. Petrominerales is authorized to solicit proxies from Shareholders, directly or through their officers, directors and employees and through such agents or representatives as

they may retain for that purpose, by mail, telephone or such other form and means of personal or electronic communication as they may determine.

7. Service of the Application and the Ruttan Affidavit, and any other subsequent affidavits filed on behalf of Petrominerales, is dispensed with, except upon the Executive Director who shall be served with all materials filed herein unless the Executive Director advises counsel for Petrominerales that receipt of such materials is not wanted.

8. The accidental omission to give notice of the Meeting to or the non-receipt of the notice by one or more of the aforesaid persons shall not invalidate any resolution passed or proceedings taken at the Meeting.

Conduct of the Meeting

9. The Chair of the Meeting shall be any person nominated by the Board of Directors of Petrominerales for that purpose.

10. The scrutineer (the "**Scrutineer**") of the Meeting shall be appointed by the Chair of the Meeting.

11. A quorum at the Meeting shall be at least one person present in person and holding or representing by proxy not less than 5% of the votes entitled to be cast. If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting shall be adjourned to such place and time as may be determined by the Chair of the Meeting and if at such adjourned Meeting a quorum is not present, the Shareholders present in person or represented by proxy shall be a quorum for all purposes.

12. Petrominerales, if it deems it advisable, may adjourn or postpone the Meeting on one or more occasions and for such period(s) of time as Petrominerales deems advisable, without the necessity of first convening such Meeting or first obtaining any vote of Shareholders respecting the adjournment or postponement, and notice of such adjournment or postponement shall be given by press release, newspaper advertisement or by such other method as determined to be the most appropriate method of communication by the Board of Directors of Petrominerales (provided that such authorization shall not derogate from the rights of the other parties to the Arrangement Agreement) and notice shall be deemed to have been made the day following such press release, mailing or other form of notice. If the Meeting is adjourned

or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed.

13. The only persons entitled to attend and speak at the Meeting shall be Shareholders or their proxy holders as evidenced by a validly completed form of proxy prepared specifically for use at the Meeting, Petrominerales' directors, officers, auditors and legal counsel, representatives of and counsel for Pacific Rubiales, the Scrutineer and his or her representatives, persons with permission of the Chair of the Meeting and the Executive Director.

14. The Arrangement Resolution must be approved by not less than 66 2/3% of the votes validly cast on the Arrangement Resolution by the Shareholders.

15. To be valid, a proxy must be deposited with Petrominerales in the manner described in the Meeting Materials.

16. To the extent of any discrepancy or inconsistency among the Meeting Materials and this Order, the terms of this Order shall prevail.

Dissent Rights

17. With respect to the Arrangement Resolution, each registered Shareholder shall have the right to dissent (the "**Dissent Rights**") in the manner set forth in Section 191 of the ABCA as modified by this Order and the Arrangement.

18. In order for a Shareholder to exercise the Dissent Rights:

    (a) notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA which is required to be sent to Petrominerales must be received by Petrominerales in care of McCarthy Tétrault LLP, Attention: Mark Franko, Suite 3300, 421 – 7 Avenue SW, Calgary, Alberta T2P 4K9 by 5:00 p.m. (Calgary time) on November 25, 2013 (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) the Shareholder shall not have voted any of his or her Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

(c) the Shareholder shall not exercise the Dissent Rights in respect of only a portion of the holder's Shares but may dissent only with respect to all of the holder's Shares;

(d) the exercise of the Dissent Rights must otherwise comply with the requirement of Section 191 of the ABCA, as modified by this Order; and

(e) a vote against the Arrangement Resolution or an abstention shall not constitute the written objection required herein.

19. A Shareholder who exercises the Dissent Rights in strict accordance herewith prior to the Effective Time and does not withdraw the exercise of the Dissent Rights prior to the Effective Time (a "**Dissenting Shareholder**") shall, on the Effective Date, cease to have any rights as a holder of Shares and shall only be entitled to be paid the fair value of the Shares.

20. The fair value of the Shares of the Dissenting Shareholder shall be determined as of the close of business on the last business day before the day on which the Arrangement is approved by the Shareholders.

21. A Dissenting Shareholder who is ultimately entitled to be paid the fair value of the Shareholder's Shares shall be deemed to have transferred the Shares to Petrominerales for cancellation on the Effective Date without further authorization, act or formality, notwithstanding the provisions of Section 191 of the ABCA. In no event shall Petrominerales, Pacific Rubiales, ResourceCo or any other person be required to recognize a Dissenting Shareholder as a holder of Shares after the Effective Time, and the name of such Dissenting Shareholder shall be removed from the applicable register of holders of Shares as at the Effective Time.

22. If Section 191(20) of the ABCA applies, any Dissenting Shareholder receiving notice under Section 191(18) of the ABCA may, within 30 days, withdraw its written objection and be deemed to have participated in the Arrangement.

23. Subject to further order of this Court, the Dissent Rights available to the Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the Shareholders with respect to the Arrangement Resolution.

24. Notice to the Shareholders of the Dissent Rights with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, and this Order, the fair value of the Shares shall be given and be deemed to be good and sufficient notice by including information with respect to this right in the Circular to be sent to Shareholders in accordance with this Order.

Final Application

25. Subject to further Order of this Court and provided that the Shareholders have approved the Arrangement in the manner directed by this Court, Petrominerales may proceed with an application for approval of the Arrangement and the Final Order on Wednesday, November 27, 2013 at 1:30 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 the issuance of a Certificate of Arrangement, all Shareholders and all other affected persons will be bound by the Arrangement in accordance with its terms.

26. Any Shareholder or any other interested party (together, "**Interested Party**"), other than Pacific Rubiales and the Executive Director, desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon Petrominerales' solicitors, to the attention of Douglas T. Yoshida, at the address appearing on the front page of this Order, on or before 9:00 a.m. (Calgary time) on November 22, 2013, a Notice of Intention to Appear, including the Interested Party's address for service in the Province of Alberta, together with any evidence or materials which the Interested Party intends to present to the Court and indicating whether the Interested Party intends to support or oppose the application.

27. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the application for the Final Order shall have notice of the adjourned date.

28. Service of the notice of this application on any person is hereby dispensed with.

29. The requirements of Rule 6.13 are waived.

Leave to Vary Order and Extra-Territorial Assistance

30. Petrominerales is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Honourable Court may direct.

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

"B.E.C. Romaine"

J.C.C.Q.B.A

APPENDIX C - ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (this **Agreement**) dated as of September 29, 2013,

AMONG:

PACIFIC RUBIALES ENERGY CORP., a corporation existing under the laws of the Province of British Columbia (**Pacific Rubiales**)

- and -

PETROMINERALES LTD., a corporation existing under the laws of the Province of Alberta (**Petrominerales**)

- and -

1774501 ALBERTA LTD., a corporation existing under the laws of the Province of Alberta (**ExploreCo**).

WHEREAS Pacific Rubiales desires to acquire all of the Shares (as defined herein)

AND WHEREAS Petrominerales wishes to transfer the ExploreCo Assets (as defined herein) to its wholly-owned subsidiary, ExploreCo, and distribute the ExploreCo Shares (as defined herein) to the Shareholders (as defined herein);

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

AND WHEREAS as an inducement to the willingness of Pacific Rubiales to enter into this Agreement, all of the directors and officers of Petrominerales have agreed to enter into the Lock-up Agreements (as defined herein) which will be executed and delivered contemporaneously with the execution and delivery of this Agreement;

AND WHEREAS the board of directors of Petrominerales (the **Board of Directors**) has unanimously determined that the consideration to be received by the Shareholders pursuant to the Arrangement (as defined herein) is fair, from a financial point of view, to the Shareholders and that the Arrangement is in the best interests of Petrominerales, and the Board of Directors has resolved to support the Arrangement and to recommend that the Shareholders each vote in favour of the Arrangement, all subject to the terms and the conditions contained herein;

THIS AGREEMENT WITNESSES THAT 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 covenant and agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

2010 Debentures means the 2.625% senior unsecured convertible debentures of Petrominerales dated August 21, 2010;

2010 Debentureholders means the holders of the 2010 Debentures;

2010 Debenture Indenture means the loan agreement dated August 21, 2010 between Petrominerales and Norsk Tillitsmann ASA, establishing and setting forth, among other things, the terms of the 2010 Debentures;

2012 Debentures means the 3.25% senior unsecured convertible debentures of Petrominerales dated June 7, 2012;

2012 Debentureholders means the holders of the 2012 Debentures;

2012 Debenture Indenture means the bond agreement dated June 7, 2012 between Petrominerales, Petrominerales Bermuda Ltd. and Norsk Tillitsmann ASA, establishing and setting forth, among other things, the terms of the 2012 Debentures;

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

Acquisition Proposal means, other than the transactions contemplated by this Agreement, any written or oral offer, proposal or inquiry from any person or group of persons acting jointly or in concert within the meaning of MI 62-104 (other than Pacific Rubiales or its affiliates) relating to: (a) any direct or indirect acquisition or purchase, in a single transaction or a series of related transactions, of assets representing 20% or more of the Assets or contributing 20% or more of the revenue of the Petrominerales Entities or 20% or more of the voting or equity securities of Petrominerales (or, in either case, rights or interests therein or thereto); (b) any direct or indirect take-over bid, exchange offer, tender offer or treasury issuance that, if consummated, would result in such person or group of persons beneficially owning 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of Petrominerales; (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Petrominerales or the Petrominerales Subsidiaries; (d) any other transaction, the consummation of which would or could be reasonably expected to impede, interfere with, prevent, impair or delay the transactions contemplated by this Agreement or the Arrangement or which could or would be reasonably expected to materially reduce the benefit to Pacific Rubiales under this Agreement or the Arrangement; or (e) any public announcement of an intention to do any of the foregoing;

affiliate has the meaning ascribed thereto in the Securities Act;

Agreement means this Agreement, including the recitals and Schedules, as it may be amended from time to time;

Alvopetro means Alvopetro Oil and Gas Investments Inc., a corporation existing under the ABCA;

Arrangement means an arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Petrominerales and Pacific Rubiales, each acting reasonably;

Arrangement Resolution means the special resolution approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content of Schedule A hereto;

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, giving effect to the Arrangement;

Assets means all of the assets, properties, facilities, Permits, rights or other privileges (whether contractual or otherwise) of, and securities owned by, the Petrominerales Entities, and, for greater certainty, including the Leases and the Interests;

Board of Directors has the meaning ascribed thereto in the recitals;

Brazil Employees has the meaning ascribed in Section 2.11(3);

business day means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto or Calgary, Canada or Bogotá, Colombia;

Canadian Securities Laws means the Securities Act and all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, and the rules of the TSX applicable to companies listed thereon;

Colombian Securities Laws means all applicable Colombian securities laws, rules and regulations, and the rules of the Bolsa de Valores de Colombia applicable to companies listed thereon;

Change in Recommendation has the meaning ascribed thereto in Section 9.1(1)(c)(i);

Change of Control Payments has the meaning ascribed thereto in paragraph (v)(iv) of Schedule D;

Certificate of Arrangement means the proof of filing to be issued by the Registrar pursuant to subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

Change of Control Offer has the meaning ascribed thereto in Section 8.1(1);

Circular means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to, among others, the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

Confidentiality Agreement means the confidentiality agreement dated September 9**,** 2013 between Pacific Rubiales and Petrominerales;

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

Credit Agreement means the third amended and restated $250 million credit agreement dated February 8, 2013, as amended May 7, 2013, between, among others, Petrominerales, Petrominerales Colombia Ltd. and Petrominerales Peru Ltd., as borrowers, and a syndicate of banks, with Standard Bank PLC as the administrative agent;

D&M means DeGolyer and MacNaughton, independent oil and gas reservoir engineers, of Dallas, Texas, USA;

D&M Report means the independent engineering appraisal of Petrominerales' reserves prepared by D&M, dated February 15, 2013, with an effective date of December 31, 2012;

Data Room means the electronic data room hosted by TD Securities Inc. in connection with the transactions contemplated hereby;

Data Room Information means the information contained in the files, reports, data, documents and other materials relating to the Petrominerales Entities as provided either in physical form or in the Data Room, whether or not password protected, including the documents described on the list of specifically disclosed documents recorded therein, in each case provided by Petrominerales to Pacific Rubiales or their Representatives or advisors on or prior to September 28, 2013;

D&O Insurance has the meaning ascribed thereto in Section 8.7(2);

Deferred Common Share Award means a deferred common share award granted under the Deferred Common Share Plan;

Deferred Common Share Plan means the deferred common share plan of Petrominerales in effect on the date hereof, as amended, restated and/or supplemented from time to time;

Depositary means Computershare Trust Company of Canada, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by Petrominerales and Pacific Rubiales;

Disclosure Letter means the disclosure letter dated the date hereof regarding this Agreement that has been provided by Petrominerales to Pacific Rubiales;

Director of Investments means the Director of Investments appointed under section 6 of the Investment Canada Act;

Dissent Rights means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

Effective Date means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

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 the Parties;

Encumbrance means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, guarantee, right of third parties or other charge, encumbrance, or any collateral securing the payment obligations of any person, as well as any other agreement or arrangement with any similar effect whatsoever;

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;

Environmental Approvals means all permits, certificates, licences, consents, orders, grants, instructions, registrations, directions, approvals or other authorizations issued or required by any Governmental Entity pursuant to any Environmental Law;

Environmental Laws means any applicable Law relating to pollution or protection of human health (including worker health and safety) or the Environment (whether statutory, common law or otherwise), or governing the handling, use, re-use, generation, treatment, storage, transportation, disposal, recycling, manufacture, distribution, formulation, packaging, labelling, Release or threatened Release of or exposure to Hazardous Materials;

ESOP Plan means the employee share ownership plan as amended November 9, 2009 and as further amended April 12, 2011;

Executive Proceeding Termination Minute means the settlement agreement between Agencia Nacional de Hidrocarburos and Petrominerales dated September 2, 2013;

ExploreCo has the meaning ascribed thereto in the recitals;

ExploreCo Assets means (a) 750,000 class "A" common shares in the capital of Alvopetro, representing a 75% interest in Alvopetro, plus any additional class "A" common shares in the capital of Alvopetro acquired by Petrominerales prior to the Effective Date; and (b) all of the issued and outstanding shares of NewCo.

ExploreCo Capital Budget means a budget of ExploreCo setting forth all capital expenditures and operating expenses of the business of Alvopetro from the date hereof until the Effective Time and including all capital expenditures, overhead fees, head office costs and general and administrative fees to be incurred in connection with the business of Alvopetro;

ExploreCo Cash Consideration means $100,000,000 less (a) the amount, if any, paid by Petrominerales to acquire up to 250,000 of the remaining 250,000 class "A" common shares in the capital of Alvopetro, not currently held by Petrominerales (including legal, accounting, technical, consulting and any other acquisition costs) as contemplated by Section 6.1(4) and (b) the amount, if any, by which capital expenditures and operating expenses expended or committed with respect to the business of Alvopetro prior to the Effective Date exceed US$18,000,000;

ExploreCo Circular Information means all information in respect to ExploreCo required to be included in the Circular under Applicable Canadian Securities Laws and the Interim Order;

ExploreCo Conveyance Agreement means the agreement to be entered into on the Effective Date between Petrominerales and ExploreCo to effect the sale and transfer of ExploreCo Assets from Petrominerales to ExploreCo, substantially in the form attached hereto as Schedule C;

ExploreCo Organization Transaction means the transactions set forth in subsections 2.8(1), 2.8(2), and 2.8(3);

ExploreCo Shares means the common shares in the capital of ExploreCo;

Fairness Opinion means the opinion of TD Securities Inc., the financial advisor to Petrominerales, addressed to the Board of Directors, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, as to the fairness, from a financial point of view, of the consideration to be received by the Shareholders under the Arrangement;

Final Order means the final order of the Court approving the Arrangement pursuant to Section 193(9)(a) of the ABCA, in a form acceptable to each of the Parties, acting reasonably, as contemplated by the Arrangement Agreement, as such order may be amended by the Court (with the consent of each of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to each of the Parties, acting reasonably) on appeal;

Governmental Entity means, with respect to Canada, Colombia, Peru, Brazil, the United States of America, the United Kingdom, Bermuda or Bahamas, any (a) 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; (b) subdivision, agent, agency, commission, board or authority of any of the foregoing; or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX, TSXV and Bolsa de Valores de Colombia), regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and **Governmental Entities** means more than one Governmental Entity;

Hazardous Materials means any element, waste or other substance whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or

synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to the Environment or worker or public health and safety;

Incentive Common Share Award means an incentive common share award granted under the Incentive Common Share Plan;

Incentive Common Share Plan means the incentive common share plan of Petrominerales in effect on the date hereof, as amended, restated and/or supplemented from time to time;

IFRS means International Financial Reporting Standards;

Indemnified Person has the meaning ascribed thereto in Section 8.7(1);

Interests has the meaning ascribed thereto in paragraph (bb) of Schedule D;

Interim Order means the interim order of the Court pursuant to Section 193(4) of the ABCA, in a form acceptable to Pacific Rubiales and Petrominerales, each acting reasonably, as contemplated by the Arrangement Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of each of the Parties, acting reasonably);

Investment Canada Act means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.);

Investment Canada Approval means (i) Pacific Rubiales shall have received written evidence from the Minister of Industry under the *Investment Canada Act* that the Minister is satisfied or deemed to be satisfied that the transactions contemplated by this Agreement are likely to be of net benefit to Canada pursuant to the *Investment Canada Act* and (ii) the Minister of Industry has not sent to Pacific Rubiales a notice under section 25.2(1) or section 25.2(4)(b) of the Investment Canada Act within the period prescribed pursuant thereto or, if a notice has been sent under section 25.2 of the Investment Canada Act, then either the Minister of Industry has sent to Pacific Rubiales a notice under section 25.2(4)(a) or 25.3(6)(b) of the Investment Canada Act or the Governor in Council has issued an order pursuant to section 25.4(1)(b) of the Investment Canada Act authorizing the transactions contemplated by this Agreement;

ISS means Inversiones Sol del Sur SAS, a company organized pursuant to the laws of Colombia;

Law or **Laws** means, with respect to Canada, Colombia, Peru, Brazil, the United States of America, the United Kingdom, Bermuda or Bahamas, all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including the TSX, TSXV and Bolsa de Valores de Colombia), and, for greater certainty, includes Canadian Securities Laws, Colombian Securities Laws and U.S. Securities Laws, and the term “applicable” with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

Leases has the meaning ascribed thereto in paragraph (bb) of Schedule D;

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;

Lock-up Agreements means the support agreements between Pacific Rubiales and each of the directors and officers of Petrominerales, pursuant to which each officer and director has agreed to vote the Shares

beneficially owned or controlled by such officer or director in favour of the Arrangement Resolution and to otherwise support the Arrangement and other related matters to be considered at the Meeting;

Matching Period has the meaning ascribed thereto in Section 8.3(5);

Material Adverse Effect means 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, prospects, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), operations or affairs of the Petrominerales Entities, (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: (a) any change in IFRS or changes in regulatory accounting requirements applicable to the oil and gas industry; (b) any adoption, proposal, implementation or change in applicable Law or interpretations thereof by any Governmental Entity; (c) 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; (d) any change generally affecting the oil and gas industry in which the Petrominerales Entities operate; (e) 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 any of the Petrominerales Entities with any of their customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers arising as a direct consequence of same; (f) any natural disaster; (g) any change in interest rates, exchange rates or the price of oil or natural gas; (h) any change in the market price or trading volume of the securities of Petrominerales (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 Petrominerales trade; (i) the failure of Petrominerales in and of itself to meet any internal or public projections, forecasts or estimates of revenues or earnings (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); (j) any actions taken (or omitted to be taken) at the written request or with the written consent of Pacific Rubiales; (k) any matter which has been publically disclosed by Petrominerales or disclosed by Petrominerales to Pacific Rubiales in the Disclosure Letter prior to date hereof; or (l) any action taken by Petrominerales which is required pursuant to this Agreement (including, but not limited to any steps taken pursuant to Section 6.5 to obtain the Regulatory Approvals); provided, however, that with respect to clauses (a), (b), (c), (d), (f) and (g) such matter does not have a materially disproportionate effect on the Petrominerales Entities, taken as a whole, relative to other comparable companies and entities operating in the oil and gas industry in which the Petrominerales Entities operate. 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 Effect has occurred;

Material Contract means any contract, agreement, licence, franchise, lease, arrangement or commitment to which Petrominerales is a party or otherwise bound that: (a) if terminated would reasonably be expected to have a Material Adverse Effect; (b) provides for obligations or entitlements of Petrominerales exceeding $5 million; (c) which are outside the ordinary course of business and are material to Petrominerales; (d) contains any right of first refusal or first offer or similar right that could be exercised as a result of the consummation of the Arrangement or that limits in any material respect the ability of Petrominerales to own, operate, sell, pledge or otherwise dispose of material assets or the business of Petrominerales; (e) relates to indebtedness for borrowed money in excess of $3 million or relates to the direct or indirect guarantee or assumption by Petrominerales (contingent or otherwise) of any payment or performance obligations of any other person other than Petrominerales; (f) is a financial risk management contract, such as currency, commodity or interest related hedge contracts; (g) relates to the disposition or acquisition by Petrominerales after the date of this Agreement of an amount of assets in excess of $3 million; (h) relates to the acquisition or sale by Petrominerales of any operating business or the capital stock or other ownership interest of any other person in excess of $3 million and under which Petrominerales has any material continuing liability or obligation; (i) that is material to Petrominerales and provides for the termination, acceleration of payment or other special rights upon the occurrence of a change in control of Petrominerales; (j) which restricts in any material way the business or activities of

Petrominerales; (k) is a shareholders, joint venture, alliance or partnership agreement relating to a block with a value of at least $3 million; or (l) is with any person with whom Petrominerales does not deal at arm's length within the meaning of the Tax Act other than a wholly-owned subsidiary of Petrominerales;

material fact has the meaning ascribed thereto in the Securities Act;

Meeting means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, inter alia, the Arrangement Resolution;

Midstream Assets has the meaning ascribed thereto in the Disclosure Letter;

Minister of Industry means the responsible Minister under the Investment Canada Act;

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

MI 62-104 means Multilateral Instrument 62-104 - *Take-Over Bids and Issuer Bids* of the Securities Authorities;

misrepresentation has the meaning ascribed thereto in the Securities Act;

Money Laundering Laws has the meaning ascribed thereto in Section (gg) of Schedule D;

NewCo means a corporation existing under the laws of the Province of Alberta that is a wholly owned subsidiary of Petrominerales;

Non-Brazil Employees has the meaning ascribed in Section 2.11(3);

OBC Pipeline means the Oleoducto Bicentenario de Colombia S.A.S. oil pipeline project built in the Llanos Basin of Colombia;

Ocensa means Oleoducto Central S.A., a company organized pursuant to the laws of Colombia;

Ocensa Pipeline means the Colombian crude oil pipeline owned by Ocensa

Option means an option to purchase Shares granted by Petrominerales under the Stock Option Plan or otherwise;

Optionholders means the holders of Options;

Outside Date means December 10, 2013, subject to the right of either Pacific Rubiales or Petrominerales to postpone the Outside Date for up to an additional 120 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 to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than ten 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 Petrominerales.

Owned Personal Property has the meaning ascribed thereto in paragraph (aa) of Schedule D;

Pacific Rubiales has the meaning ascribed thereto in the recitals;

Pacific Rubiales Termination Fee has the meaning ascribed thereto in Section 9.4(3);

Pacific Rubiales Termination Fee Event has the meaning ascribed thereto in Section 9.4(3);

Parties means collectively, Petrominerales, ExploreCo and Pacific Rubiales, and **Party** means any of them;

Permit means any licence, permit, certificate, franchise, consent, order, grant, easement, approval, approval, classification, registration or other authorization of and from any person, including any Governmental Entity;

Permitted Liens means: (a) the royalty burdens, liens, adverse claims, penalties, reductions in interest and other encumbrances identified in respect of the Assets as disclosed in the Disclosure Letter; (b) the reservations, limitations, provisos and conditions expressed in any original grant and any statutory exceptions to title; (c) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, warehousemen, carriers and others arising in the ordinary course of business consistent with past practice in respect of the construction, maintenance, repair, or operation or storage of real or immovable, or personal or movable property; (d) easements, servitudes, restrictions, restrictive covenants, party wall agreements, rights of way, licenses, permits and other similar rights in real or immovable property (including, without limitation, easements, servitudes, rights of way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables) that in each case do not materially impact the use of such property as it is being used at the date hereof; (e) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due and delinquent or that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established in accordance with IFRS in the balance sheet of Petrominerales included in Petrominerales Current Public Disclosure Record; (f) zoning and building by-laws and ordinances, regulations made by public authorities and other restrictions affecting or controlling the use, marketability or development of real or immovable property that in each case do not materially impact the use of such property as it is being used at the date hereof; (g) agreements with any Governmental Entity and any public utilities or private suppliers of services, including subdivision agreements, development agreements, site control agreements, engineering, grading or landscaping agreements and similar agreements that in each case do not materially impact the use of such property as it is being used at the date hereof; (h) Liens against furniture, leasehold improvements and equipment securing indebtedness to finance the acquisition of such furniture, leasehold improvements and equipment; (i) terms and conditions of the Material Contracts or the Permits; and (j) such other imperfections or irregularities of title or Liens as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties;

person includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, 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;

Petrominerales has the meaning ascribed thereto in the recitals;

Petrominerales Capital Budget means the document entitled "Petrominerales Capital Budget" as included in the Disclosure Letter regarding capital expenditures to be made in respect of the business, operations and assets of Petrominerales, other than the business of Alvopetro;

Petrominerales Current Public Disclosure Record means all information filed by Petrominerales after December 31, 2011 with any Securities Authority in compliance or intended compliance with Canadian Securities Laws, to the extent such information is available to the public under the profile of Petrominerales on the System for Electronic Document Analysis and Retrieval (SEDAR) and including: (a) the annual information form of Petrominerales dated March 28, 2013 for the fiscal year ended December 31, 2012; (b) the audited consolidated financial statements of Petrominerales as at and for the year ended December 31, 2012, including the notes thereto and management's discussion and analysis thereof; (c) the condensed interim consolidated financial statements of Petrominerales as at and for the period ended June 30, 2013, including the notes thereto, and management's discussion and analysis thereof; and (d) the management information circular of Petrominerales dated April 1, 2013;

Petrominerales Employees means employees of the Petrominerales Entities;

Petrominerales Entities means, collectively, Petrominerales, ExploreCo and the Petrominerales Subsidiaries and Petrominerales Entity means each of them;

Petrominerales Plans has the meaning ascribed thereto in paragraph (w)(i) of Schedule D;

Petrominerales Public Disclosure Record means all information filed by Petrominerales with any Securities Authority in compliance or intended compliance with Canadian Securities Laws, to the extent such information is available to the public under the profile of Petrominerales on the System for Electronic Document Analysis and Retrieval (SEDAR);

Petrominerales Termination Fee has the meaning ascribed thereto in Section 9.4(1);

Petrominerales Subsidiaries has the meaning ascribed thereto in paragraph (f) of Schedule D;

Petrominerales Termination Fee Event has the meaning ascribed thereto in Section 9.4(1);

Plan of Arrangement means the plan of arrangement, substantially in the form of Schedule B hereto, and any amendments or variations thereto made in accordance with the provisions of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Petrominerales and Pacific Rubiales, each acting reasonably;

Pre-Acquisition Reorganization has the meaning ascribed thereto in Section 6.2;

Proceeding means any claim, action, suit, proceeding, arbitration, mediation or investigation, assessment or reassessment, whether civil, criminal, administrative or investigative;

Registrar means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to section 263 of the ABCA;

Regulatory Approvals means (i) the Investment Canada Approval; (ii) approvals or notices to the Superintendence of Industry and Commerce of the Republic of Colombia; (iii) the approval of any applicable U.S. state securities regulators; and (iv) such other 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 required to consummate the transactions contemplated by this Agreement (including, for greater certainty the Arrangement and the ExploreCo Organization Transaction);

Release has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Material, whether accidental or intentional, into the Environment;

Representatives means the officers, directors, employees, representatives (including any financial or other advisor) and agents acting on behalf of an entity;

SARs Plan means the Share Appreciation Rights (Cash-Settled Incentives) Plan of Petrominerales in effect as of the date hereof;

SARs means the share appreciation rights granted under the SARs Plan;

Section 3(a)(10) has the meaning ascribed thereto in Section 2.16;

Securities Act means the *Securities Act*, R.S.A. 2000. c. S-4;

Securities Authorities means the Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces of Canada;

Share Consideration means $11.00 in cash per Share;

Share Dividend Program means the share dividend program of Petrominerales as approved by the Shareholders on May 9, 2013;

Shareholder Rights Plan means the shareholder rights plan agreement dated November 19, 2010 between Petrominerales and Computershare Trust Company of Canada, as amended and restated from time to time;

Shareholders means the registered or beneficial holders of the Shares, as the context requires;

Shares means the common shares in the capital of Petrominerales;

Specified Midstream Assets has the meaning ascribed thereto in the Disclosure Letter;

Stock Option Plan means the stock option plan of Petrominerales in effect as of the date hereof, as amended, restated and/or supplemented from time to time;

subsidiary has the meaning ascribed thereto in the Securities Act;

Superior Proposal means a *bona fide* unsolicited written Acquisition Proposal not obtained in breach of Section 8.3 to acquire not less than 50% of the outstanding Shares (or all or substantially all of the Assets of the Petrominerales Entities) that the Board of Directors determines in good faith, after consultation with its financial and outside legal advisors, is a transaction (a) (not assuming away any risk of non-completion) reasonably capable of being completed in accordance with its terms without significant additional delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; (b) that if consummated in accordance with its terms (but not assuming away any risk of non-completion) is on terms and conditions more favourable, from a financial point of view, to the holders of Shares than the terms and conditions of the transaction contemplated by this Agreement (after giving effect to any changes to the terms of this Agreement proposed by Pacific Rubiales in response to such Acquisition Proposal pursuant to Section 8.3), taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal; (c) is not subject to a due diligence condition lasting longer than seven business days; and (d) 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 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;

Swaps means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, hedge, commodity option, equity or equity index swap, equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

Tax Act means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

Tax Asset has the meaning ascribed thereto in Section (s)(iv) of Schedule D;

Tax Returns means all reports, forms, elections, declarations, designations, schedules, agreements, statements, estimates, declarations of estimated tax, information statements, returns and all other similar documents required by Law to be filed with or provided to a Governmental Entity with respect to Taxes or Tax information reporting, and whether in tangible or electronic form, including any claims for refunds of Taxes, and any amendments or supplements of the foregoing;

Taxes means any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind imposed by any Governmental Entity, including tax instalment payments, unemployment insurance contributions and employment insurance contributions, Canada Pension Plan and provincial pension contributions (and similar foreign plans), worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use and occupation, and including goods and services, value added, ad valorem, sales, use, capital, transfer, franchise, non-resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts;

Technology License Agreement means the technology license agreement dated April 1, 2011 between Archon Technologies Ltd. and Petrominerales respecting the use of the THAI® technology in heavy oil projects in Colombia;

Transaction Costs means all costs of the Petrominerales Entities (whether incurred, accrued or billed) in connection with the Arrangement, including, without limitation, Change of Control Payments, fees and expenses of TD Securities Inc., legal advisors, auditors, engineers and other professionals or consultants and printing, mailing, proxy solicitation (other than such proxy solicitation costs incurred at the request or with the consent of Pacific Rubiales) and other costs and expenses related to the Meeting, but does not include (i) any cash amounts payable upon the cash exercise of the Options, the Incentive Common Share Awards or the SARs or (ii) any bonuses payable in connection with Section 2.11(2);

TSX means the Toronto Stock Exchange;

TSXV means the TSX Venture Exchange;

United States 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 and regulations promulgated thereunder;

U.S. Investment Company Act means the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder;

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

U.S. Securities Laws means the U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder; and

Wells has the meaning ascribed thereto in paragraph (gg) of Schedule D.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections, paragraphs, clauses and Schedules and the insertion of headings are for convenience of reference only and shall not affect in any way the

meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, clause or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph, clause or Schedule, respectively, bearing that designation in this Agreement.

1.3 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.

1.4 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "Cdn$" or "$" refers to Canadian dollars.

1.5 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of Petrominerales shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature in respect of Petrominerales required to be made shall be made in a manner consistent with IFRS.

1.6 Knowledge

In this Agreement, unless otherwise stated, references to "the knowledge of Petrominerales" means the actual knowledge, after reasonable internal inquiry in their capacity as officers of Petrominerales and not in their personal capacity of the following officers of Petrominerales: (a) President & Chief Executive Officer; and (b) Chief Financial Officer.

1.7 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Arrangement Resolution
Schedule B	-	Plan of Arrangement
Schedule C	-	ExploreCo Conveyance Agreement
Schedule D	-	Representations and Warranties of Petrominerales
Schedule E	-	Representations and Warranties Regarding ExploreCo
Schedule F	-	Representations and Warranties of Pacific Rubiales

1.8 Other Definitional and Interpretive Provisions

(a) In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

(b) Any reference in this Agreement to any person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

(c) References in this Agreement to the words "include", "includes" or "including" shall 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.

(d) The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

(f) References to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time.

(g) Any capitalized terms used in the Disclosure Letter, any exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement.

ARTICLE II
THE ARRANGEMENT

2.1 Arrangement

The Parties agree that the Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Lock-up Agreements

Contemporaneously with the execution and delivery of this Agreement, Petrominerales will deliver to Pacific Rubiales the executed Lock-up Agreements.

2.3 Interim Order

Petrominerales agrees that as soon as reasonably practicable after the date hereof, and in any event no later than October 31, 2013, Petrominerales shall apply, in a manner acceptable to Pacific Rubiales, acting reasonably, pursuant to Section 193 of the ABCA and, in co-operation with Pacific Rubiales, prepare, file and diligently pursue an application for the Interim Order, the terms of which are acceptable to Pacific Rubiales, each acting reasonably, which shall provide, among other things:

(a) for the calling and holding of the Meeting and for the class of persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which notice is to be provided;

(b) that the requisite approval for the Arrangement Resolution by the Shareholders shall be (i) two-thirds of the votes cast on the Arrangement Resolution by the Shareholders voting as a single class, present in person or represented by proxy at the Meeting (with each Shareholder being entitled to one vote for each Share held); and (ii) such other approval as is required by MI 61-101;

(c) that, in all other respects, the terms, restrictions and conditions of Petrominerales' articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Meeting;

(d) for the grant of the Dissent Rights to the Shareholders who are registered holders of the Shares;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Meeting may be adjourned or postponed from time to time by Petrominerales without the need for additional approval of the Court;

(g) that the record date for Shareholders entitled to vote at the Meeting shall not change in respect of any adjournment(s) or postponement(s) of the Meeting, unless required by applicable Law; and

(h) that it is the Parties' intention to rely upon Section 3(a)(10) of the U.S. Securities Act to issue, based on the Court's approval of the Arrangement, the ExploreCo Shares to Shareholders who are resident in the United States in exchange for the Shares in accordance with the Plan of Arrangement without registration under the U.S. Securities Act.

2.4 Meeting

(1) Subject to the terms of this Agreement and the Interim Order and provided that this Agreement has not been terminated in accordance with its terms, Petrominerales agrees to convene and conduct the Meeting in accordance with the Interim Order, Petrominerales' articles and by-laws and applicable Laws on or about November 27, 2013 and not postpone or propose to adjourn the Meeting without the prior written consent of Pacific Rubiales:

(a) except as required for quorum purposes or by applicable Law or by a Governmental Entity;

(b) except as required under Section 8.2(2) or Section 8.3(9) of this Agreement or as otherwise permitted under this Agreement; or

(c) except for an adjournment for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution.

(2) Other than the Arrangement Resolution, and, if applicable, with respect to the adoption of stock option or stock incentive arrangements by ExploreCo, there will be no business brought before the Shareholders at the Meeting without the consent of Pacific Rubiales, except as required by applicable Laws.

(3) Subject to the terms of this Agreement, Petrominerales shall use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by Pacific Rubiales, acting reasonably, using dealer and proxy solicitation services and cooperating with any persons engaged by Pacific Rubiales to solicit proxies in favour of the approval of the Arrangement Resolution.

(4) Petrominerales shall give notice to Pacific Rubiales of the Meeting and allow Pacific Rubiales' Representatives to attend the Meeting.

(5) Petrominerales shall advise Pacific Rubiales as Pacific Rubiales may reasonably request, and at least on a daily basis on each of the last five business days prior to the date of the Meeting, as to the aggregate tally of the proxies received by or on behalf of Petrominerales in respect of the Arrangement Resolution.

(6) Petrominerales shall promptly advise Pacific Rubiales of any written notice of dissent or purported exercise by any Shareholder of Dissent Rights received by or on behalf of Petrominerales in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by or on behalf of Petrominerales and, subject to applicable Laws, any written communications sent by or on behalf of Petrominerales to any Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. Petrominerales 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 Pacific Rubiales shall have given their prior written consent to such payment, settlement offer or settlement as applicable.

2.5 The Circular

(1) Subject to compliance by Pacific Rubiales with this Section 2.5, promptly after the execution of this Agreement, Petrominerales shall prepare and complete the Circular together with any other documents required by the ABCA, Canadian Securities Laws, Colombian Securities Laws and other applicable Laws in connection with the Meeting and the Arrangement, and Petrominerales shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Circular and other documentation required in connection with the Meeting to be filed and to be sent to each Shareholder and other persons as required by the Interim Order and applicable Laws, in each case so as to permit the Meeting to be held within the time required by Section 2.4(1).

(2) Petrominerales shall ensure that the Circular complies in all material respects with Canadian Securities Laws, Colombian Securities Laws and other applicable Laws, and, without limiting the generality of the foregoing, that the Circular shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information furnished by Pacific Rubiales) and shall provide the Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting and to allow ExploreCo to rely upon the exemption from registration provided under Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the ExploreCo Shares pursuant to the Arrangement.. Subject to Section 8.3(6) and 8.3(10), the Circular shall include the recommendation of the Board of Directors that the Shareholders vote in favour of the Arrangement Resolution.

(3) Pacific Rubiales and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by Pacific Rubiales and their counsel, provided that all information relating solely to Pacific Rubiales or their affiliates included in the Circular shall be in form and content satisfactory to Pacific Rubiales, acting reasonably.

(4) Pacific Rubiales shall, in a timely manner, furnish to Petrominerales all such information concerning Pacific Rubiales as may be reasonably required by Petrominerales in the preparation of the Circular and other documents related thereto, and Pacific Rubiales shall ensure that no such information shall contain any untrue statement of a material fact or omit to state a material fact required to be stated in the Circular in order to make any information so furnished not misleading in light of the circumstances in which it is disclosed.

(5) Petrominerales shall indemnify and save harmless Pacific Rubiales and its Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Pacific Rubiales and its Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(a) any misrepresentation or alleged misrepresentation in any information included in the Circular other than the ExploreCo Circular Information and the information furnished by Pacific Rubiales; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the Circular other than the ExploreCo Circular Information and the information furnished by Pacific Rubiales.

(6) ExploreCo shall indemnify and save harmless Pacific Rubiales, Petrominerales and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs,

damages and expenses to which Pacific Rubiales, Petrominerales and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(a) any misrepresentation or alleged misrepresentation in the ExploreCo Circular Information;

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the ExploreCo Circular Information; and

(c) any requirement, as determined by a court of competent jurisdiction, to deliver an ExploreCo Share upon the exercise of any Incentive Common Share Award or Deferred Common Share Award following the Effective Time, provided that in each case ExploreCo shall fully satisfy its obligations hereunder by delivering an ExploreCo Share to Pacific Rubiales or Petrominerales for delivery to the holder of the Incentive Share Award or Deferred Common Share Award in exchange for payment by Pacific Rubiales or Petrominerales to ExploreCo of a cash amount equal to the five day volume weighted average trading price of the ExploreCo Shares for the first five trading days following the Effective Date.

(7) The Parties shall promptly notify each other if at any time before the Effective Date it becomes aware that the Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Circular, as required or appropriate, and Petrominerales shall, if required by the Court or applicable Laws, promptly mail or otherwise publicly disseminate any amendment or supplement to the Circular to the Shareholders and file the same with the Securities Authorities and as otherwise required.

(8) If required by Colombian Securities Laws, the Circular will be translated into Spanish.

2.6 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order and as required by applicable Law then, subject to the terms of this Agreement and the Interim Order, Petrominerales shall as soon as reasonably practicable thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 193 of the ABCA such that the Final Order is obtained as soon as reasonable practicable following the Meeting (and, in any event, in no more than two business days).

2.7 Articles of Arrangement and Certificate of Arrangement

Following the receipt of the Final Order, and subject to the satisfaction or waiver of any conditions set forth in Article VII (other than those that, by their nature, can only be satisfied immediately prior to the Effective Date), Petrominerales shall, on such date as determined by Pacific Rubiales, acting reasonably, 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. The Certificate of Arrangement will be conclusive evidence that the Arrangement has become effective on, and be binding on and after, the Effective Time.

2.8 ExploreCo

(1) Immediately prior to the Effective Date, the ExploreCo Assets and related liabilities will be transferred by Petrominerales to ExploreCo pursuant to the ExploreCo Conveyance Agreement in exchange for ExploreCo Shares.

(2) Immediately prior to the transfer of the ExploreCo Assets pursuant to Section 2.8(1), (i) an amount equal to the ExploreCo Cash Consideration will be loaned by Pacific Rubiales to Petrominerales on terms and conditions to be agreed to by the Parties, acting reasonably, and (ii) such amount will be contributed by Petrominerales to NewCo in exchange for shares of NewCo such that, following the transaction set out in Section 2.8(1), ExploreCo holds, directly or indirectly, the ExploreCo Assets and the ExploreCo Cash Consideration and Petrominerales holds a number of ExploreCo Shares equal to the number of ExploreCo Shares it is required to distribute under the Arrangement.

(3) The transactions set forth in Section 2.8(2) shall be conducted in a manner to be determined by the Parties, acting reasonably, and in a manner that is tax neutral to the Parties.

(4) The ExploreCo Capital Budget, which is set forth in the Disclosure Letter, will be funded by Petrominerales and be no greater than US$18,000,000. No capital expenditures or operating expenses will be expended or committed in relation to the business of Alvopetro prior to the Effective Date in an amount in excess of $100,000,000.

(5) The board of directors, management and other governance and structuring matters relating to ExploreCo including, without limitation, any compensation arrangements, shall be determined by Petrominerales and, in the case of structuring matters, shall be satisfactory to Pacific Rubiales, acting reasonably. The Parties acknowledge and agree that Petrominerales and ExploreCo may submit such compensation arrangements to the Shareholders at the Meeting for approval in accordance with the requirements of the TSX, the TSX Venture Exchange or any other stock exchange on which ExploreCo intends to seek the listing of the ExploreCo Shares, provided that, for greater certainty, the Parties acknowledge and agree that such approval shall not be a condition to the obligation of any Party to complete the Arrangement.

2.9 Closing

The closing of the transactions contemplated hereby shall take place at the Calgary offices of Norton Rose Fulbright Canada LLP or at such other location as may be agreed upon by the Parties.

2.10 Court Proceedings

Subject to the terms and conditions of this Agreement, Pacific Rubiales shall co-operate with, assist and consent to Petrominerales seeking the Interim Order and the Final Order, including by providing to Petrominerales on a timely basis any information required to be supplied by Pacific Rubiales concerning Pacific Rubiales or their respective affiliates in connection therewith. Petrominerales shall provide legal counsel to Pacific Rubiales with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement and reasonable consideration shall be given to any comments made by Pacific Rubiales and its legal counsel. Petrominerales shall also provide legal counsel to Pacific Rubiales on a timely basis with copies of any notice of appearance and evidence served on Petrominerales or its legal counsel in respect of the application for the Final Order or any appeal therefrom. In addition, Petrominerales will not object to legal counsel to Pacific Rubiales making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Petrominerales is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

2.11 Employment Matters

(1) As at the Effective Time, no Petrominerales Employee shall be entitled to Change of Control Payments, except such payments the particulars of which are set forth in the Disclosure Letter (on the condition that such Petrominerales Employees have executed full and final mutual releases in form and substance satisfactory to Pacific Rubiales, acting reasonably) and provided that such Change of Control Payments do not in the aggregate exceed US$5,500,000. All Change of Control Payments will be made by Petrominerales at the Effective Time.

(2) As at the Effective Time, no Petrominerales Employees shall be entitled to bonus payments for the 2013 fiscal year, except such payments the particulars of which are set forth in the Disclosure Letter, provided such bonus payments do not in the aggregate exceed US$10,000,000. All such bonus payments will be made by Petrominerales at the Effective Time.

(3) ExploreCo will be responsible for the retention or termination, as the case may be, of all Petrominerales Employees who are resident in Brazil as listed in the Disclosure Letter (collectively, the **Brazil Employees**). Any Brazil Employee who is terminated by ExploreCo shall be paid severance by ExploreCo in accordance with Section 2.11(4). In addition, ExploreCo may offer employment to any other Petrominerales Employee (collectively, the **Non-Brazil Employees**). If a Non-Brazil Employee is not offered employment by ExploreCo or does not accept an offer of employment from ExploreCo, then Pacific Rubiales may make offers of employment to such Non-Brazil Employees. Any Non-Brazil Employee who is not offered employment by ExploreCo or Pacific Rubiales shall be paid severance by Petrominerales in accordance with Section 2.11(4). For greater certainty, any Non-Brazil Employee who has received an offer of employment from ExploreCo or Pacific Rubiales shall not be entitled to severance pay by Petrominerales in accordance with Section 2.11(4).

(4) Each Non-Brazil Employee who is not retained by Pacific Rubiales or ExploreCo pursuant to Section 2.11(3) shall be terminated at the Effective Time and paid out in accordance with the terms of his or her employment agreement with the applicable Petrominerales Entity or, if such employee is not a party to a written employment agreement with a Petrominerales Entity, in accordance with applicable Laws (provided that no employee will receive less than the greater of: (a) three months severance pay or (b) one months pay for each year of service). For greater certainty, a Petrominerales Employee who receives a Change of Control Payment shall not be entitled to severance under this Section 2.11(4).

(5) The payments that the Petrominerales Employees are entitled to under the SAR Plan is set forth in the Disclosure Letter.

2.12 Options, Incentive Common Shares, Deferred Common Shares and SARs

(1) The Parties acknowledge and agree that the Board of Directors has resolved to accelerate the vesting of the outstanding Options, Incentive Common Share Awards, Deferred Common Share Awards and SARs such that those incentives, to the extent not currently vested, shall be deemed to become vested and exercisable or exchangeable immediately prior to the Effective Time.

(2) Petrominerales covenants and agrees that it will use all commercially reasonable efforts to cause each of the holders of outstanding Options to enter into exercise or cancellation agreements with Petrominerales prior to the Effective Time, in a form mutually satisfactory to Petrominerales and Pacific Rubiales, each acting reasonably, pursuant to which each such holder agrees that: (i) each Option held by such holder shall be exercised immediately prior to the Effective Time for, at the election of the holder, one Share or a cash payment equal to the difference between (A) the exercise price of the Option and (B) the Share Consideration plus the cash equivalent, as determined by the Board of Directors as set out in the Disclosure Letter, of one ExploreCo Share, and (ii) any Options not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time.

(3) Petrominerales covenants and agrees that it will use all commercially reasonable efforts to cause each of the holders of outstanding Incentive Common Share Awards to enter into exercise or cancellation agreements with Petrominerales prior to the Effective Time, in a form mutually satisfactory to Petrominerales and Pacific Rubiales, each acting reasonably, pursuant to which each such holder agrees that: (i) each Incentive Common Share Award held by such holder shall be exercised immediately prior to the Effective Time for, at the election of the holder, one Share or a cash payment equal to the difference between $0.05 and the five day volume weighted average trading price of the Shares on the TSX for the five trading days prior to the Effective Date, in each case adjusted for cumulative dividends as provided for in the Incentive Common Share Plan; and (ii) any Incentive Common Share Awards not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time.

(4) Petrominerales covenants and agrees that it will use all commercially reasonable efforts to cause each of the holders of Deferred Common Share Awards to enter into exercise or cancellation agreements with Petrominerales prior to the Effective Time, in a form mutually satisfactory to Petrominerales and Pacific Rubiales, each acting reasonably, pursuant to which each such holder agrees that: (i) each Deferred Common Share Award held by such holder shall be exercised immediately prior to the Effective Time for one Share, adjusted for cumulative dividends as provided for in the Deferred Common Share Plan; and (ii) any Deferred Common Share Award not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time.

(5) Petrominerales covenants and agrees that it will use all commercially reasonable efforts to cause each of the holders of outstanding SARs to enter into exercise or cancellation agreements with Petrominerales prior to the Effective Time, in a form mutually satisfactory to Petrominerales and Pacific Rubiales, each acting reasonably, pursuant to which each such holder agrees that: (i) each SAR held by such holder shall be exercised immediately prior to the Effective Time for a cash payment equal to the difference between (A) $0.05 and (B) the Share Consideration plus the cash equivalent, as determined by the Board of Directors as set out in the Disclosure Letter, of one ExploreCo Share and (ii) any SARs not so exercised shall be deemed to be cancelled for nominal consideration immediately prior to the Effective Time.

(6) The Board of Directors has resolved to adjust the terms of any Incentive Common Share Awards and Deferred Common Share Awards, in accordance with the Incentive Common Share Plan and the Deferred Common Share Plan, respectively, that remain outstanding following the Effective Time such that, following the Effective Time, such incentives shall be exercisable or exchangeable only into a cash payment equal to the Share Consideration plus the five day volume weighted average trading price of the ExploreCo Shares for the first five trading days following the Effective Date.

2.13 Performance of ExploreCo

Petrominerales unconditionally and irrevocably guarantees, in favour of Pacific Rubiales, and covenants and agrees to be jointly and severally liable with ExploreCo for the due and punctual performance of each and every obligation, covenant and agreement of ExploreCo arising under this Agreement, the Arrangement, any agreements entered into by ExploreCo in connection with, ancillary to or to effect any transaction contemplated by this Agreement or the Arrangement and any amount of any judgment or award made against ExploreCo for the benefit of one or both of Pacific Rubiales. Petrominerales shall cause ExploreCo to comply with all of ExploreCo's obligations under or relating to the Arrangement and the transactions contemplated by this Agreement.

2.14 Payment of Consideration

On or before the Effective Date, Pacific Rubiales shall provide the Depositary with sufficient funds in escrow (on terms satisfactory to the Parties) to pay the aggregate Share Consideration for all of the Shares to be acquired pursuant to the Arrangement.

2.15 Tax Withholdings and Other Source Deductions

Each of Petrominerales, Pacific Rubiales and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Agreement and under the Plan of Arrangement such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Agreement and the Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

2.16 U.S. Securities Law Matters

The Parties intend that the Arrangement shall be carried out such that the issuance of the ExploreCo Shares under the Arrangement qualifies in the United States for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the **Section 3(a)(10) Exemption**) and applicable state securities laws in reliance upon similar exemptions under applicable state securities laws. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.16. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis and pursuant to the Plan of Arrangement:

(a) each Shareholder shall receive cash and ExploreCo Shares in exchange for its Shares;

(b) the Arrangement will be subject to the approval of the Court;

(c) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the Court hearing at which the Final Order will be sought;

(d) the Court will be required to satisfy itself as to the fairness of the Arrangement;

(e) the Final Order will address the Arrangement being approved by the Court as being fair to the Shareholders;

(f) the Parties will ensure that each Shareholder will be given adequate notice advising them of their right to attend the Court hearing and providing them with sufficient information necessary for them to exercise that right; and

(g) the Interim Order approving the Meeting will specify that each Shareholder will have the right to appear before the Court at the Court hearing on the Final Order so long as such Shareholder files and delivers a response to petition within a reasonable time.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PETROMINERALES

3.1 Representations and Warranties of Petrominerales

(1) Petrominerales hereby represents and warrants to and in favour of Pacific Rubiales as set forth in Schedule D and acknowledges that Pacific Rubiales is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in Schedule D, including the related disclosures in the Disclosure Letter, neither Petrominerales nor any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Petrominerales, including any representation as to the accuracy or completeness of any information regarding Petrominerales furnished or made available to Pacific Rubiales or their Representatives or as to the future revenue, profitability or success of Petrominerales, or any representation or warranty arising in Law.

3.2 Petrominerales Disclosure Letter

Contemporaneously with the execution and delivery of this Agreement, Petrominerales will deliver to Pacific Rubiales the Disclosure Letter, which will set forth the disclosures, exceptions and exclusions contemplated or permitted by this Agreement, including certain exceptions and exclusions to the representations and warranties and covenants of Petrominerales contained in this Agreement. The disclosure of any item in the Disclosure Letter (other than in the index of documents appended thereto)

shall constitute disclosure or, as applicable, exclusion of that item for the Disclosure Letter where the relevance of that item as an exception to (or a disclosure for the purposes of) any representations and warranties and covenants is reasonably apparent. Petrominerales shall be permitted to include an express cross-reference to any item of Data Room Information or any item in Petrominerales Public Disclosure Record in the Disclosure Letter provided that no qualification or disclosure shall be made by reference to the risk factors or forward-looking statements sections of Petrominerales Public Disclosure Record.

3.3 Survival of Representations and Warranties of Petrominerales

The representations and warranties of Petrominerales contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PETROMINERALES AND EXPLORECO REGARDING EXPLORECO

4.1 Representations and Warranties of Petrominerales and ExploreCo

(1) Each of Petrominerales and ExploreCo hereby jointly and severally represents and warrants to and in favour of Pacific Rubiales as set forth in Schedule E and acknowledge that Pacific Rubiales are relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in Schedule E, none of Petrominerales, ExploreCo nor any other person has made or makes any other express or implied representation or warranty in respect to ExploreCo, either written or oral, on behalf of either Petrominerales or ExploreCo, including any representation as to the accuracy or completeness of any information regarding ExploreCo furnished or made available to Pacific Rubiales or as to the future revenue, profitability or success of ExploreCo, or any representation or warranty arising in Law.

4.2 Survival of Representations and Warranties of Petrominerales and ExploreCo

The representations and warranties of Petrominerales and ExploreCo in respect to ExploreCo contained in this Agreement shall survive for a period of 12 months following the Effective Time.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PACIFIC RUBIALES

5.1 Representations and Warranties of Pacific Rubiales

(1) Pacific Rubiales hereby represents and warrants to and in favour of Petrominerales as set forth in Schedule F and acknowledges that Petrominerales is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in Schedule F, neither Pacific Rubiales, nor any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Pacific Rubiales, including any representation as to the accuracy or completeness of any information regarding Pacific Rubiales furnished or made available to Petrominerales or its Representatives or as to the future revenue, profitability or success of Pacific Rubiales, or any representation or warranty arising in Law.

5.2 Survival of Representations and Warranties of Pacific Rubiales

The representations and warranties of Pacific Rubiales contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE VI
COVENANTS OF PETROMINERALES, EXPLORECO, PACIFIC RUBIALES AND THE PURCHASER

6.1 Covenants of Petrominerales and ExploreCo Regarding the Conduct of Business

(1) Petrominerales and, where applicable, ExploreCo covenant and agree that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (a) as set forth in Schedule 6.1 of the Disclosure Letter; (b) as required or permitted by or arising out of this Agreement (including Section 6.2); (c) as required by applicable Law or by a Governmental Entity; or (d) with the prior written consent of Pacific Rubiales, the business of the Petrominerales Entities will be conducted in the ordinary course of business consistent with past practice, as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), and shall use its commercially reasonable efforts to maintain its business organization and goodwill and assets, to keep available the services of the Petrominerales Employees and to maintain satisfactory relationships with others having business relationships with any Petrominerales Entity, to comply in all material respects with the terms of all Material Contracts and with applicable Laws and not make any material change in its business, assets, liabilities, operations, capital or affairs.

(2) Without limiting the generality of Section 6.1(1), during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, and subject to the exceptions set forth in Section 6.1(1), Petrominerales shall not, and shall not permit any Petrominerales Entity, directly or indirectly:

(a) amend its articles or by-laws or similar constating documents or the respective formation, constating and organizational documents of any other Petrominerales Entities, except that ExploreCo is expressly permitted to change its name, amend its articles to remove restrictions on share transfers and change the minimum number of directors, provide for advance notice bylaws and amend its articles to provide for share dividend provisions;

(b) split, combine or reclassify any shares, or declare, set aside or pay any dividends or make any other distributions payable in cash, securities, property or otherwise, other than ordinary course dividends consistent with past practice, including the $0.125 per Common Share dividend with an ex-dividend date of September 26, 2013 which was announced on September 17, 2013;

(c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its outstanding securities;

(d) issue, deliver or sell, or grant any Lien with respect to, or authorize the issuance, delivery, sale or grant of any Lien with respect to, any of its shares, or any of its options, warrants or similar rights exercisable or exchangeable for or convertible into such shares other than: (i) the issuance of Shares on the exercise of Options outstanding on the date hereof under the Stock Option Plan; and (ii) the issuance of Shares on the exercise of Deferred Common Shares and Incentive Common Shares outstanding on the date hereof under, respectively, the Deferred Common Share Plan and the Incentive Common Share Plan;

(e) (i) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation, reorganization or winding up of any Petrominerales Entity or (ii) reorganize, amalgamate or merge any Petrominerales Entity with any other person;

(f) enter into any Swaps;

(g) other than as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses;

(h) other than as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), sell, lease or otherwise transfer, in one transaction or in a series of related transactions, any assets, securities, properties, interests or businesses;

(i) other than as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), make, or permit any Petrominerales Entity to make, in one transaction or in a series of related transactions, any loans, advances or capital contributions to, or investments in, any person (excluding intercompany cash transfers among Petrominerales Entities, other than ExploreCo, in the ordinary course of business and consistent with past practice);

(j) other than as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), prepay any long-term indebtedness before its scheduled maturity or create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof (other than by drawing down any funds under the Credit Agreement or any other banking arrangements of Petrominerales to fund liabilities and payables incurred in the ordinary course of business and consistent with past practice);

(k) other than as contained in the Petrominerales Capital Budget (and in respect to the business of Alvopetro, as contained in the ExploreCo Capital Budget), make or commit to make any capital expenditures;

(l) except as may be required by applicable Law or the terms of any existing Petrominerales Plan or any existing agreement in writing as of the date hereof: (i) increase any severance, change of control, bonus or termination pay to (or amend any existing arrangement with) any Petrominerales Employee or any director or officer of Petrominerales; (ii) increase the benefits payable under any existing severance or termination pay policies or employment agreements with any current or former director or officer of Petrominerales or, other than in the ordinary course of business consistent with past practice, any Petrominerales Employee (other than a director or officer); (iii) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director or officer of Petrominerales or, other than in the ordinary course of business consistent with past practice, any Petrominerales Employee (other than a director or officer); (iv) increase compensation, bonus levels or other benefits payable to any director or officer of Petrominerales or, other than in the ordinary course of business consistent with past practice, any Petrominerales Employee (other than a director or officer); (v) loan or advance money or other property by Petrominerales to any of their present or former directors, officers or Petrominerales Employees; (vi) establish, adopt, enter into, amend or terminate any Petrominerales Plan (or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Petrominerales Plan if it were in existence as of the date hereof) or collective bargaining agreement; (vii) grant any equity or equity-based awards; or (viii) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Petrominerales Plan;

(m) make any material change in its methods of accounting, except as required by IFRS or pursuant to written instructions, comments or orders from any applicable Securities Authority, which instructions, comments, or orders shall have been disclosed to Pacific Rubiales;

(n) waive, release, assign, settle or compromise any Proceeding in a manner that could require a payment by, or release another person of an obligation to, Petrominerales of $1 million individually, or $2 million in the aggregate, or which could reasonably be expected to have a Material Adverse Effect or to adversely affect in any material respect the ability of Petrominerales to complete the transactions contemplated by this Agreement;

(o) (i) fail to duly and timely file, in accordance with applicable Laws, all Tax Returns required to be filed by it on or after the date hereof; (ii) fail to 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) make or rescind any material election relating to Taxes (except as otherwise contemplated in this Agreement); (iv) make a request for a tax ruling or enter into a closing agreement with any taxing authority; (v) settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and (vi) 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, 2012, except as may be required by applicable Laws;

(p) enter into any contract which would be a Material Contract if in existence on the date hereof (other than the renewal of a contract in existence on the date hereof on terms materially consistent with terms in existence on the date hereof) or terminate, fail to renew, cancel, waive, release, assign, grant or transfer any rights of material value or amend, modify or change in any material respect any existing Material Contract, except as set forth in the Disclosure Letter;

(q) Except as set forth in the Disclosure Letter, make an application to amend, terminate, allow to expire or lapse any of its Permits;

(r) enter into any contract in respect to any forward sale of its petroleum, natural gas and related hydrocarbons;

(s) except as contemplated in Section 8.7, amend, modify or terminate in any material respect any material insurance policy of Petrominerales in effect on the date of this Agreement, except for scheduled renewals of any insurance policy of Petrominerales in effect on the date hereof in the ordinary course of business consistent with past practice;

(t) knowingly take any action or enter into any transaction, other than a transaction contemplated by this Agreement (including any Pre-Acquisition Reorganization) or a transaction undertaken in the ordinary course of business consistent with past practice, that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost “bump” pursuant to paragraphs 88(1)(c) and (d) of the Tax Act otherwise available to Pacific Rubiales and their respective successors and assigns in respect of the non-depreciable capital properties owned by Petrominerales as of the date of this Agreement or acquired by Petrominerales subsequent to the date of this Agreement in accordance with the terms of this Agreement, without first consulting with Pacific Rubiales and Petrominerales will use its commercially reasonable efforts to address the reasonable concerns of Pacific Rubiales in regards to such provisions prior to taking such action or transaction; or

(u) agree, resolve or commit to do any of the foregoing.

(3) On or before October 31, 2013, Petrominerales will deliver all required documents to notify [redacted] that it intends to terminate the [redacted] according to their respective terms. In addition, if Pacific Rubiales makes a determination that it wants to terminate all the agreements between Petrominerales and [redacted], Petrominerales will deliver all required documents to notify [redacted] that it intends to terminate such agreements according to their respective terms. In the event that this Agreement terminates without completion of the transaction contemplated herein, Pacific Rubiales will reimburse Petrominerales for all fees or penalties incurred in connection with the termination of such agreements. In the event that the transaction contemplated by this Agreement has not closed prior to the effective date of the termination of [redacted], Pacific Rubiales further agrees that it will enter into replacement agreements with Petrominerales, with a term of two months and with terms and conditions substantially similar to the current terms and conditions to those agreements which have been terminated, which for clarity shall ensure Petrominerales receives pricing no less favourable than it would have received under the terminated agreements. **[Names of contracts and contractual counterparties redacted.]**

(4) Notwithstanding anything in this Section 6.1, ExploreCo or Petrominerales on behalf of ExploreCo shall be entitled to acquire any number of the remaining 250,000 class "A" common shares in the capital of Alvopetro not currently held by Petrominerales.

(5)

(a) Notwithstanding anything in this Section 6.1, Petrominerales may continue to advance its negotiations in respect to Midstream Assets (which, for the purposes of this Section 6.1(5)(a), includes the Specified Midstream Assets), provided that it shall not enter into any definitive agreement concerning such rights without the consent of Pacific Rubiales, not to be unreasonably withheld, except if Section 9.5 is operative, in which case Pacific Rubiales will not have the right to consent to the sale of the Specified Midstream Assets and Petrominerales may conclude a sale of the Specified Midstream Assets as it sees fit.

(b) If Petrominerales determines, in consultation with Pacific Rubiales, to withdraw from the sale processes referenced in this Section 6.1(5) the Parties acknowledge and agree that Pacific Rubiales shall not become liable for any termination or similar fees or penalties. Petrominerales shall indemnify and save harmless Pacific Rubiales and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Pacific Rubiales and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of Petrominerales' withdrawal from the sale processes referenced in this Section 6.1(5).

(c) Petrominerales will use any proceeds from the sale of the Midstream Assets to pay down outstanding indebtedness, including the 2010 Debentures and 2012 Debentures.

6.2 Reorganization

Petrominerales agrees that, upon request by Pacific Rubiales, Petrominerales shall (i) effect such reorganizations of its business (including for tax purposes), operations and assets (excluding ExploreCo Assets) or such other transactions as Pacific Rubiales may request, acting reasonably (each a **Pre-Acquisition Reorganization**) and (ii) co-operate with Pacific Rubiales and their 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:

(a) any Pre-Acquisition Reorganization shall not become effective unless Pacific Rubiales shall have waived or confirmed in writing the satisfaction of all conditions in its favour in Section 7.1 and Section 7.2 and shall have confirmed in writing that it is prepared to

promptly, without condition (other than the satisfaction of the condition contemplated by Section 7.2(a)), proceed to effect the Arrangement;

(b) the Pre-Acquisition Reorganizations are not prejudicial to Petrominerales or the Shareholders in any material respect;

(c) the Pre-Acquisition Reorganizations do not unreasonably interfere in the ongoing operations of Petrominerales;

(d) the Pre-Acquisition Reorganizations do not result in (i) any material breach by Petrominerales of any existing contract or commitment of Petrominerales; or (ii) a breach of any Law;

(e) the Pre-Acquisition Reorganizations do not require the approval of the Shareholders, the 2010 Debentureholders or the 2012 Debentureholders;

(f) the Pre-Acquisition Reorganizations would not reasonably be expected to materially impede or delay the completion of the Arrangement; and

(g) Petrominerales 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 Petrominerales incrementally greater than the Taxes or other consequences to such party in connection with the Arrangement in the absence of any Pre-Acquisition Reorganization.

Pacific Rubiales shall provide written notice to Petrominerales of any proposed Pre-Acquisition Reorganization at least ten business days prior to the Effective Date. Upon receipt of such notice, Pacific Rubiales and Petrominerales 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. Pacific Rubiales agrees to waive any breach of a representation, warranty or covenant by Petrominerales where such breach is a result of an action taken by Petrominerales in good faith pursuant to a request by Pacific Rubiales in accordance with this Section 6.2. Pacific Rubiales shall indemnify Petrominerales and its 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.

6.3 Covenants of Petrominerales Regarding the Performance of Obligations

Subject to the terms and conditions of this Agreement, Petrominerales shall perform all obligations required or desirable to be performed by Petrominerales under this Agreement, and co-operate with Pacific Rubiales in connection therewith, in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Petrominerales shall:

(a) use commercially reasonable efforts to obtain the requisite approvals of the Shareholders to the Arrangement Resolution including submitting the Arrangement Resolution for approval by the Shareholders at the Meeting in accordance with Section 2.4(1), except to the extent that the Board of Directors has withdrawn, modified or qualified its recommendation to the Shareholders in accordance with the terms of this Agreement;

(b) if applicable, defer the separation time of the rights under the Shareholder Rights Plan in respect of the Arrangement and, unless otherwise requested by Pacific Rubiales, continue to defer such separation time in respect of the Arrangement until a time that is no earlier than the Effective Time and, if from time to time requested by Pacific Rubiales,

take such other actions as may be necessary to waive or suspend the operation of or to otherwise render inoperative the Shareholder Rights Plan in respect of the Arrangement;

(c) use its commercially reasonable efforts to co-operate with Pacific Rubiales to obtain the written consent, waiver or other agreement of: (i) such number of lenders under the Credit Agreement as is necessary to effect a waiver of the "change of control" under the Credit Agreement arising as a result of the completion of the Arrangement, (ii) the lenders under any of Petrominerales' other banking arrangements, including lines of credit, as is necessary to effect a waiver of any "change of control" provisions under such arrangements, (iii) the parties to the Voting Agreement (as defined in the Disclosure Letter) as is necessary to attempt to effect a waiver of any "change of control" provisions under the Voting Agreement, with such consents, waivers or other agreements to be in form and substance satisfactory to Pacific Rubiales, acting reasonably, provided that in each case Petrominerales will not be required to agree to pay any fee or incur any other liabilities to obtain any such consents, waivers or agreements;

(d) promptly advise Pacific Rubiales orally and, if then requested, in writing of any event, change or development that has, is or could reasonably be expected to have a Material Adverse Effect in respect of Petrominerales or result in any material change in any fact set forth in the Disclosure Letter;

(e) use commercially reasonable efforts to assist in obtaining the resignations of the Board of Directors and the officers of Petrominerales and cause them to be replaced upon completion of the Arrangement as of the Effective Date by persons nominated by Pacific Rubiales;

(f) use commercially reasonable efforts to obtain all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements, opinions, amendments and modifications to the Material Contracts that are necessary to permit the consummation of the transactions contemplated by this Agreement or required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case on terms satisfactory to Pacific Rubiales, acting reasonably and without paying or providing a commitment to pay any consideration in respect thereof without the prior written consent of Pacific Rubiales;

(g) provide lists of beneficial and registered holders of the Shares and any geographical reports prepared by its transfer agent in the possession of Petrominerales and a list of holders of the Options, Deferred Common Shares and Incentive Common Shares as well as a security position listing from each depositary, including CDS Clearing and Depository Services Inc., and deliver any such lists to Pacific Rubiales promptly following the date hereof and promptly deliver to Pacific Rubiales upon demand thereafter supplemental lists setting out changes thereto;

(h) provide Pacific Rubiales with complete and accurate lists of (a) Petrominerales Employees and their respective location, hire date, position, salary, benefits and current status (full time, part-time, active, non-active), (b) consultants currently engaged by any Petrominerales Entity who cannot be terminated on 30 days notice; and (c) all former Petrominerales Employees to whom any Petrominerales Entity has or may have any obligations indicating the nature and value of such obligations;

(i) use commercially reasonable efforts to defend and upon request of Pacific Rubiales take all commercially reasonable steps to resolve, in consultation with Pacific Rubiales, all lawsuits or other legal, regulatory or other proceedings or disputes relating to this Agreement or the Arrangement, including any proceedings or disputes with respect to any dissident Shareholder or proxy solicitation matters to which it is a party or by which it is affected, and will consult with and permit Pacific Rubiales to participate in any discussions

with and in formulating strategies for responding to any dissident Shareholders provided that Petrominerales shall not enter into any settlement of any such matters without Pacific Rubiales' prior written consent;

(j) assist Pacific Rubiales with its preparation of any offering memorandum (including any *pro forma* financial statements required to be included therein) that may be required pursuant to certain financing arrangements of Pacific Rubiales by providing Pacific Rubiales (A) with any reasonably requested financial information of Petrominerales and (B) with reasonable access to Petrominerales' executive officers and external auditor, provided that Pacific Rubiales shall indemnify and save harmless Petrominerales, ExploreCo and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Petrominerales, ExploreCo and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of providing such assistance or information, other than in respect of:

(i) any misrepresentation or alleged misrepresentation in any information in the offering memorandum furnished by Petrominerales; and

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in any information in the offering memorandum furnished by Petrominerales;

(k) Petrominerales will pay, in a timely manner, the amounts owed to the Agencia de Hidrocarburos pursuant to the Executive Proceeding Termination Minute;

(l) NewCo will have no assets other than the ExploreCo Cash Contribution contributed pursuant to Section 2.8; and

(m) take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

6.4 Covenants of Petrominerales Regarding Ocensa

(1) Petrominerales agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that Section 9.5 is operative, Petrominerales shall:

(a) cooperate with any reasonable requests by Pacific Rubiales for information about the day-to-day business of Ocensa to the extent that the nature of ISS's interests permits;

(b) subject to any confidentiality restrictions by which Petrominerales and ISS may be bound and any other provisions hereof, keep Pacific Rubiales notified of material developments with respect to the business and financial condition of Ocensa and its assets in a timely manner including developments relating to any capital expenditures by Ocensa in excess of $3,000,000;

(c) subject to any confidentiality restrictions by which Petrominerales and ISS may be bound, advise Pacific Rubiales promptly of any material Proceeding of which written notice is received by ISS or any of the Petrominerales Entities relating to Ocensa, the Assets or the Shares; and

(d) cause ISS not to make any capital expenditures in excess of specific cash calls issued by Ocensa without the prior written consent of Pacific Rubiales.

6.5 Mutual Covenants

(1) Subject to the terms and conditions of this Agreement, each of Pacific Rubiales, Petrominerales and ExploreCo shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Canadian Securities Laws, Colombian Securities Laws, U.S. Securities Laws and all other applicable Laws to consummate the Arrangement and the transactions contemplated by this Agreement as soon as practicable, including:

(a) preparing and filing as promptly as practicable and in any event prior to the expiration of any legal deadline all necessary documents, registrations, statements, petitions, filings and applications to obtain any Regulatory Approvals including:

(i) Pacific Rubiales shall provide, as soon as practicable and in any event no later than 15 business days from the date of this Agreement, an application for review pursuant to section 17 of the Investment Canada Act to the Director of Investments; and

(ii) as soon as practicable, and in any event no later than 15 business days from the date of this Agreement, the Parties shall file with the appropriate competition and antitrust Government Entities in Colombia, and, in accordance with applicable competition and antitrust Laws, provide notices of the Arrangement and provide such Government Entities with documents and information as may be required by such Laws.

(b) using their commercially reasonable efforts to obtain and maintain all approvals, clearances, consents, registrations, Permits, authorizations and other confirmations required to be obtained from any Governmental Entity that are necessary to permit the consummation of the transactions contemplated by this Agreement, including the Regulatory Approvals, which efforts shall include agreeing to give any commercially reasonable undertakings requested by the Minister of Industry, the Director of Investments or the Investment Review Division of Industry Canada pursuant to the Investment Canada Act;

(c) using commercially reasonable efforts to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;

(d) using commercially reasonable efforts to satisfy (or cause the satisfaction) of the conditions precedent to its obligations hereunder as set forth in Article VII to the extent the same is within its control;

(e) carrying out the terms of the Interim Order and Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its subsidiaries or affiliates with respect to the transactions contemplated hereby; and

(f) reasonably cooperate with the other Parties and their tax advisors in structuring the Arrangement, the ExploreCo Organization Transaction and, if applicable, any Pre-Acquisition Reorganization in a tax effective manner, and assist the other Parties and their tax advisors in making such investigations and inquiries with respect to such Parties in that regard, as the other Parties and their tax advisors shall consider necessary, acting reasonably, provided that no Party shall 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.

(2) The Parties shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede, delay or impair the completion of the transactions contemplated under this Agreement (including the satisfaction of any condition set forth in Article VII) or any Regulatory Approval except as specifically permitted by this Agreement.

(3) The Parties shall co-operate in the preparation of any application for the Regulatory Approvals and any other orders, clearances, consents, rulings, exemptions, no-action letters and approvals reasonably deemed by any Party to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement. In connection with the foregoing, each Party shall furnish, on a timely basis, all information as may be reasonably required by the other Parties or by any Governmental Entity to effectuate the foregoing actions, and each covenants that, to its knowledge, no information so furnished by it in writing shall contain a misrepresentation.

(4) The Parties shall consult with, and consider in good faith any suggestions or comments made by, the other Parties with respect to the documentation relating to the Regulatory Approvals process, provided that, to the extent any such document contains any information or disclosure relating to a Party or any affiliate of a Party, such Party shall have approved such information or disclosure prior to the submission or filing of any such document (which approval shall not be unreasonably withheld or delayed).

(5) Subject to applicable Laws, the Parties shall co-operate with and keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals, and shall promptly notify each other of any material communication from any Governmental Entity (including, if applicable, the Minister of Industry, the Director of Investments, representatives of the Investment Review Division of Industry Canada, the Superintendence of Industry and Commerce of the Republic of Colombia and any Peruvian regulatory authorities) in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Parties in advance and, to the extent not precluded by such Governmental Entity, gives the other Parties the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings. Notwithstanding the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Parties to address reasonable attorney-client or other privilege or confidentiality concerns, provided that external legal counsel to the Parties shall receive non-redacted versions of drafts or final submissions, filings or other written communications to any Governmental Entity on the basis that the redacted information shall not be shared with their respective clients.

(6) Pacific Rubiales and Petrominerales shall promptly notify the other if at any time before the Effective Time it becomes aware that:

(a) any application for a Regulatory Approval or other filing under applicable Laws made in connection with this Agreement, the Arrangement or the transactions contemplated herein contains a misrepresentation; or

(b) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated herein which has been obtained contains or reflects or was obtained following submission of any application, filing, document or submission as contemplated herein that contained a misrepresentation,

such that an amendment or supplement to such application, filing, document or submission or order, clearance, consent, ruling, exemption, no-action letter or approval may be necessary or advisable. In such case, the Parties shall co-operate in the preparation of such amendment or supplement as required.

(7) Notwithstanding any other provision of this Agreement, nothing in this Agreement shall require Pacific Rubiales to disclose to any Person (including Petrominerales but excluding external legal counsel to Petrominerales) Pacific Rubiales' plans and undertakings submitted for the purposes of the review under the Investment Canada Act or any drafts thereof or correspondence or discussions with respect thereto.

(8) Notwithstanding anything in this Agreement to the contrary, if any objections are asserted with respect to the transactions contemplated hereby under any applicable 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 hereby as violating or not being in compliance with the requirements of any applicable Law, the Parties shall use their commercially reasonable efforts to resolve such proceeding so as to allow the Effective Time to occur prior to the Outside Date.

6.6 Public Communications

Subject to Section 2.5, the Parties shall not, and each shall cause their respective Representatives not to, issue any press release or otherwise make any disclosure relating to this Agreement or the Arrangement without the consent of the Parties hereto (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall be subject to Petrominerales' and Pacific Rubiales' overriding obligation to make any disclosure or filing required under applicable Laws and the rules of any stock exchange upon which their respective securities are listed or quoted, and in such circumstances the Party obliged to make such disclosure or filing shall use all commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity for the other Parties to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing. Without limiting the generality of the foregoing and for greater certainty, Pacific Rubiales acknowledges and agrees that Petrominerales shall file this Agreement, together with a material change report related thereto, under Petrominerales' profile on SEDAR without any further notice to Pacific Rubiales.

ARTICLE VII
CONDITIONS

7.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement and the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the written mutual consent of the Parties:

(a) the Arrangement Resolution shall have been approved by the Shareholders at the Meeting in accordance with the Interim Order and ABCA;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(c) the Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement will be in form and substance satisfactory to the Parties, acting reasonably;

(d) no applicable Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Parties from consummating the Arrangement;

(e) no Proceeding shall be pending or overtly threatened by any Governmental Entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by this Agreement;

(f) Petrominerales and ExploreCo shall have implemented the ExploreCo Organization Transaction in such a manner that enables ExploreCo to receive and hold the ExploreCo Assets and the ExploreCo Cash Consideration, on terms and conditions satisfactory to both Parties, acting reasonably;

(g) the Effective Date will be on or before the Outside Date;

(h) the Plan of Arrangement shall not have been amended, modified or supplemented by approval or direction of the Court without the written consent of Pacific Rubiales and Petrominerales, acting reasonably;

(i) all necessary actions shall have been taken with respect to the Arrangement so that the ExploreCo Shares to be issued in the United States pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act and similar exemptions under all applicable state securities laws; and (ii) the Final Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the U.S. Securities Act from the registration requirements of the U.S. Securities Act regarding the distribution of the ExploreCo Shares pursuant to the Arrangement; and

(j) this Agreement shall not have been terminated in accordance with its terms.

7.2 Additional Conditions Precedent to the Obligations of Pacific Rubiales

The obligations of Pacific Rubiales to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Pacific Rubiales and may be waived by Pacific Rubiales):

(a) Petrominerales and ExploreCo shall not have breached and shall have performed all covenants under this Agreement to be performed on or before the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, would not, or would not reasonably be expected to, result in a Material Adverse Effect 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 received a joint certificate of Petrominerales and ExploreCo addressed to Pacific Rubiales and dated the Effective Date, signed on behalf of Petrominerales by two senior executive officers of Petrominerales (and without personal liability) and on behalf of ExploreCo by one officer of ExploreCo (and without personal liability) confirming the same as of the Effective Date;

(b) (i) the representations and warranties in paragraphs (e), (uu) and (vv) of Schedule D shall be true and correct in all respects as of the Effective Time as though made at and as of the Effective Time (except, it being understood that: (A) the number of Shares outstanding in paragraph (e) of Schedule D may increase (with a corresponding decrease in the number of, as applicable, Options, Deferred Common Shares and Incentive Common Shares) from the number outstanding on the date of this Agreement as a result of the conversion of Options, Deferred Common Shares and Incentive Common Shares into Shares; (B) the number of Shares outstanding in paragraph (e) of Schedule D may increase as a result of Shares issued under the Share Dividend Program; (C) the number of Shares outstanding in paragraph (e) of Schedule D may increase as a result of the conversion of the 2010 Debentures or the 2012 Debentures; and (D) the number of Deferred Common Shares and Incentive Common Shares outstanding in paragraph (e) of Schedule D may increase from the number outstanding on the date of this Agreement solely as a result of the payment of dividends by Petrominerales); and (ii) the remaining representations and warranties made by Petrominerales in Schedule D and ExploreCo in Schedule E of this Agreement shall be true and correct as of the Effective Time as though

made at and as of the Effective Time (except for the remaining representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures 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 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 received a certificate of Petrominerales and ExploreCo, addressed to Pacific Rubiales and dated the Effective Date, signed on behalf of Petrominerales by two senior executive officers of Petrominerales (and without personal liability) and on behalf of ExploreCo by one officer of ExploreCo (and without personal liability) confirming the same as of the Effective Date;

(c) all Regulatory Approvals shall have been obtained or received on terms which are acceptable to Pacific Rubiales, acting reasonably. 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 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 the reasonable judgement of Pacific Rubiales, make the consummation of the transactions contemplated by the Arrangement and other transactions contemplated hereby a violation of any applicable Laws or inadvisable;

(d) in addition to the Regulatory Approvals, all other third party consents, waivers, permits, orders and approvals required in connection with the consummation of the Arrangement (but excluding any consents, waivers or agreements referred to in Section 6.3(c), Section 8.1 or any releases referred to in Section 8.8) will have been provided or obtained on terms and conditions acceptable to Pacific Rubiales, acting reasonably, at or before the Effective Time;

(e) no later than three business days prior to the Effective Date, Petrominerales will have provided Pacific Rubiales with a certificate of Petrominerales, signed on behalf of Petrominerales by two senior executive officers of Petrominerales (and without personal liability), detailing (i) the amount, if any, by which expenditures on the business of Alvopetro have exceeded $18,000,000 as provided for in Section 2.8(1) and (ii) the amount, if any, of consideration paid in connection with the purchase of the remaining interest in Alvopetro as provided for in Section 6.1(4);

(f) since the date hereof, there shall not have been or occurred a Material Adverse Effect;

(g) the aggregate number of Shares held, directly or indirectly, by those holders of such shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Shares outstanding immediately prior to the Effective Time;

(h) on or prior to the Effective Date, Pacific Rubiales will have received executed full and final mutual releases in form and substance acceptable to Pacific Rubiales, acting reasonably, from each Petrominerales Employee who is entitled to receive a Change of Control Payment;

(i) on or prior to the Effective Date, Pacific Rubiales will have received executed full and final resignations and mutual releases in form and substance acceptable to Pacific Rubiales, acting reasonably, from all of the directors of each Petrominerales Entity; and

(j) the Plan of Arrangement shall not have been amended, modified or supplemented (i) by Petrominerales without Pacific Rubiales' written consent or (ii) by approval or direction of the Court without the written consent of Pacific Rubiales, acting reasonably.

7.3 Additional Conditions Precedent to the Obligations of Petrominerales

The obligations of Petrominerales to complete the transactions contemplated by this Agreement shall also be subject to the following conditions precedent (each of which is for the exclusive benefit of Petrominerales and may be waived by Petrominerales):

(a) Pacific Rubiales shall not have breached and shall have performed all covenants under this Agreement to be performed on or before the Effective Time, except where the failure to comply with such covenants, individually or in the aggregate, 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 Petrominerales shall have received a certificate of Pacific Rubiales, addressed to Petrominerales and dated the Effective Date, signed on behalf of Pacific Rubiales by two senior executive officers of Pacific Rubiales (and without personal liability) confirming the same as of the Effective Date;

(b) the representations and warranties of Pacific Rubiales set forth in Schedule F shall be true and correct in all respects as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct 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 Petrominerales shall have received a certificate of Pacific Rubiales, addressed to Petrominerales and dated the Effective Date, signed on behalf of Pacific Rubiales by two senior executive officers of Pacific Rubiales (and without personal liability) confirming the same as of the Effective Date;

(c) all Regulatory Approvals shall have been obtained; and

(d) Pacific Rubiales shall have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) in accordance with Section 2.14 the funds required to effect payment in full of the aggregate Share Consideration to be paid for the Shares pursuant to the Arrangement.

7.4 Release of Escrowed Funds

For greater certainty, all funds held in escrow by the Depositary pursuant to Section 2.14 hereof shall be released from escrow when the Arrangement is completed without any further act or formality required on the part of any person.

ARTICLE VIII
ADDITIONAL AGREEMENTS

8.1 Debentures

(1) Petrominerales shall prior to or concurrently with the mailing of the Circular, make an offer (the **Change of Control Offer**) to each of the 2010 Debentureholders and 2012 Debentureholders, in accordance with the terms of the 2010 Debentures and 2012 Debentures, respectively, and applicable Canadian Securities Laws and U.S. Securities Laws as follows:

(a) Petrominerales shall make the Change of Control Offer to each 2010 Debentureholder and 2012 Debentureholder, conditional on completion of the Arrangement, at such debentureholder's election, to either:

(i) purchase the outstanding 2010 Debentures and 2012 Debentures held by each 2010 Debentureholder and 2012 Debentureholder at 100% of their principal amount together with accrued interest thereon; or

(ii) convert the 2010 Debentures and 2012 Debentures at the Change of Control Conversion Price (as such term is defined in each of the 2010 Debentures and the 2012 Debentures);

(b) Petrominerales shall use commercially reasonable efforts to obtain the acceptance of the Change of Control Offer by at least 90% of the issued and outstanding 2010 Debentures and 2012 Debentures prior to the Effective Date. Petrominerales may, with the consent of Pacific Rubiales (not to be unreasonably withheld or delayed), engage an agent or other person to assist with such process;

(c) The Change of Control Offer shall provide that the offer will be open for a minimum of the later of (i) 20 business days from the date of delivery of the Change of Control Offer; and (ii) 30 calendar days from the date of delivery of the Change of Control Offer. The Change of Control offer shall provide that (i) settlement of the cash repayment option provided by Section 8.1(1)(a)(i) shall occur within three business days of the Effective Date; and (ii) conversion of the 2010 Debentures and 2012 Debentures pursuant to the option provided by 8.1(1)(a)(ii) shall occur immediately prior to the Effective Time, such that each 2010 Debentureholder and 2012 Debentureholder who exercises such option shall participate in the Plan of Arrangement with all other Shareholders; and

(d) Pacific Rubiales and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Change of Control Offer and other documents related thereto, and reasonable consideration shall be given to any comments made by Pacific Rubiales and its counsel.

8.2 Notice and Cure Provisions

(1) Each Party shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

(2) Pacific Rubiales may not exercise its right to terminate this Agreement pursuant to Section 9.1(1)(c)(ii) and Petrominerales may not exercise its right to terminate this Agreement pursuant to Section 9.1(1)(d)(ii) unless the Party seeking to terminate this Agreement shall have delivered a written notice to the other Parties 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 termination right. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is reasonably capable of being cured, no Party may exercise such termination right until the earlier of (a) the Outside Date; and (b) the date that is 15 days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date. If such notice has been delivered prior to the date of the Meeting, such Meeting

shall, unless the Parties agree otherwise, be postponed or adjourned until the expiry of such period (without causing any breach of any other provision contained herein).

8.3 Non-Solicitation

(1) Except as expressly provided in this Section 8.3 or Section 6.1(5), Petrominerales shall not, directly or indirectly, or through its affiliates or Representatives: (a) solicit, initiate, facilitate or encourage (including by furnishing information) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to, an Acquisition Proposal; (b) encourage or participate in any discussions or negotiations with any person (other than Pacific Rubiales) regarding an Acquisition Proposal; (c) make a Change in Recommendation; (d) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than three business days following the formal announcement of such Acquisition Proposal shall not be considered to be in violation of this Section 8.3(1)); (e) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 8.3(3)); (f) waive, or otherwise forebear 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 (g) resolve or determine to take any action which would be reasonably likely to result in the foregoing.

(2) Except as otherwise expressly provided in this Section 8.3, Petrominerales shall, and shall cause its Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by Petrominerales or any Representatives with respect to any actual or potential Acquisition Proposal, and, in connection therewith, Petrominerales shall discontinue access and not establish or allow access to any data rooms, virtual or otherwise or otherwise furnish information 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 confidential information regarding Petrominerales previously provided to any such person or any other person and shall request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding Petrominerales. Petrominerales agrees that it shall not terminate, waive, amend or modify, and agrees to actively prosecute and enforce, any provision of any existing confidentiality agreement relating to any potential Acquisition Proposal or any standstill agreement to which it is a party.

(3) Notwithstanding Section 8.3(1) if at any time following the date of this Agreement, Petrominerales receives any written *bona fide* Acquisition Proposal, other than any Acquisition Proposal that resulted from a breach of this Section 8.3, that the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel, constitutes a Superior Proposal, if consummated in accordance with its terms, then Petrominerales may, following compliance with Section 8.3(4):

(a) furnish information with respect to Petrominerales to the person making such Acquisition Proposal; and/or

(b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, the person making such Acquisition Proposal,

provided that Petrominerales shall not, and shall not allow its Representatives to, disclose any non-public information to such person without having entered into a confidentiality and standstill agreement (a correct and complete copy of which confidentiality and standstill agreement shall be provided to Pacific Rubiales before any such non-public information is provided) with such person that contains provisions that are no less favourable to Petrominerales than those contained in the Confidentiality Agreement, provided that such confidentiality and standstill agreement may not include any provision calling for an exclusive right to

negotiate with Petrominerales and may not restrict Petrominerales from complying with this Section 8.3, and shall promptly provide to Pacific Rubiales any material non-public information concerning Petrominerales provided to such other person which was not previously provided to Pacific Rubiales.

(4) Petrominerales shall promptly (and in any event within 24 hours following receipt) notify Pacific Rubiales (orally and in writing) in the event it receives after the date hereof a *bona fide* Acquisition Proposal (including any request for non-public information relating to Petrominerales in connection with a potential Acquisition Proposal), including the material terms and conditions thereof and the identity of the person making the Acquisition Proposal, and shall provide Pacific Rubiales with a copy of any written Acquisition Proposal and shall keep Pacific Rubiales informed as to the status of developments and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.

(5) Notwithstanding Section 8.3(1), if at any time following the date of this Agreement, Petrominerales receives an Acquisition Proposal not resulting from a breach of this Section 8.3 that the Board of Directors concludes in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal and that failure to take such action would be inconsistent with its fiduciary duties under applicable Law, the Board of Directors may, subject to compliance with the procedures set forth in this Section 8.3 and Section 9.1(1)(d)(i), authorize Petrominerales to terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) it has provided Pacific Rubiales with a copy of the definitive agreement proposed to be entered into in respect of the Superior Proposal, and written confirmation from Petrominerales that the Board of Directors has determined that such proposal constitutes a Superior Proposal; and

(b) five business days (the **Matching Period**) shall have elapsed from the date that is the later of (i) the date Pacific Rubiales received written notice advising Pacific Rubiales that the Board of Directors has resolved, subject only to compliance with this Section 8.3, to terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal and (ii) the date Pacific Rubiales has received all of the materials set forth in Section 8.3(5)(a) (it being understood that Petrominerales shall promptly inform Pacific Rubiales of any amendment to the financial or other material terms of such Superior Proposal during such period).

(6) Notwithstanding Section 8.3(1), the Board of Directors may, subject to compliance with the procedures set forth in this Section 8.3, make a Change in Recommendation (other than of the type referred to in clause (iii) of the definition thereof) if the Board of Directors determines in good faith, after consultation with its outside legal advisors, that failure to take such action would be inconsistent with its fiduciary duties under applicable Law, if and only if,

(a) following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Meeting, Petrominerales receives an Acquisition Proposal not resulting from a breach of this Section 8.3 that the Board of Directors concludes in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal;

(b) Petrominerales has provided Pacific Rubiales with no less than five business days written notice that there is a Superior Proposal, together with all documentation comprising the Superior Proposal and confirmation that, subject to the terms of this Agreement, the Board of Directors intends to make a Change in Recommendation (other than of the type referred to in Clause (iii) of the definition thereof; and

(c) the Acquisition Proposal giving rise to the notice referred to in (b) above continues to be a Superior Proposal compared to this Agreement as it is proposed to be amended by Pacific Rubiales (if applicable).

(7) During the Matching Period, Petrominerales agrees that Pacific Rubiales shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Board of Directors shall review any offer to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties and in consultation with its financial and outside legal advisors, whether Pacific Rubiales' amended offer, upon acceptance by Petrominerales would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If the Board of Directors determines that the Acquisition Proposal giving rise to such Matching Period would not continue to be a Superior Proposal compared to this Agreement as it is proposed to be amended by Pacific Rubiales, the Parties shall amend this Agreement to give effect to such amendments and the Board of Directors shall promptly reaffirm its recommendation of the Arrangement. If the Board of Directors continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects Pacific Rubiales' amended offer, if any, or Pacific Rubiales fail to enter into an agreement with Petrominerales reflecting such amended offer, the Board of Directors may, subject to compliance with the procedures set forth in Section 8.3(5) and Section 9.1(1)(d)(i), authorize Petrominerales to terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal.

(8) Petrominerales acknowledges that each successive material modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirements under Section 8.3(5)(b) and shall initiate a new five business day Matching Period.

(9) In the event Petrominerales provides the notice contemplated by Section 8.3(5) or Section 8.3(6) on a date which is less than five business days prior to the Meeting, Pacific Rubiales shall be entitled to require Petrominerales to adjourn or postpone the Meeting to a date that is not more than five business days after the date of the notice.

(10) Nothing contained in this Agreement shall prohibit the Board of Directors from making disclosure to Shareholders to comply with its fiduciary duties in response to a Superior Proposal or as required by applicable Canadian Securities Laws or U.S. Securities Laws in response to an Acquisition Proposal (including by responding to an Acquisition Proposal under a directors' circular), provided that in the event of a Change of Recommendation and a termination by Pacific Rubiales of this Agreement pursuant to Section 9.1(1)(c)(i), Petrominerales shall pay the Petrominerales Termination Fee as prescribed by Section 9.4(1) and Section 9.4(2).

8.4 Fees

Each Party shall pay all other fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement.

8.5 Access to Information

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of any contract of Petrominerales, Petrominerales shall:

(a) give to Pacific Rubiales and its Representatives reasonable access to the offices, properties, books and records of Petrominerales and its subsidiaries and affiliates; and

(b) furnish to Pacific Rubiales and its Representatives such financial and operating data and other information as such persons may reasonably request.

(2) Any investigation pursuant to this Section 8.5 shall be conducted during normal business hours (unless otherwise agreed to by Petrominerales) and in such manner as not to interfere unreasonably with

the conduct of the business of Petrominerales. Neither Pacific Rubiales nor any of its Representatives shall contact officers or employees of Petrominerales except after prior approval of one of the following officers of Petrominerales: (a) the President & Chief Executive Officer, (b) the Chief Financial Officer, (c) the Chief Operating Officer or (d) the Vice President Business Development, General Counsel and Corporate Secretary, which approval shall not be unreasonably withheld, conditioned or delayed.

(3) Notwithstanding Section 8.5(1) or any other provision of this Agreement, Petrominerales shall not be obligated to provide access to, or to disclose, any information to Pacific Rubiales if Petrominerales reasonably determines that such access or disclosure would violate applicable Law (including the Competition Act or any other applicable competition laws).

8.6 Interim Period Consents

Pacific Rubiales shall, promptly following the date hereof, designate two individuals from either of whom Petrominerales may seek approval to undertake any actions not otherwise permitted to be taken under Section 6.1, and shall ensure that such persons shall respond, on behalf of Pacific Rubiales, to Petrominerales' requests in an expeditious manner.

8.7 Indemnification and Insurance

(1) From and after the Effective Time, Pacific Rubiales shall, and shall cause Petrominerales to, indemnify and hold harmless, to the fullest extent permitted under applicable Law (and to also advance expenses as incurred to the fullest extent permitted under applicable Law), each present and former director and officer of Petrominerales (each, an **Indemnified Person**) against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Proceeding, arising out of or related to such Indemnified Person's service as a director or officer of Petrominerales or services performed by such persons at the request of Petrominerales at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the approval or completion of this Agreement and the Arrangement or any of the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby. Neither Pacific Rubiales nor Petrominerales shall settle, compromise or consent to the entry of any judgment in any Proceeding involving or naming an Indemnified Person or arising out of or related to an Indemnified Person's service as a director or officer of Petrominerales or services performed by such persons at the request of Petrominerales at or prior to or following the Effective Time without the prior written consent of that Indemnified Person unless such settlement, compromise or consent includes an unconditional release of such Indemnified Person from all liability arising out of such Proceeding.

(2) Prior to the Effective Time, Petrominerales shall, and from and after the Effective Time if Petrominerales is unable to, Pacific Rubiales shall cause Petrominerales to, obtain and fully pay a single premium for the non-cancellable extension of the directors' and officers' liability coverage of Petrominerales' 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 Petrominerales' 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 the Indemnified Persons than the coverage provided under the existing policies of Petrominerales 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 Petrominerales shall not acquire such insurance (and Pacific Rubiales shall not be required to cause Petrominerales to purchase such insurance) if the premium therefor exceeds [redacted]% of the annual premium paid by Petrominerales in respect of their existing D&O Insurance as of the date hereof. If Petrominerales or Pacific Rubiales for any reason fail to obtain such "run-off" insurance policies as of the Effective Time, Petrominerales 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 Petrominerales' existing policies as of the date hereof, or Petrominerales 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 Petrominerales' 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 [redacted]% of the annual premium paid by Petrominerales in respect of their D&O Insurance as of the date hereof, Petrominerales shall only be required to obtain as much coverage as can be acquired by paying an annual premium equal to [redacted]% of the annual premium paid by Petrominerales in respect of their existing D&O Insurance as of the date hereof.

(3) If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Section 8.7 that is denied by Petrominerales or Pacific Rubiales, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then Petrominerales and Pacific Rubiales shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against Petrominerales or Pacific Rubiales.

(4) The rights of the Indemnified Persons under this Section 8.7 shall be in addition to any rights such Indemnified Persons may have under the constating documents of Petrominerales, or under any applicable Law or agreement of any Indemnified Person with Petrominerales. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the constating documents of Petrominerales or any agreement between such Indemnified Person and Petrominerales shall survive the Effective Time for a period of not less than six years and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

(5) The provisions of this Section 8.7 shall survive the consummation of the transactions contemplated by this Agreement and are intended for the benefit of, and shall be enforceable by, the Indemnified Persons, and their respective heirs, executors, administrators and legal personal representatives and shall be binding on Petrominerales and its successors and assigns, and, for such purpose only, Petrominerales hereby confirms that it is acting as trustee on their behalf.

8.8 Release from Guarantees

Petrominerales will make commercially reasonable efforts to obtain, prior to the Effective Time, full and final releases in respect to any and all obligations relating to the direct or indirect guarantee or assumption by any Petrominerales Entity (other than ExploreCo), contingent or otherwise, of any payment or performance obligations of any person in respect to the business of Alvopetro. To the extent such releases are not obtained prior to the Effective Time, ExploreCo shall indemnify and save harmless the Petrominerales Entities (other than ExploreCo) and their Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Petrominerales Entities (other than ExploreCo) and their Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of the Petrominerales Entities (other than ExploreCo) not being released from such guarantees and assumptions.

ARTICLE IX
TERMINATION AND WAIVER

9.1 Termination

(1) This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution or the Arrangement by the Shareholders and/or the Court):

(a) by mutual written agreement of the Parties;

(b) by either of Petrominerales (on its own behalf and on behalf of ExploreCo) or Pacific Rubiales, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 9.1(1)(b)(i) shall not be available to any such 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;

(ii) after the date hereof, there shall be enacted or made any applicable Law (or any such applicable Law shall have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Petrominerales or Pacific Rubiales from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) the Arrangement Resolution shall have failed to receive the requisite vote of the Shareholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order and the ABCA;

(c) by Pacific Rubiales, if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, (i) the Board of Directors shall have withdrawn, withheld, qualified or modified in a manner adverse to Pacific Rubiales or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by Pacific Rubiales its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of three days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (ii) the Board of Directors shall have approved or recommended any Acquisition Proposal; (iii) Petrominerales shall have entered into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 8.3(3)); or (iv) Petrominerales shall have publicly announced the intention to do any of the foregoing (each of the clauses (i), (ii), (iii) and (iv) above, a **Change in Recommendation**) or Petrominerales breaches Section 8.3 in any material respect; or

(ii) subject to Section 8.2(2), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Petrominerales set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Pacific Rubiales is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied; or

(d) by Petrominerales (on its own behalf and on behalf of ExploreCo), if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, the Board of Directors authorizes Petrominerales, subject to complying with the terms of this Agreement (including the terms of Section 8.3 and payment of the Termination Fee in accordance with Section 9.4(1)), to enter into a written agreement concerning a Superior Proposal;

(ii) subject to Section 8.2(2), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of Pacific Rubiales set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.1 or 7.3 not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Petrominerales or ExploreCo is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied; or

(iii) Pacific Rubiales does not provide or cause to be provided the Depositary with sufficient funds to complete the transactions contemplated by the Agreement as required pursuant to Section 2.14; provided that Petrominerales or ExploreCo is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or 7.2 not to be satisfied.

(2) The Party desiring to terminate this Agreement pursuant to this Section 9.1 (other than pursuant to Section 9.1(1)(a)) shall give notice of such termination to the other Parties.

9.2 Effect of Termination

If this Agreement is terminated pursuant to Section 9.1, this Agreement shall become void and of no effect without liability of any Party (or any Representative of such Party) to any other Party hereto, except that (a) the provisions of this Section 9.2, Section 2.5(5), Section 2.5(6), Section 6.1(3), Section 6.3(j), Section 6.1(5)(b), the last sentence of Section 6.2, Section 8.7, Section 8.8, Section 9.4, Section 9.5 and Article X (other than Section 10.3) shall survive any termination hereof pursuant to Section 9.1; and (b) neither the termination of this Agreement nor anything contained in this Section 9.2 shall relieve any Party for any liability for any wilful and intentional breach of this Agreement subject to the limitations set forth in Section 9.4(5).

9.3 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

9.4 Termination Fees

(1) If a Petrominerales Termination Fee Event occurs, Petrominerales shall pay as directed in writing by Pacific Rubiales, by wire transfer of immediately available funds, the Petrominerales Termination Fee in accordance with Section 9.4(2). For the purposes of this Agreement, **Petrominerales Termination Fee** means US$60,000,000 and **Petrominerales Termination Fee Event** means the termination of this Agreement pursuant to:

(a) Section 9.1(1)(c)(i) or Section 9.1(1)(d)(i);

(b) Section 9.1(1)(c)(ii); or

(c) Section 9.1(1)(b)(iii) either by Petrominerales or Pacific Rubiales, but only if, in the case of this paragraph (c): (i) prior to the Meeting a *bona fide* Acquisition Proposal shall have been publicly announced, proposed or disclosed by any person other than Pacific Rubiales or any affiliate thereof; and (ii) an Acquisition Proposal is consummated within 12 months following the termination of this Agreement, or a definitive agreement with

respect to an Acquisition Proposal is entered into within such 12 month period and such Acquisition Proposal is subsequently consummated.

(2) If a Petrominerales Termination Fee Event occurs due to a termination of this Agreement by Petrominerales pursuant to Section 9.1(1)(d)(i), the Petrominerales Termination Fee shall be paid simultaneously with the occurrence of such Petrominerales Termination Fee Event. If a Petrominerales Termination Fee Event occurs due to a termination of this Agreement by Pacific Rubiales pursuant to Section 9.1(1)(c)(i) or Section 9.1(1)(c)(ii), the Petrominerales Termination Fee shall be paid within five business days following such Petrominerales Termination Fee Event. If a Petrominerales Termination Fee Event occurs in the circumstances set forth in Section 9.4(1)(c), the Petrominerales Termination Fee shall be paid upon the consummation of the applicable Acquisition Proposal referred to therein.

(3) If a Pacific Rubiales Termination Fee Event occurs, Pacific Rubiales shall pay as directed in writing by Petrominerales, by wire transfer of immediately available funds, Pacific Rubiales Termination Fee in accordance with Section 9.4(4). For the purposes of this Agreement, Pacific Rubiales **Termination Fee** means US$60,000,000 and **Pacific Rubiales Termination Fee Event** means the termination of this Agreement pursuant to Section 9.1(1)(d)(ii) or Section 9.1(1)(d)(iii).

(4) If a Pacific Rubiales Termination Fee Event occurs due to a termination of this Agreement by Petrominerales pursuant to Section 9.1(1)(d)(ii) or Section 9.1(1)(d)(iii), Pacific Rubiales Termination Fee shall be paid within five business days following such Pacific Rubiales Termination Fee Event.

(5) Each of the Parties acknowledges that the agreements contained in this Section 9.4 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set forth in this Section 9.4 are payments of liquidated damages which are a genuine pre-estimate of the damages which Pacific Rubiales or Petrominerales, as applicable, will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement, and are not penalties. Each Party irrevocably waives any right that 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 this Section 9.4 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. Notwithstanding the foregoing, provided that nothing in this Section 9.4 shall preclude either Party from, prior to the termination of this Agreement in accordance with its terms, seeking injunctive relief to restrain any breach or threatened breach by the other Party of any of its obligations hereunder or otherwise to obtain specific performance.

9.5 Midstream Offer

Pacific Rubiales hereby makes an irrevocable offer to purchase the Specified Midstream Assets on the terms and conditions provided for in the Disclosure Letter, which offer may be accepted by Petrominerales if the Arrangement is not completed by December 10, 2013 for any reason or if this Agreement has been terminated for any reason other than a Petrominerales Termination Fee Event. The offer of Pacific Rubiales provided for herein shall survive for a period of three months from the later of (a) December 10, 2013 and (b) the termination of this Agreement pursuant to its terms.

ARTICLE X
GENERAL PROVISIONS

10.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other Parties given in accordance with these provisions):

(a) if to Pacific Rubiales or Pacific Rubiales:

Pacific Rubiales Energy Corp.
Suite 1100, 333 Bay Street
Toronto, Ontario
M5H 2R2

Attention: Peter Volk, General Counsel
Facsimile: (416) 360-7783
E-mail: pvolk@Pacificrubiales.com

with a copies to:

Norton Rose Fulbright Canada LLP
Suite 3700, 400 3rd Avenue SW
Calgary, Alberta
T2P 4H2

Attention: Crispin Arthur
Facsimile: (403) 264-5973
E-mail: crispin.arthur@nortonrosefulbright.com

(b) if to Petrominerales or ExploreCo:

Petrominerales Ltd.
Suite 1000, 333 - 7th Avenue SW
Calgary, Alberta
T2P 2Z1

Attention: Corey Ruttan, President and Chief Executive Officer
Facsimile: (403) 266-5794
E-mail: ruttan@petrominerales.com

with a copy to:

McCarthy Tétrault LLP
Suite 3300, 421 7th Avenue SW
Calgary, Alberta
T2P 4K9

Attention: Mark Franko
Facsimile: (403) 260-3501
E-Mail: mfranko@mccarthy.ca

10.2 Governing Law; Jurisdiction; Service of Process

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Alberta and the Laws of Canada applicable therein, and shall be construed and treated in all respects as an Alberta contract. The Parties agree that any Proceeding seeking to enforce any provisions of, or based on any matter arising out of or in connection with this Agreement or the transactions contemplated hereby shall be brought in any court of the Province of Alberta, and each of the Parties irrevocably consents to the jurisdiction of such courts (and of the appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties expressly acknowledges that the foregoing waiver is intended to be irrevocable under all applicable Laws. Process in any Proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court.

Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 10.1 shall be deemed effective service.

10.3 Injunctive Relief and Specific Performance

The Parties agree that irreparable harm may occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Section 9.1, the Parties shall be entitled to apply for an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions and to cause the Arrangement and the other transactions contemplated by this Agreement to be consummated on the terms and subject to the conditions set forth herein.

10.4 Time of Essence

Time shall be of the essence in this Agreement.

10.5 Entire Agreement, Binding Effect and Assignment

(1) This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

(2) This Agreement, the Disclosure Letter and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of all the Parties.

10.6 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.7 Third Party Beneficiaries

Except as provided in Sections 2.5(5), 2.5(6), 2.11, 6.1(5), 6.2 and 8.7 which, without limiting their terms, are intended as stipulations for the benefit of the third persons mentioned therein, and except for the rights of the Shareholders to receive the Share Consideration and the rights of holders of Options, Deferred Common Shares and Incentive Common Shares to receive the consideration provided for in the Plan of Arrangement, each following the Effective Time pursuant to the Arrangement (for which purpose Petrominerales hereby confirms that it is acting as agent on behalf of the Shareholders and holders of Options**,** Deferred Common Shares and Incentive Common Shares), this Agreement is not intended to confer any rights or remedies upon any person other than the Parties to this Agreement. Pacific Rubiales appoints Petrominerales as the trustee for the applicable Representatives of Petrominerales with respect to Sections 2.11, 6.2 and 8.7 and Petrominerales accepts such appointment. Petrominerales appoints Pacific Rubiales as the trustee for the applicable Representatives of Pacific Rubiales with respect to Section 2.5(5) and 6.1(5) and Pacific Rubiales accepts such appointment. Petrominerales appoints ExploreCo as the trustee for the applicable Representatives of ExploreCo with respect to Section 2.5(5) and ExploreCo accepts such appointment. ExploreCo appoints Petrominerales as the trustee for the

applicable Representatives of Petrominerales with respect to Section 2.5(6) and Petrominerales accepts such appointment. ExploreCo appoints Pacific Rubiales as the trustee for the applicable Representatives of Pacific Rubiales with respect to Section 2.5(6) and Pacific Rubiales accepts such appointment.

10.8 Rules of Construction

The Parties waive the application of any applicable Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

10.9 No Liability

No director or officer of Pacific Rubiales or any of its subsidiaries shall have any personal liability whatsoever to Petrominerales or ExploreCo under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of Pacific Rubiales or Pacific Rubiales. No director or officer of Petrominerales or ExploreCo shall have any personal liability whatsoever to Pacific Rubiales under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of Petrominerales or ExploreCo.

10.10 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

10.11 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any mutual conditions precedent herein contained.

IN WITNESS WHEREOF, Pacific Rubiales, Petrominerales and ExploreCo have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PACIFIC RUBIALES ENERGY CORP.

By: *(signed) "Peter Volk"*

PETROMINERALES LTD.

By: (signed) "Corey Ruttan"

By: (signed) "Andrea Hatzinikolas"

1774501 ALBERTA LTD.

By: (signed) "Corey Ruttan"

SCHEDULE A

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the **Arrangement**) under section 193 of the *Business Corporations Act* (Alberta) (the **ABCA**) of Petrominerales Ltd. (**Petrominerales**), as more particularly described and set forth in the management information circular (the **Circular**) dated [•], 2013 of Petrominerales accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the **Arrangement Agreement**) made as of September 29, 2013 between Petrominerales, Pacific Rubiales Energy Corp. and 1774501 Alberta Ltd., is hereby authorized, approved and adopted.

2. The plan of arrangement of Petrominerales (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms) (the **Plan of Arrangement**), the full text of which is set forth in Schedule "B" to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of Petrominerales in approving the Arrangement and the Arrangement Agreement, and (iii) actions of the directors and officers of Petrominerales in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Petrominerales or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Petrominerales are hereby authorized and empowered to, without notice to or approval of the shareholders of Petrominerales, (i) amend, modify or supplement 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 and related transactions.

5. Any officer or director of Petrominerales is hereby authorized and directed for and on behalf of Petrominerales 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 such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE B

PLAN OF ARRANGEMENT

See Appendix D – Plan of Arrangement to this Information Circular.

SCHEDULE C

EXPLORECO CONVEYANCE AGREEMENT

ASSET CONVEYANCE AGREEMENT

THIS AGREEMENT dated as of [■], 2013,

BETWEEN:

> **PETROMINERALES LTD.,** a corporation governed by the *Business Corporations Act* (Alberta) ("**PMG**")
>
> **AND**
>
> **1774501 ALBERTA LTD.,** a corporation governed by the *Business Corporations Act* (Alberta) ("**ExploreCo**")

WHEREAS the Parties along with Pacific Rubiales Energy Corp. are parties to the Arrangement Agreement;

AND WHEREAS in accordance with the Plan of Arrangement established pursuant to the Arrangement Agreement, the Parties desire to enter into this Agreement for the transfer by PMG of the ExploreCo Assets and the ExploreCo Cash Consideration to ExploreCo in exchange for common shares in the capital of ExploreCo ("Common Shares"), all in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the Parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Action**" means any lawsuit, arbitration, or other legal proceeding, including any inquiry, hearing, proceeding or investigation by or before any Governmental Entity;

"**Affiliate**" means, in respect of any Person, another Person if:

(a) one of them is the Subsidiary of the other; or

(b) each of them is Controlled by the same Person;

"**Agreed Amount**" has the meaning set forth in subsection 4.4(b)(ii);

"**Agreement**" means this Asset Conveyance Agreement, including its recitals and appendices, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof;

"**Alvopetro Shares**" means all shares in the share capital of Alvopetro Oil and Gas Investments Inc. held by PMG immediately prior to the Effective Date;

"**Arrangement**" means the arrangement under section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement, or made at the direction of the Court of Queen's Bench of Alberta in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated as of September 29, 2013 between Petrominerales Ltd., Pacific Rubiales Energy Corp. and 1774501 Alberta Ltd.;

"**Books and Records**" means all books, records, files and data in all formats (including without limitation paper and electronic formats), wherever located and whatever nature, to the extent related to the Business and/or the ExploreCo Assets, including without limitation books, records, files and data relating to geological information, geophysical, hydrological, engineering, technical and production reports, records, logs, drawings, data, operating information, audit reports, tax or financial information;

"**Business**" means the business of oil and gas exploration, production and/or development in Brazil conducted directly or indirectly by Alvopetro Oil and Gas Investments Inc. on and prior to the Effective Date;

"**Business Day**" means any day on which commercial banks are open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta under the laws of the Province of Alberta or the federal laws of Canada;

"**Claim**" means any claim, action, cause of action, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;

"**Claim Notice**" has the meaning set forth in subsection 4.3(a);

"**Claimed Amount**" has the meaning set forth in subsection 4.4(a)(i);

"**Closing**" means the transfer by PMG to ExploreCo of the ExploreCo Assets and the delivery by ExploreCo to PMG of the Purchase Price and the completion of all matters incidental thereto, which will occur immediately prior to the Effective Date;

"**Control**" has the meaning ascribed thereto in section 2 of the ABCA;

"**Effective Date**" means the effective date of the Arrangement;

"**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 the Parties;

"**Encumbrance**" means any mortgage, charge, pledge, lien, hypothec, security interest, encumbrance, adverse claim or right of any third party to acquire or restrict the use of property;

"**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;

"**Environmental Claim**" means any actual or potential Claim made, asserted or threatened by a person alleging a breach of Environmental Law or other Environmental and Reclamation Liability;

"**Environmental Law**" means all Laws relating to public health and safety, noise control, pollution or the protection of the Environment or to the generation, production, installation, use, storage, treatment, transportation, Release or threatened Release of Hazardous Substances, including civil responsibility for acts or omissions with respect to the Environment, and all Permits issued pursuant to such applicable Laws;

"**Environmental and Reclamation Liabilities**" means, in relation to any assets, property or undertaking, any and all past, present and future Liabilities pertaining to such assets, property or undertaking or arising in connection with ownership of or operations attributable to such assets, property or undertaking in respect of the Environment, including:

(a) Liabilities in respect of contamination, pollution or other damage to the Environment;

(b) Liabilities in respect of compliance or non-compliance with, violation of, alleged violation, or any obligation under, Environmental Laws;

(c) Liabilities in respect of damage caused by the presence, storage, holding, collection, accumulation, assessment, generation, manufacture, disposal, handling, transportation, use, construction, processing, treatment, stabilization, release, spill or emission of petroleum substances or any other substance, including corrosion or deterioration of structures or other property and death or injury to human beings, plants or animals;

(d) Liabilities for the remediation, restoration or reclamation of the Environment including all obligations to abandon wells, to close, decommission, dismantle and remove tangibles (including fixtures) and remediate, restore and reclaim the surface lands thereof;

(e) Liabilities relating to the presence, storage, holding, collection, accumulation, assessment, generation, manufacture, handling, transportation, use, construction, processing, treatment, stabilization, release, spill or emission of toxic or Hazardous Substances; and

(f) Liabilities for Losses suffered, sustained paid or incurred by third parties as a result of any of the matters described in the foregoing provisions of this definition;

"**Excess**" has the meaning set forth in Section 4.6;

"Excluded Assets" means all of the property, assets and undertaking of PMG at the Effective Time of whatsoever nature or kind, wheresoever located, except for the ExploreCo Assets;

"Excluded Liabilities" has the meaning set forth in Section 2.3;

"**ExploreCo Assets**" means:

(a) the Alvopetro Shares;

(b) the Newco Shares; and

(c) all right, title, interest and estate of PMG in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not, associated with or used in connection with the Business, including the Books and Records;

"ExploreCo Cash Consideration " has the meaning set out in the Arrangement Agreement;

"**ExploreCo Liabilities**" means all Liabilities of PMG, whether arising or accruing at, prior to or after the Effective Time and whether the facts on which a Liability is based occurred at, prior to or after the Effective Time, other than any Liabilities associated with the ownership of the Excluded Assets by PMG;

"**ExploreCo Shares**" means the common shares in the capital of ExploreCo;

"**Final Order**" means the final order of the Court of Queen's Bench of Alberta approving the Arrangement, as such order may be amended or varied at any time by the Court of Queen's Bench of Alberta prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended, with or without variation, on appeal;

"**Governmental Entity**" means and includes:

(a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign;

(b) any subdivision, agent or authority of any of the foregoing;

(c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory,

expropriation or taxing authority under or for the account of any of the foregoing; and

(d) any stock exchange;

"**Hazardous Substances**" means any element, waste or other substance whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos containing materials or any substance which is deemed under Environmental Laws to be deleterious to natural resources or worker or public health and safety;

"**Indemnifiable Losses**" means, with respect to any claim by an Indemnified Party for indemnification under this Agreement, any and all Losses pursuant to the provisions of this Agreement;

"**Indemnified Party**" means any Person actually or potentially entitled to indemnification from an Indemnifying Party pursuant to the provisions of this Agreement;

"**Independent Accountant**" has the meaning set forth in Section 4.7(c);

"**Indemnifying Party**" means any Party from which any Indemnified Party is seeking indemnification pursuant to the provisions of this Agreement;

"**Indemnity Payment**" means any amount required to be paid by an Indemnifying Party pursuant to Article 4;

"**Judgment Conversion Date**" has the meaning set forth in subsection 4.9(a);

"**Judgment Currency**" has the meaning set forth in subsection 4.9(a);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the stock exchange), and the term "applicable" with respect to such Laws (including Environmental 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;

"**Liabilities**" means, with respect to any Person, any and all liabilities, obligations, bonds, indemnities and similar obligations, covenants, contracts, agreements, promises, omissions, guarantees, make whole agreements and similar obligations owed by that Person, whether absolute or contingent, inchoate or otherwise, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any applicable Law, Action threatened or contemplated Action, order or consent decree of any

Governmental Authority or any award of any arbitrator or mediator of any kind and those arising under any contract, commitment or undertaking, including those arising under this Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person. "Liabilities" of a Person shall include all Liabilities the legal liability of which is owed by another Person but for which the liability or responsibility has been assumed by such first Person;

"**Loss**" means any loss, damage, cost, expense, fine, penalty, assessment, reassessment, judgment, settlement or other compromise, of whatever nature or kind, including Taxes and the reasonable out-of-pocket costs and expenses incurred in connection with any Action or claim (including costs and fees of lawyers (on a solicitor and its own client basis), accountants, consultants, experts and other professional fees and expenses incurred in the investigation or defense thereof or the enforcement of rights thereunder);

"**Material Adverse Effect**" means, in respect of any Person, any change, event, development or occurrence that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, liabilities (including contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), capital, properties, assets or financial condition of that Person (including its Affiliates, but excluding, in the case of any Party, any other Party that is an Affiliate) considered as a whole after giving effect to the Arrangement or that would materially impair that Person's ability to perform its obligations under this Agreement or the Arrangement in any material respect;

"**Newco**" means [■], a wholly-owned subsidiary of PMG, to which PMG has contributed cash equal to the ExploreCo Cash Consideration in exchange for the Newco Shares as contemplated by subsection 2.8(2) of the Arrangement Agreement;

"**Newco Shares**" means all shares in the share capital of Newco held by PMG immediately prior to the Effective Date;

"**Party**" means a party to this Agreement;

"**Permit**" means any license, permit, certificate, franchise, consent, order, grant, easement, covenant, approval, classification, registration or other authorization of and from any person, including any Governmental Entity;

"**Person**" means and includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unlimited liability corporation, 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 set out as Schedule B to the Arrangement Agreement;

"**PMG Indemnified Parties**" has the meaning set forth in Section 4.1;

"**Prime Rate**" means the floating rate of interest established from time to time by The Toronto-Dominion Bank (and reported to the Bank of Canada) as the reference rate of interest The

Toronto-Dominion Bank will use to determine rates of interest payable by its borrowers on Canadian dollar commercial loans made by The Toronto-Dominion Bank to such borrowers in Canada and designated by The Toronto-Dominion Bank as its "prime rate";

"**Purchase Price**" has the meaning set forth in Section 2.4;

"**Recovery**" has the meaning set forth in Section 4.6;

"**Release**" has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the Environment;

"**Representatives**" means, collectively, the current and future directors, officers, employees, agents and advisors of a Party and their respective heirs, executors, administrators, successors and assigns;

"**Subsidiary**" means, in respect of a Person at a particular time, a Person that is Controlled, directly or indirectly, by such Person;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Tax Benefit**" shall mean:

(a) an amount equal to the value of any current tax benefit (i.e., actual reduction in the Indemnified Party's (or Affiliate's) liability for Taxes or actual increase in the Indemnified Party's (or Affiliate's) Tax refund) recognized by the Indemnified Party (or Affiliate) in the taxation period of the Indemnified Party (or Affiliate) in which the Indemnifiable Loss is incurred; plus, without duplication,

(b) the discounted present value of any future such tax benefit reasonably anticipated to be actually recognized by the Indemnified Party (or Affiliate) within 10 years after the end of the calendar year in which the Loss is incurred, taking into account, where relevant, the existing and anticipated future tax attributes of the Indemnified Party and its Affiliates, and utilizing a discount rate equal to 10% and effective tax rate equal to:

(i) where a tax benefit is realized with respect to Canadian federal and/or provincial Taxes, the maximum combined Canadian federal and applicable provincial income tax rate applicable to a Canadian public corporation in effect at the end of the year in which the Loss is incurred; and

(ii) where a tax benefit is realized with respect to foreign Taxes (including, where applicable, state or local Taxes), the maximum foreign tax rate applicable to corporations in effect at the end of the year in which the Loss is incurred;

"**Tax Gross-Up**" means with respect to any particular Indemnity Payment, such additional amount as is necessary to place the Indemnified Party in the same after-tax position as it would have been had such Indemnity Payment been received tax free by the Indemnified Party. The Tax Gross-Up amount will be calculated by using the applicable combined federal and provincial income tax rate and/or the foreign tax rates applicable to the Indemnified Party and, except as provided in subsection 4.7(c), without regard to any losses, credits, refunds or deductions that the Indemnified Party may have that could affect the amount of Tax payable on any indemnity payment in respect of Indemnifiable Losses;

"**Taxes**" means:

(a) any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments and other governmental charges, duties, impositions and liabilities imposed by any Governmental Entity, including Canada Pension Plan and Provincial pension plan contributions, instalments, unemployment insurance contributions and employment insurance contributions, worker's compensation and deductions at source, including taxes based on or measured by gross receipts, gross income, net income, profits, sales, capital, use, and occupation, and including goods and services, harmonized value added, ad valorem, transfer, franchise, withholding, customs, payroll, stamp, recapture, premium, windfall profits, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts; and

(b) any liability for the payment of any amount of the type described in the immediately preceding clause (a) as a result of being a "transferee" (within the meaning of Section 160 of the Tax Act or any other similar applicable Law) of another entity or a member of a related, non-arm's length, affiliated or combined group; and

"**Third Party Claim**" has the meaning set forth in Section 4.3(a).

1.2 Construction

In this Agreement, unless otherwise expressly stated or the context otherwise requires:

(a) the use of headings are for convenience of reference only and do not affect the construction or interpretation hereof;

(b) the words "hereunder", "hereof" and similar expressions refer to this Agreement and not to any particular Article, Section or Subsection and references to "Articles", "Sections" and "Subsections" are to Articles, Sections and Subsections of this Agreement;

(c) words importing the singular include the plural and vice versa, and words importing any gender include all genders and the neuter;

(d) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters

set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(e) if any date on which any action is required to be taken under this Agreement is not a Business Day, such action will be required to be taken on the next succeeding Business Day;

(f) the word "costs" shall include legal fees on a solicitor and its own client basis;

(g) if a term is defined in this Agreement, a derivative of that term shall a corresponding meaning;

(h) reference herein to "written" and "in writing" includes telexed and telecopied communications;

(i) reference herein to any applicable law or any document, instrument or agreement means such applicable law or such document, instrument or agreement as originally implemented or executed, as superseded, modified, amended or supplemented from time to time;

(j) a reference to a statute or code includes every regulation promulgated thereunder; and

(k) all references herein to dollar amounts or sums of money are to lawful funds of Canada.

ARTICLE 2
CONVEYANCE

2.1 Conveyance

PMG does hereby sell, assign, transfer, convey, and set over its entire right, title, estate and interest in and to the ExploreCo Assets and the ExploreCo Cash Consideration to ExploreCo on the terms and conditions set forth in this Agreement effective immediately prior to the Effective Date, and ExploreCo hereby purchases and accepts from PMG the ExploreCo Assets, to have and to hold the same together with all benefits and advantages to be derived therefrom absolutely.

2.2 Assumed Liabilities

ExploreCo hereby agrees to assume, pay, discharge and perform all ExploreCo Liabilities, including:

(a) those Liabilities attributable to periods after the Closing Date relating to or arising with respect to the ExploreCo Assets;

(b) all other Liabilities arising out of ownership or operation of, or otherwise relating to, the ExploreCo Assets, whether incurred or arising before or after the Closing Date.

2.3 Excluded Liabilities

ExploreCo shall not assume and shall have no obligation to pay, discharge, or perform those Liabilities attributable to periods before, on or after the Closing Date relating specifically to or arising specifically with respect to any assets other than the ExploreCo Assets, including for greater certainty any Taxes of PMG other than Taxes that ExploreCo has assumed pursuant to Section 4.1(f) (the "**Excluded Liabilities**").

2.4 Payment of Purchase Price

The aggregate Purchase Price payable for the ExploreCo Assets and the ExploreCo Cash Consideration is $[■] (the "**Purchase Price**"), representing the fair market value thereof as of the Effective Time. The Purchase Price shall be paid by ExploreCo to PMG at the Closing by the issuance and delivery to PMG of that number of ExploreCo Shares equal to the number of Shares of PMG issued and outstanding immediately prior to the Effective Date less 100 ExploreCo Shares.

2.5 Allocation of Purchase Price

The Purchase Price payable by ExploreCo to PMG pursuant to Section 2.4 shall be allocated amongst the ExploreCo Assets as follows:

(a) an amount equal to the ExploreCo Cash Consideration shall be allocated to the Newco Shares; and

(b) the balance of the Purchase Price shall be allocated as follows: (i) $[■] to the assets described in paragraph (c) of the definition of ExploreCo Assets; and (ii) $[■] the Alvopetro Shares.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties

Each Party represents and warrants to and in favour of the other Party that:

(a) it is duly incorporated, amalgamated or continued and is validly existing under the laws of its governing jurisdiction and has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;

(b) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not:

(i) result in the breach of, or violate any term or provision of, its articles or by-laws;

(ii) conflict with, result in the breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound, or to which any assets of such Party are subject, or result in the creation of any Encumbrance upon any of its assets under any such agreement or instrument, or give to others any interest or right, including rights of purchase, termination, cancellation or acceleration, under any such agreement, instrument, license, permit or authority, which in any case would have a Material Adverse Effect on it; or

(iii) violate any provisions of any applicable Law or any judicial or administrative award, judgment, order or decree applicable and known to it, the violation of which would have a Material Adverse Effect on it;

(c) no dissolution, winding-up, bankruptcy, liquidation or similar proceeding has been commenced or is pending or, to such Party's knowledge, is proposed in respect of it; and

(d) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by its board of directors, and this Agreement constitutes a valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to general principles of equity and limitations upon the enforcement of indemnification for fines or penalties imposed by law.

3.2 PMG Representations and Warranties

PMG represents and warrants to and in favour of ExploreCo that:

(a) the ExploreCo Assets are free and clear of any encumbrances or rights of third parties, voting trusts, unanimous or other shareholder agreement, proxies and other interest, claims or demands of every kind or nature whatsoever (other than pursuant to the Arrangement Agreement and such as may be created by, through or under ExploreCo) and good title to the ExploreCo Assets will vest in ExploreCo upon Closing;

(b) as at the Effective Time, PMG shall have no guarantees, commitments, support obligations, change of control provisions or other obligations of PMG in favor or for the benefit of ExploreCo, or third parties or Government Entities in respect of the ExploreCo Assets; and

(c) PMG is not a non-resident of Canada within the meaning of the Tax Act.

3.3 ExploreCo Representations and Warranties and Covenants

(a) ExploreCo represents and warrants to and in favour of PMG that (i) ExploreCo has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this transaction for which PMG shall have any obligation or liability, (ii) other than as disclosed in writing to PMG, there are no guarantees, commitments, support obligations, change of control provisions or other obligations of PMG in favor or for the benefit of ExploreCo, or third parties or Government Entities in respect of the ExploreCo Assets, and (iii) the board of directors of Alvopetro Oil and Gas Investments Inc. has approved the conveyance of the Alvopetro Shares contemplated by this Agreement; and

(b) ExploreCo hereby covenants and irrevocably agrees from the date hereof until the date that is two years following the successful completion of the Arrangement, that it shall not, and shall not knowingly permit any person with whom ExploreCo does not deal at arm's length (for the purposes of the Tax Act) to, purchase or otherwise acquire, directly or indirectly, shares in the capital of Pacific Rubiales or debt of Pacific Rubiales. This covenant shall survive the termination of this Agreement to the extent of the time period set out in this subsection 3.3(b).

3.4 Survival

Notwithstanding anything to the contrary contained herein, the representations and warranties set forth in Sections 3.1, 3.2 and 3.3 shall survive Closing for the benefit of the Parties for a period of 18 months following the Closing.

3.5 Prior Agreements

(a) It is the intention of the Parties that ExploreCo should, to the extent possible, be entitled to the benefit of any covenants, agreements, representations, warranties and indemnities provided in any prior agreements relating to the ExploreCo Assets to which PMG is a party, as if ExploreCo had been a party to such prior agreements, and this Agreement shall be interpreted in accordance with that intention. PMG hereby repeats and restates all such covenants, agreements, representations, warranties and indemnities provided in any prior agreements relating to the ExploreCo Assets to which PMG is a party to and for the benefit of ExploreCo; provided that PMG shall only be liable to reimburse, pay or indemnify ExploreCo in respect of such covenants, agreements, representations, warranties and indemnities to the extent PMG actually obtains reimbursement, is paid for or is indemnified and saved harmless under such prior agreements.

(b) ExploreCo shall, at the request of PMG, prepay or reimburse PMG in a timely fashion for all reasonable legal costs and expenses associated with PMG's recovery efforts to the extent such costs and expenses are supported by invoices provided by PMG to ExploreCo.

(c) ExploreCo shall indemnify and save PMG harmless from and against:

(i) all costs and expenses incurred by PMG pursuant to paragraph (a) which have not been prepaid by ExploreCo; and

(ii) the amount of any judgment or award against PMG or its Affiliates related to the actions undertaken by PMG pursuant to subsection 3.5(a).

3.6 No Merger

The covenants, representations and warranties set forth in Sections 3.1, 3.2, 3.3 and, as applicable, Section 3.5, shall be deemed to apply to all assignments, conveyances, transfers and documents conveying any of the ExploreCo Assets from PMG to ExploreCo, and there shall not be any merger of any covenant, representation or warranty in such assignments, transfers or documents notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

ARTICLE 4
INDEMNIFICATION

4.1 Indemnification of PMG

Subject to the terms and conditions set forth in this Agreement, ExploreCo shall indemnify, defend and hold harmless (on an after tax basis) PMG, its Affiliates and Representatives and their respective successors, permitted assigns, legal representatives and heirs (collectively, the "**PMG Indemnified Parties**") from, against and in respect of any and all Indemnifiable Losses of the PMG Indemnified Parties arising out of, relating to or resulting from, directly or indirectly:

(a) the ExploreCo Liabilities and/or the ExploreCo Assets whether occurring before, on or after the Effective Time that arise from or relate to acts, omissions, events or circumstances occurring before, on or after the Effective Time, including Liabilities arising from operations relating to the ExploreCo Assets conducted before, on or after the Effective Time (including payment of the costs of such operations) and payment of royalties and similar encumbrances in respect of the production of petroleum substances in respect of the ExploreCo Assets produced after the Effective Time;

(b) the breach by ExploreCo of any of its representations, warranties, covenants or agreements under this Agreement, whether such breach occurred before, at or after the Effective Time, or a breach of any covenant, agreement, indemnity, representation or warranty of ExploreCo in any document delivered in connection herewith;

(c) whether arising before, on or after the Effective Time, all Environmental and Reclamation Liabilities and Environmental Claims relating to acts, omissions or occurrences in respect of the ExploreCo Assets before, on or after the Effective Time, including the effects of, and the costs of complying with, any order, direction or Claim of any Governmental Entity. Neither ExploreCo nor any of its Representatives shall be entitled to any rights or remedies under the common law

or in equity or under any law, rule or regulation pertaining to such Environmental and Reclamation Liabilities and Environmental Claims as against PMG or any of its Affiliates, including the right to name PMG or any of its Affiliates as a third party to any action commenced by any third party against ExploreCo;

(d) any and all Liabilities to the extent relating to, arising out of or resulting from any terminated, discontinued or divested entity, business, asset or operation formerly (and to the extent) owned or managed by or associated with the ExploreCo Assets and/or the ExploreCo Liabilities; and

(e) any failure by ExploreCo to obtain the consent of, or provide notice to, any third party or Governmental Entity required in connection with the consummation of the transactions contemplated by this Agreement.

(f) any liability of PMG or any affiliate thereof for Taxes in any jurisdiction other than Canada relating to or resulting from, directly or indirectly, the transfer of the ExploreCo Assets to ExploreCo pursuant to this Agreement.

4.2 Indemnification of ExploreCo

Subject to the terms and conditions set forth in this Agreement, PMG shall indemnify, defend and hold harmless (on an after tax basis) ExploreCo, its Affiliates and Representatives and their respective successors, permitted assigns, legal representatives and heirs (collectively, the "**ExploreCo Indemnified Parties**") from, against and in respect of any and all Indemnifiable Losses of the ExploreCo Indemnified Parties arising out of, relating to or resulting from, directly or indirectly:

(a) the Excluded Liabilities and/or the Excluded Assets whether occurring before, on or after the Effective Time that arise from or relate to acts, omissions, events or circumstances occurring before, on or after the Effective Time, including Liabilities arising from operations relating to the Excluded Assets conducted before, on or after the Effective Time (including payment of the costs of such operations) and payment of royalties and similar encumbrances in respect of the production of petroleum substances in respect of the Excluded Assets produced after the Effective Time;

(b) the breach by PMG of any of its representations, warranties, covenants or agreements under this Agreement, whether such breach occurred before, at or after the Effective Time, or a breach of any covenant, agreement, indemnity, representation or warranty of PMG in any document delivered in connection herewith;

(c) whether arising before, on or after the Effective Time, all Environmental and Reclamation Liabilities and Environmental Claims relating to acts, omissions or occurrences in respect of the Excluded Assets before, on or after the Effective Time, including the effects of, and the costs of complying with, any order, direction or Claim of any Governmental Entity. Neither PMG nor any of its Representatives shall be entitled to any rights or remedies under the common law

or in equity or under any law, rule or regulation pertaining to such Environmental and Reclamation Liabilities and Environmental Claims as against ExploreCo or any of its Affiliates, including the right to name ExploreCo or any of its Affiliates as a third party to any action commenced by any third party against PMG; and

(d) any and all Liabilities to the extent relating to, arising out of or resulting from any terminated, discontinued or divested entity, business, asset or operation formerly (and to the extent) owned or managed by or associated with the Excluded Assets and/or the Excluded Liabilities.

4.3 Procedure for Third Party Claims

(a) Promptly after an Indemnified Party has received notice or has knowledge of any pending or threatened claim asserted by a third party or the commencement of any Action by a third party in respect of which indemnification shall be sought by the Indemnified Party hereunder (a "**Third Party Claim**"), the Indemnified Party shall give each Indemnifying Party written notice (a "**Claim Notice**") describing in reasonable detail the nature and basis of the Third Party Claim and, if ascertainable, the amount in dispute under the Third Party Claim.

(b) Subject to the limitations set forth in this Section 4.3, in the event of a Third Party Claim, the Indemnifying Party shall have the right (exercisable by written notice to the Indemnified Party within 30 days, or such longer period as the Parties may agree, after the Indemnifying Party has received a Claim Notice in respect of the Third Party Claim) to elect to conduct and control, through counsel of its choosing that is reasonably acceptable to the Indemnified Party and at the Indemnifying Party's sole cost and expense, the defense, compromise or settlement of the Third Party Claim if the Indemnifying Party:

(i) has acknowledged and agreed in writing that, if the Third Party Claim is adversely determined, the Indemnifying Party shall provide indemnification to the Indemnified Party in respect thereof; and

(ii) if requested by the Indemnified Party, has provided evidence reasonably satisfactory to the Indemnified Party of the Indemnifying Party's financial ability to pay any Losses resulting from the Third Party Claim;

provided however, that the Indemnified Party may participate therein through separate counsel chosen by it and at its sole cost and expense. Notwithstanding the foregoing, if:

(A) the Indemnifying Party shall not have given notice to the Indemnified Party of its election to conduct and control the defense of the Third Party Claim within such 30 day period or such longer period as the Parties may agree;

(B) the Indemnifying Party shall fail to conduct such defense diligently and in good faith;

(C) the Indemnified Party shall reasonably determine that use of counsel selected by the Indemnifying Party to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest;

(D) the Third Party Claim is for injunctive, equitable or other non-monetary relief against the Indemnified Party;

(E) the Indemnifying Party has not acknowledged and agreed in writing that, if the Third Party Claim is adversely determined, the Indemnifying Party shall provide indemnification to the Indemnified Party in respect thereof; or

(F) if requested by the Indemnified Party, the Indemnifying Party has not provided evidence reasonably satisfactory to the Indemnified Party of the Indemnifying Party's financial ability to pay any Losses resulting from the Third Party Claim,

then, in each such case, the Indemnified Party shall have the right to control the defense, compromise or settlement of the Third Party Claim with counsel of its choice at the Indemnifying Party's sole cost and expense.

(c) In connection with any Third Party Claim, from and after delivery of a Claim Notice, the Indemnifying Party and the Indemnified Party shall, and shall cause their respective Affiliates and Representatives to, cooperate fully in connection with the defense of such Third Party Claim, including furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnifying Party or the Indemnified Party in connection therewith. In addition, the Party controlling the defense of any Third Party Claim shall keep the non-controlling Party advised of the status thereof and shall consider in good faith any recommendations made by the non-controlling party with respect thereto.

(d) Except as set forth below, no Third Party Claim may be settled or compromised:

(i) by the Indemnified Party without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed); or

(ii) by the Indemnifying Party without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed).

(e) Notwithstanding subsection 4.3(d):

(i) the Indemnified Party shall have the right to pay, settle or compromise any Third Party Claim without the prior written consent of the Indemnifying Party if the Indemnified Party waives all rights against the Indemnifying

Party to indemnification under this Article 4 with respect to such Third Party Claim or the Indemnified Party sought the consent of the Indemnifying Party to such payment, settlement or compromise and such consent was unreasonably withheld, conditioned or delayed; and

(ii) the Indemnifying Party shall have the right to consent to the entry of a judgment or enter into a settlement with respect to any Third Party Claim without the prior written consent of the Indemnified Party if the judgment or settlement:

(A) involves only the payment of money damages (all of which will be paid in full by the Indemnifying Party concurrently with the effectiveness thereof);

(B) will not encumber any of the assets of the Indemnified Party or any of its Affiliates and will not contain any restriction or condition that would apply to or adversely affect the Indemnified Party or any of its Affiliates or the conduct of business of the Indemnified Party or any of its Affiliates; and

(C) includes a complete and irrevocable release of the Indemnified Party from all liability in respect of such Third Party Claim and includes no admission of violation of applicable Laws or other wrongdoing.

4.4 Procedure for Direct Claims

(a) In the event that an Indemnified Party advances a claim for indemnification hereunder that does not result from or involve a Third Party Claim, the Indemnified Party shall, as promptly as practicable, deliver to the Indemnifying Party a written notice that contains:

(i) a description and the amount (the "**Claimed Amount**") of any Losses incurred or suffered by the Indemnified Party;

(ii) a statement that the Indemnified Party is entitled to indemnification under this Article 4 and a reasonable explanation of the basis therefor; and

(iii) a demand for payment by the Indemnifying Party.

(b) Within 30 days after delivery of such written notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall:

(i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case such response shall be accompanied by a payment by the Indemnifying Party of the Claimed Amount);

(ii) agree that the Indemnified Party is entitled to receive part, but not all, of the Claimed Amount (the "**Agreed Amount**") (in which case such response shall be accompanied by payment by the Indemnifying Party of the Agreed Amount); or

(iii) contest that the Indemnified Party is entitled to receive any of the Claimed Amount.

(c) If the Indemnifying Party contests the payment of all or any part of the Claimed Amount, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve such dispute as promptly as practicable. If such dispute is not resolved within 60 days or such longer period as may reasonably be required in order to properly exchange all relevant information following the delivery by the Indemnifying Party of such response, the Indemnified Party and the Indemnifying Party shall submit such matter for determination to the Alberta Court of Queen's Bench or such other applicable court of competent jurisdiction.

4.5 Failure to Give Timely Notice

The failure to give timely notice under this Article 4 will not affect the rights or obligations of any Party except to the extent (and only to the extent) that, as a result of such failure, the Party that was entitled to receive such notice suffered serious damage or was otherwise materially adversely prejudiced in the defence of such claim.

4.6 Reductions and Subrogation

If at any time subsequent to the making of any Indemnity Payment, the amount of the Indemnified Loss is reduced (other than any reduction in the amount of the Indemnified Loss that arises as a consequence of the realization of any Tax Benefit by the Indemnified Party or any of its Affiliates) pursuant to any insurance coverage or pursuant to any claim, recovery, settlement or payment by or against any other Person (a "**Recovery**"), such that, taking the Recovery into account, the amount of the Indemnity Payment in respect of the Loss exceeds the amount of the Loss, the Indemnified Party shall promptly repay to the Indemnifying Party the amount of the excess (the "**Excess**") (less any costs, expenses (including Taxes) or premiums incurred in connection therewith) together with interest:

(a) from the date of payment of the Indemnity Payment in respect of which the repayment is being made to but excluding the earlier of the date of repayment of the Excess and the date that is 60 days after the Excess arises, but only to the extent that the Recovery giving rise to the Excess included interest, at the rate applied to the amount of the Recovery; and

(b) from and including the date that is 60 days after the Excess arises to but excluding the date of repayment of the Excess, at the Prime Rate plus 3%.

Notwithstanding the foregoing provisions of this Section, no payment of any Excess is required to be made under this Section 4.6 to the extent the Indemnified Party is entitled to an Indemnity Payment hereunder that remains unpaid. Upon making a full Indemnity Payment, the

Indemnifying Party will, to the extent of such Indemnity Payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Loss to which the Indemnity Payment relates. Until the Indemnified Party recovers full payment of its Loss, any and all claims of the Indemnifying Party against any such third party on account of such Indemnity Payment will be postponed and subordinated in right of payment to the Indemnified Party's rights against such third party.

4.7 Tax Effect

(a) If any Indemnity Payment received or accrued by an Indemnified Party is subect to withholding or deduction for Taxes or is included in the income of such Indemnified Party, the Indemnifying Party will pay a Tax Gross-Up to the Indemnified Party at the same time and on the same terms, as to interest and otherwise, as the Indemnity Payment. Notwithstanding the foregoing provisions of this Section 4.7, if an Indemnity Payment would otherwise be included in the Indemnified Party's income, the Indemnified Party covenants and agrees to make all such elections, filings, notifications or designations and take such actions as are available, acting reasonably, to minimize or eliminate Taxes with respect to the Indemnity Payment.

(b) The provisions of Section 4.6 shall not apply to any adjustment pursuant to the provisions of this Section 4.7.

(c) The amount of any Loss for which indemnification is provided will be adjusted to take into account any Tax Benefit realized by the Indemnified Party or any of its Affiliates by reason of the Loss for which indemnification is so provided or the circumstances giving rise to such Loss. Each Party will, when requested in writing by another Party, use reasonable commercial efforts in cooperating with all other applicable Parties to determine the applicability, if any, of this subsection 4.7(c) to any claim. If such determination is not mutually agreed among the applicable Parties within 60 days of such written request, then the disagreement shall be submitted to an accounting firm of recognized national standing in Canada, which is independent of the Parties (the "**Independent Accountant**"). If the applicable Parties are unable to agree on the Independent Accountant within 10 days of the end of such 60 day period, any Party may apply under the *Arbitration Act* (Alberta) to have a court appoint such accounting firm. The Independent Accountant shall, as promptly as reasonable (but in any event within 45 days following its appointment), make a determination of the applicability of this subsection 4.7(c) to such claim on the basis contemplated herein, based on written submissions submitted by the applicable Parties to the Independent Accountant. The decision of the Independent Accountant as to the applicability of this subsection 4.7(c) to such claim shall be final and binding upon the Parties and will not be subject to appeal absent manifest error. The fees and expenses of the Independent Accountant with respect to the resolution of the dispute shall be paid by the applicable Parties in such proportions as are determined by the Independent Accountant. The Independent Accountant will be deemed to be acting as an expert and not an arbitrator (unless appointed by a court under the

Arbitration Act (Alberta) in which case the Independent Accountant will be deemed to be acting as an arbitrator).

4.8 Payment and Interest

Except as specified herein, all Losses (other than Taxes) will bear interest at a rate per annum, calculated and payable monthly, equal to the Prime Rate plus 3% from and including the date the Indemnified Party disbursed funds or suffered or incurred a Loss to, but excluding, the day of payment by the Indemnifying Party to the Indemnified Party, with interest on overdue interest at the same rate. All Losses that are Taxes will bear interest at a rate per annum, calculated and payable monthly, equal to the Prime Rate plus 3% from and including the date the Indemnified Party paid such Taxes to, but excluding, the day of payment by the Indemnifying Party to the Indemnified Party of the Indemnity Payment in respect of such Taxes, with interest on overdue interest at the same rate.

4.9 Judgment Currency

(a) If, for the purpose of obtaining or enforcing judgment against the Indemnifying Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (the "**Judgment Currency**") an amount due in Canadian dollars under this Agreement, the conversion will be made at the rate of exchange specified by the Bank of Canada as its noon rate prevailing on the Business Day immediately preceding:

(i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or

(ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction where the court of such jurisdiction does not give effect to such conversion being made on the payment date,

(the "**Judgment Conversion Date**").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in subsection 4.9(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Indemnifying Party must pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian dollars, which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

4.10 Exclusive Remedy

Except for remedies for injunctive or equitable relief, claims for fraud, intentional misrepresentation or willful misconduct or as otherwise expressly provided in this Agreement, the indemnification rights set forth in this Article 4 shall be the sole and exclusive remedy for any claim arising out of this Agreement. Closing of the transactions contemplated herein shall not in any way whatsoever limit, impact or derogate from the indemnities provided for herein.

4.11 Mitigation

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of an Indemnified Party to mitigate any Loss which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty, covenant, obligation or agreement of the Indemnifying Party hereunder. If any such Loss can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party shall take all appropriate and reasonable steps to enforce such recovery, settlement or payment. Notwithstanding the foregoing, no Indemnified Party shall have any obligation to mitigate any Loss prior to or in connection with any application of remedies for injunctive or equitable relief.

4.12 De Minimus

No individual claim in respect of which the Indemnifiable Loss amounts to less than $50,000 (excluding interest) may be brought by any Party (including its respective Indemnified Parties) under this Article 4.

ARTICLE 5
MISCELLANEOUS

5.1 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and delivered personally or by courier or by facsimile addressed to the recipient as follows:

To PMG:

Suite 1100, 333 Bay Street
Toronto, Ontario M5H 2R2

Attention: Peter Volk, General Counsel
Fax No.: 416-360-7783

To ExploreCo:

Suite 1000, 333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Attention: Corey Ruttan, President and Chief Executive Officer
Fax No.: 403-266-5794

or other such address that a Party may, from time to time, advise the other Party by notice in writing given in accordance with the foregoing. The date of receipt of any such notice will be deemed to be the date of actual delivery thereof or, if given by facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient with written confirmation of receipt by fax and verbal confirmation of same and on the next Business Day, if not given during such hours.

5.2 Time of Essence

Time shall be of the essence of this Agreement.

5.3 Further Assurances

Each of the Parties will from time to time execute and deliver such further documents and instruments and do all acts and things as any other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

5.4 Assignment

No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party (which consent will not be unreasonably withheld or delayed), provided that no such consent will be required for any Party to assign its rights and obligations under this Agreement to a corporate successor to such Party or to a purchaser of all or substantially all of the assets of such Party.

5.5 Binding Effect

This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns, and specific references to "successors" elsewhere in this Agreement will not be construed to be in derogation of the foregoing.

5.6 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party granting the same.

5.7 Invalidity of Provisions

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Applicable Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement

so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regard to conflicts of law principles. Each of the Parties agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the non-exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgment of those courts.

5.9 Superceding

This Agreement shall supersede and replace any and all prior agreements between the Parties relating to the sale and purchase of the ExploreCo Assets, other than the Arrangement Agreement, and may be amended only by written instrument signed by all Parties.

5.10 Entire Agreement

This instrument and the Arrangement Agreement together state the entire agreement between the Parties with respect to the subject matter hereof.

5.11 Counterparts

This Agreement may be executed in any number of original, facsimile or "pdf" counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

PETROMINERALES LTD.

By: _____

Name:

Title:

1774501 ALBERTA LTD.

By: _____

Name:

Title:

SCHEDULE D

REPRESENTATIONS AND WARRANTIES OF PETROMINERALES

(a) **Corporate Existence and Power.** Petrominerales is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of Alberta and has all corporate power and capacity to own, lease and operate, as applicable, its properties and assets, as now owned and to carry on its business as now conducted. Petrominerales is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) **Corporate Authorization**. The execution, delivery and performance by Petrominerales of this Agreement and the consummation by Petrominerales of the transactions contemplated hereby are within Petrominerales' corporate power and capacity and have been duly authorized by the Board of Directors and no other corporate proceedings on the part of Petrominerales are necessary to authorize this Agreement or the transactions contemplated hereby other than in connection with the approval by the Board of Directors of the Circular and the approval by the Shareholders in the manner required by the Interim Order and applicable Laws. This Agreement has been duly executed and delivered by Petrominerales and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of Petrominerales, enforceable against Petrominerales in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. As of the date hereof, the Board of Directors has (i) determined that the Arrangement is fair, from a financial point of view, to Shareholders and that the Arrangement is in the best interests of Petrominerales and (ii) unanimously resolved, subject to Section 8.3(6), to recommend that the Shareholders vote in favour of the Arrangement Resolution, and such determinations and resolutions are effective and unamended as of the date hereof.

(c) **Governmental Authorization**. The execution, delivery and performance by Petrominerales of this Agreement and the consummation by Petrominerales of the transactions contemplated hereby and by the Plan of Arrangement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Entity other than (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) any required consents or approval from the Registrar in Alberta; (iv) compliance with any applicable Canadian Securities Laws; (v) compliance with any applicable U.S. Securities Laws; (vi) compliance with any applicable Colombian Securities Laws; (vii) any required Regulatory Approvals; and (viii) actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) **Non-Contravention**. The execution, delivery and performance by Petrominerales of its obligations under this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of Petrominerales; (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by Petrominerales; (iii) except as set forth in the Disclosure Letter, require any notice or consent or other action by any person under, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under,

or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any material benefit to which Petrominerales is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any contract or other instrument, including any Material Contract or Permit, binding upon Petrominerales or affecting any of its Assets; or (iv) result in the creation or imposition of any Lien on any Asset of Petrominerales. True and complete copies of the articles of Petrominerales as currently in effect have been made available to Pacific Rubiales and Petrominerales has not taken any action to amend or succeed such documents.

(e) **Capitalization**. The authorized share capital of Petrominerales consists of an unlimited number of Shares and an unlimited number of preferred shares. As of the date hereof, there were issued and outstanding the number of Shares set forth in the Disclosure Letter and no other shares were issued and outstanding. The Disclosure Letter sets forth, as of date hereof, the number of outstanding Options, Deferred Common Shares and Incentive Common Shares, and the exercise price or issuance price or grant value, as applicable, of such Options, Deferred Common Shares and Incentive Common Shares. Except with respect to outstanding Options, Deferred Common Shares, Incentive Common Shares, the Share Dividend Program, the Shareholder Rights Plan, the 2010 Debentures, the 2012 Debentures and the ESOP Plan, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights, redemption rights, repurchase rights, shareholder rights plans, agreements, arrangements, calls, commitments or rights of any kind that obligate Petrominerales to issue or sell any shares of capital stock or other securities of Petrominerales or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, from treasury any securities of Petrominerales, and no securities or obligations evidencing such rights are authorized, issued or outstanding. Except for outstanding Options, Deferred Common Shares, Incentive Common Shares, the 2010 Debentures, the 2012 Debentures and pursuant to the SARs Plan, there are no outstanding contractual or other rights to which Petrominerales is a party, the value of which is based on the value of the Shares. All the outstanding Shares have been duly authorized and validly issued, are fully paid and non-assessable and all the Shares issuable upon the exercise of rights under the Options, Deferred Common Shares and Incentive Common Shares in accordance with their respective terms and all Shares issuable in connection with the Share Dividend Program and the Shareholder Rights Plan have been duly authorized and, upon issuance, shall be validly issued as fully paid and non-assessable. There are no outstanding contractual or other obligations of Petrominerales to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of Petrominerales. The Shares have not been listed or quoted by Petrominerales on any market other than the TSX and the Bolsa de Valores de Colombia. No order ceasing or suspending trading in securities of Petrominerales or prohibiting the sale of such securities has been issued and outstanding against Petrominerales or its directors or officers.

(f) **Subsidiaries**. As of the date hereof, Petrominerales has no subsidiaries except as set forth in the Disclosure Letter (the **Petrominerales Subsidiaries**) and has no interest in any partnership, corporation or other business organization except as set forth in the Disclosure Letter. As of the date hereof, except as set forth in the Disclosure Letter, Petrominerales directly or indirectly, owns all of the outstanding securities of each of the Petrominerales Subsidiaries. All of the issued and outstanding securities of each of the Petrominerales Subsidiaries held by Petrominerales are duly authorized, validly issued, fully paid and non-assessable and, except as set forth in the Disclosure Letter, all such securities of the Petrominerales Subsidiaries are owned free and clear of all Encumbrances, except as set forth in the Disclosure Letter, and 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 or Assets of, the Petrominerales Subsidiaries.

(g) **Indebtedness.** As of the date hereof, the only outstanding indebtedness for borrowed money of Petrominerales is set forth in the Disclosure Letter.

(h) **Bankruptcy and Insolvency Matters.** No Proceeding has been commenced or filed by or against Petrominerales which seeks or could reasonably be expected to lead to (i) receivership, bankruptcy, a commercial proposal or similar proceeding of Petrominerales, (ii) the adjustment or compromise of claims against Petrominerales or (iii) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for Petrominerales or any portion of its Assets, and no such Proceeding has been authorized or is being considered by or on behalf of Petrominerales and no creditor or securityholder has threatened to commence or advised that it may commence, any such Proceeding. Petrominerales (i) has not made, or is not considering making, an assignment for the benefit of their respective creditors, or (ii) has not requested, or is not considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its indebtedness.

(i) **No Guarantees.** Other than as set forth in the Disclosure Letter or the indemnification of Petrominerales Employees pursuant to applicable Laws, the respective corporate by-laws, indemnity agreements of the respective Petrominerales Entities, customary indemnities in favour of Petrominerales' bankers and TD Securities Inc. (each as included in the Data Room Information or the Disclosure Letter), and agreements entered into in the ordinary course of business, Petrominerales has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Petrominerales Entity or any other person.

(j) **Canadian Securities Laws Matters**. Petrominerales is a “reporting issuer” under applicable Canadian Securities Laws in each of the provinces of Canada, and is not in default of any material requirements of any Canadian Securities Laws applicable in such jurisdictions. No delisting, suspension of trading in or cease trading order with respect to the Shares is pending or, to the knowledge of Petrominerales, threatened. The documents comprising Petrominerales Current Public Disclosure Record did not at the time filed with Securities Authorities contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading in light of the circumstances under which they were made. Petrominerales has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Petrominerales with the Securities Authorities. Petrominerales has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential.

(k) **Financial Statements**. The audited financial statements and the unaudited interim financial statements of Petrominerales included in Petrominerales Current Public Disclosure Record fairly present, in all material respects, in conformity with IFRS applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of Petrominerales as of the dates thereof and its statements of earnings, comprehensive income, shareholders’ equity and cash flows for the periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements). Except as set forth in Petrominerales' financial statements, Petrominerales does not have any documents creating any material off-balance sheet arrangements. Petrominerales is not a party to, or has any commitment to become a party to, any joint venture, partnership agreement or any similar contract where the purpose or effect of such arrangement is to avoid disclosure of any material transaction involving Petrominerales in Petrominerales' financial statements.

(l) **Absence of Certain Changes**. Since December 31, 2012, other than the transactions contemplated in this Agreement, except as set forth in the Disclosure Letter, (i) the business of Petrominerales has been conducted in the ordinary course of business consistent with past practice; (ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect that has not been disclosed in Petrominerales Public Disclosure Record; (iii) there has not been any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any shares in the capital of, or equity

or other voting interests in, Petrominerales, except as disclosed in Petrominerales Public Disclosure Record; (iv) there has not been any split, combination or reclassification of any shares in the capital of, or equity or other voting interests in, Petrominerales or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares in the capital of, or other equity or voting interests in, Petrominerales; (v) there has not been any change in financial or tax accounting methods, principles or practices by Petrominerales, except insofar as may have been required or permitted by IFRS or applicable Laws; and (vi) there has not been any material write-down by Petrominerales of any of the material Assets of Petrominerales.

(m) **No Undisclosed Material Liabilities**. There are no liabilities or obligations of Petrominerales of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (i) liabilities or obligations disclosed in any financial statements of Petrominerales in Petrominerales Current Public Disclosure Record; (ii) liabilities or obligations set forth in the Disclosure Letter; (iii) liabilities or obligations incurred in the ordinary course of business consistent with past practice since June 30, 2013 or disclosed in the Petrominerales Public Disclosure Record; and (iv) liabilities or obligations incurred in connection with the transactions contemplated hereby.

(n) **Books, Records and Disclosure Controls.** The management of Petrominerales has established and maintained a system of disclosure controls and protocols designed to provide sufficient assurance that information required to be disclosed by Petrominerales in its annual filings, interim filings or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Laws. Such disclosure controls and protocols include controls and protocols designed to ensure that information required to be disclosed by Petrominerales in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to Petrominerales' management, including its chief executive officer and chief financial officer (or persons performing similar functions), as appropriate to allow timely decisions regarding required disclosure. Each Petrominerales Entities' corporate records and minute books have been maintained in compliance with applicable Laws and are complete and accurate in all material respects.

(o) **Internal Control Over Financial Reporting.** Petrominerales maintains internal control over financial reporting. Such internal control over financial reporting is effective in providing sufficient assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and includes policies and procedures that: (i) pertain to the maintenance of records that in sufficient detail accurately and fairly reflect the transactions and dispositions of the Assets; (ii) provide sufficient assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of Petrominerales are being made only in accordance with authorizations of management and directors of Petrominerales; and (iii) provide sufficient assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Assets that could have a material effect on its financial statements. To the knowledge of Petrominerales, prior to the date of this Agreement, there are no significant deficiencies in the design or operation of, or material weaknesses in, the internal controls over financial reporting of Petrominerales that are reasonably likely to materially and adversely affect the ability of Petrominerales to record, process, summarize and report financial information and there is no fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of Petrominerales.

(p) **Swaps.** Except as set forth in the Disclosure Letter or the Petrominerales Current Public Disclosure Record, no Petrominerales Entity has any outstanding Swaps and no Swaps will be outstanding as at the Effective Date.

(q) **Compliance with Laws**. Except as set forth in the Disclosure Letter, each Petrominerales Entity is, and since December 31, 2012 has been, in material compliance with, and to the knowledge of Petrominerales, 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.

(r) **Litigation**. As of the date hereof, except as set forth in the Disclosure Letter, there is no material Proceeding pending against, or, to the knowledge of Petrominerales, threatened against or affecting, any Petrominerales Entity or any of their Assets, before any Governmental Entity or other person. None of the Petrominerales Entities, their Assets, or their directors or officers in their capacities as such, is subject to any outstanding judgment, order, writ, injunction or decree material to the Petrominerales Entities, taken as a whole.

(s) **Taxes**.

Except as set forth in the Disclosure Letter:

(i) All Tax Returns required by applicable Laws to be filed with any Governmental Entity by, or on behalf of, each Petrominerales Entity have been filed when due in accordance with all applicable Laws (taking into account any applicable extensions), and all such Tax Returns are, or shall be at the time of filing be, true and complete in all material respects.

(ii) Each Petrominerales Entity has paid on a timely basis to the appropriate Governmental Entity all Taxes, including instalments, which are due and payable prior to the date hereof, other than those Taxes being contested in good faith or for which reserves have been established in accordance with IFRS on the balance sheet of each Petrominerales Entity.

(iii) Each Petrominerales Entity has established in accordance with IFRS an adequate accrual for all material Taxes which are not yet due and payable through the end of the last period for which each Petrominerales Entity ordinarily record items on its books and, since the date thereof, no Petrominerales Entity has incurred any liability for Taxes other than in the ordinary course of business.

(iv) No material deficiencies for any Taxes of any Petrominerales Entity exist, have been asserted or have been assessed by a Governmental Entity and there is no Proceeding outstanding, pending or, to the knowledge of Petrominerales, threatened with respect to any Petrominerales Entity in respect of any Tax or Tax Asset (as defined below). For purposes of this provision, the term **Tax Asset** shall include but is not limited to any net operating losses, non-capital losses, net capital losses, Tax pools, investment tax credits, foreign tax credit or any other credit or Tax attribute which could reduce Taxes.

(v) Each Petrominerales Entity has complied with all requirements of applicable Laws relating to the withholding and/or remittance of amounts in respect of payments or amounts owed to any person and has charged, collected and remitted on a timely basis all Taxes as required by applicable Laws on any sale, supply or delivery made by any Petrominerales Entity.

(vi) No Petrominerales Entity is party to any tax sharing agreement or tax indemnification agreement with any person.

(vii) There are no currently effective elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any amount of Taxes of, or the filing of any Tax Return or any payment of any amount of Taxes by any Petrominerales Entity.

(viii) There are no Liens for Taxes upon any of the Assets of any Petrominerales Entity.

(t) **Tax Pools.** As of December 31, 2012, Petrominerales had available for deduction against future taxable income, the tax pools disclosed in the Disclosure Letter and since December 31, 2012, Petrominerales has not taken any action or entered into any transaction outside of the ordinary course of business that would have the effect of reducing such amount other than as contemplated by this Agreement.

(u) **Flow-Through Obligations.** As of the date hereof, Petrominerales does not have any obligations to incur or renounce to investors any Canadian exploration expense or Canadian development expense, each as defined under the Tax Act, pursuant to any flow-through share agreement of which Petrominerales or any predecessor is a party.

(v) **Employment Matters**.

(i) The Disclosure Letter contains a complete and accurate list of Petrominerales Employees with their annual salary and location.

(ii) Except as set forth in the Disclosure Letter, as of the date hereof, to the knowledge of Petrominerales, no active Petrominerales Employee has provided written notice to Petrominerales that he or she intends to resign, retire or terminate his or her employment with Petrominerales as a result of the transactions contemplated by this Agreement or otherwise.

(iii) As of the date hereof, except as set forth in the Disclosure Letter, no Petrominerales Entity is party to any Proceeding under any applicable Law relating to any Petrominerales Employees.

(iv) Except as set forth in the Disclosure Letter, no employment agreement with respect to any Petrominerales Employee contains any provision in respect to the payment of change of control, termination or severance payments (**Change of Control Payments**) which shall be triggered by the transactions contemplated by this Agreement.

(v) Each Petrominerales Entity is in compliance with all applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labour relations, pay equity and workers' compensation, 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.

(vi) Each Petrominerales Entity is not in material arrears in the payment of wages, overtime pay, public holiday pay, salary, commission, bonuses, incentives, vacation pay, expense reimbursement or any other compensation in any form or of any other amounts owing to current or former Petrominerales Employees. Except as set forth in the Disclosure Letter, to the knowledge of Petrominerales, there are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any material obligation upon any Petrominerales Entity to do or refrain from doing any act, or which place a material financial obligation upon any Petrominerales Entity.

(w) **Petrominerales Plans**.

(i) The Disclosure Letter contains a complete list of all material health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension or supplemental retirement plans and other material employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of Petrominerales, Petrominerales Employees or former Petrominerales Employees, which are maintained by or binding upon

Petrominerales or in respect of which Petrominerales has any actual or potential liability (but for greater certainty, including the Stock Option Plan, Deferred Common Share Plan Incentive Common Share Plan, ESOP Plan and SAR Plan and excluding any plans maintained by a Governmental Entity pursuant to statute) (collectively, **Petrominerales Plans**).

(ii) All Petrominerales Plans are and have been established, registered, qualified, funded and, in all material respects, administered in accordance with all applicable Laws, and in accordance with their terms, the terms of the material documents that support such Petrominerales Plans and the terms of agreements between Petrominerales and Petrominerales Employees and former Petrominerales Employees who are members of, or beneficiaries under, Petrominerales Plans.

(iii) All current obligations of each Petrominerales Entity regarding Petrominerales Plans have been satisfied in all material respects. All contributions, premiums or Taxes required to be made or paid by each Petrominerales Entity under the terms of each Petrominerales Plan or by applicable Laws in respect of Petrominerales Plans have been made in a timely fashion in accordance with applicable Laws in all material respects and in accordance with the terms of the applicable Petrominerales Plan in all material respects. As of the date hereof, no currently outstanding notice of underfunding, non-compliance, failure to be in good standing or otherwise has been received by any Petrominerales Entity from any applicable Governmental Entity in respect of any Petrominerales Plan that is a pension or retirement plan.

(iv) To the knowledge of Petrominerales, no Petrominerales Plan is subject to any pending Proceeding initiated by any Governmental Entity, or by any other party (other than routine claims for benefits) and, to the knowledge of Petrominerales, there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such Proceeding or to affect the registration or qualification of any Petrominerales Plan required to be registered or qualified.

(v) No Petrominerales Entity has any liability or obligations in respect of any plan or arrangement which provides pensions on a defined benefit basis (but for greater certainty, excluding any plans maintained by a Governmental Entity pursuant to statute).

(vi) Except as set forth in the Disclosure Letter, the Arrangement will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Petrominerales Plan.

(vii) Except as set forth in the Disclosure Letter, Petrominerales has no material liability or obligation to provide post-retirement benefits for former Petrominerales Employees or to any other individual.

(x) **Collective Agreements**. Except as set forth in the Disclosure Letter, no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any Petrominerales Employee by way of certification, interim certification, voluntary recognition, designation or successor rights or, to the knowledge of Petrominerales, has applied to have any Petrominerales Entity declared a related employer or successor employer pursuant to applicable labour legislation. As of the date hereof, no material labour dispute has occurred or has been threatened in the areas where the Petrominerales Entities operate.

(y) **Environmental Matters**. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect and except as set forth in the Disclosure Letter:

(i) no written notice, claim, order, complaint or penalty has been received by any Petrominerales Entity alleging a violation by or liability of such Petrominerales Entity

under any Environmental Laws, and, to Petrominerales' knowledge, there are no Proceedings pending or threatened which allege a violation by any Petrominerales Entity of any Environmental Laws;

(ii) No Petrominerales Entity has failed to report on a timely basis to the proper Governmental Entity the occurrence of any event which is required to be so reported by applicable Environmental Laws;

(iii) The Petrominerales Entities hold all Permits and Environmental Approvals required under applicable Environmental Laws in connection with the operation of their business and the ownership and use of their Assets as currently being used, all such Permits and Environmental Approvals are in full force and effect, and except for notifications and conditions of general application, or received in the ordinary course of business, to assets of reclamation obligations under applicable Environmental Laws in the jurisdictions in which it conducts its business, no Petrominerales Entity has received any notification pursuant to any applicable 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, Permits or Environmental Approvals issued pursuant thereto, or that any Permit or Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, suspended, revoked, withdrawn or terminated due to any alleged violation of Environmental Laws;

(iv) to the knowledge of Petrominerales, there are no threatened or pending changes in the status, terms or conditions of any Permits or Environmental Approvals held by any Petrominerales Entity or any renewals, modifications, revocations, suspensions, reassurances, alterations, transfers or amendments of any such Permits or Environmental Approvals, or any review by, or approval of, any Governmental Entity of such Permits or Environmental Approvals that are required in connection with the execution or delivery of this Agreement, the consummation of the transactions contemplated herein or the continuation of the business of the Petrominerales Entities following the Effective Date;

(v) the operations of the Petrominerales Entities have been, and continue to be, in all material respects, in compliance with, and are not in violation of, all of Environmental Laws; and

(vi) no Petrominerales Entity has assumed responsibility for or agreed to indemnify or hold harmless any person for any liability or obligation arising under any Environmental Law that is reasonably likely to form the basis of any claim against any Petrominerales Entity.

(z) **Notice of Environmental Policies or Laws.** As of the date hereof, no Petrominerales Entity has received notice of any proposed environmental, land use or royalty policies or applicable Laws which Petrominerales reasonably believes would be material to the Petrominerales Entities (taken as a whole), the Assets or the conduct of their business, other than those that apply to the oil and gas industry generally in Colombia, Peru or Brazil.

(aa) **Personal Property**. The Petrominerales Entities have good and valid title to, or a valid and enforceable leasehold interest in, all personal or movable property owned or leased by the Petrominerales Entities in connection with the Assets, except as are not, individually or in the aggregate, material. Except as set forth in the Disclosure Letter, the Petrominerales ownership of or leasehold in any such person property is free and clear of any Liens, except for Permitted Liens.

(bb) **Title.** Except as set forth in the Disclosure Letter, although Petrominerales does not warrant title, Petrominerales does not have any reason to believe that the Petrominerales Entities do not have good and marketable title to or the irrevocable right to produce and sell their petroleum, natural gas and related hydrocarbons (the **Interests**) and does not have any reason to believe that there

are any defects, failures or impairments in the title of the Petrominerales Entities to their Assets, including oil and gas properties, except where such defects, failures or impairment individually or in aggregate would not have a Material Adverse Effect. The Interests are held free and clear of all Liens (other than Permitted Liens) created by, through or under the Petrominerales Entities, and to the knowledge of Petrominerales, the Petrominerales Entities hold their Interests under valid and subsisting leases, licenses, Permits, concessions, concession agreements, contracts, subleases, reservations or other agreements (collectively, the **Leases**).

(cc) **Permits**. The Petrominerales Entities have obtained, and are in compliance with, all Permits required by applicable Laws necessary to conduct their business as it is now being conducted. To the knowledge of Petrominerales, there has not occurred any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, suspension, adverse modification, non-renewal or cancellation of any Permit and, to the knowledge of Petrominerales, no Governmental Entity has provided any Petrominerales Entity with notice of any of the foregoing.

(dd) **No Restrictions on Business.** Except as set forth in the Disclosure Letter, no Petrominerales Entity is a party to or bound or affected by any commitment, agreement, judgment, injunction, order, decree or document binding upon such Petrominerales Entity containing any covenant expressly prohibiting, restricting or limiting its freedom or ability to: (i) compete in any line of business or geographic region, (ii) transfer or move any of its Assets or operations, or (iii) effect any material acquisition of property by any of the Petrominerales Entities (including following the transactions contemplated by this Agreement), which would prevent such Petrominerales Entity from conducting any material business practice of such Petrominerales Entity as now conducted.

(ee) **D&M Report.** Petrominerales made available to D&M, prior to the issuance of the report effective December 31, 2012 (the **D&M Report**) evaluating the crude oil, natural gas and natural gas liquids reserves of Petrominerales, for the purpose of preparing such report, all information requested by D&M, 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, Petrominerales 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 D&M Report. Petrominerales believes that the D&M Report complies with the requirements of National Instrument 51-101 and believes that the D&M 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 D&M Report was prepared and the assumptions as to commodity prices and costs contained therein.

(ff) **Production Allowables and Production Penalties.** Except as set forth in the Disclosure Letter, as of the date hereof: (i) none of the wells relating to the Interests (including all producing, shut-in, water source, observation, disposal, injection abandoned, suspended and other wells) (the **Wells**) have been produced in excess of applicable production allowables imposed by any applicable Laws or any Governmental Entity; and (ii) no Petrominerales Entity has received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Entity, or any predecessor or successor thereto, and, to Petrominerales' knowledge, none of the Wells are subject to any such penalty or restriction.

(gg) **No Reduction of Interests**. Except as is reflected in the D&M Report, or set forth in the Disclosure Letter, none of the Assets are subject to reduction by reference to payout of or production penalty on any Well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under any Petrominerales Entity.

(hh) **Operational Matters.** Except as set forth in the Disclosure Letter, all material rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and

obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect Assets have been: (i) duly paid; (ii) duly performed; or (iii) provided for in the accounts of the Petrominerales Entities.

(ii) **Production.** The average daily production for the Petrominerales Entities for the month of August, 2013 was not less than the amounts set forth in the Disclosure Letter.

(jj) **Take or Pay Obligations.** Except as set forth in the Disclosure Letter or agreed to by a Petrominerales Entity with respect to its midstream assets, the Petrominerales Entities do not have any take or pay obligations of any kind or nature whatsoever.

(kk) **Operation and Condition of Wells.** All of the Wells for which a Petrominerales Entity: (i) was or is operator, have been drilled and, if and as applicable, completed, operated, suspended, abandoned and reclaimed in accordance with good and prudent oil and gas industry practices in Colombia, Peru and Brazil and applicable Laws in effect at the time such operation occurred; and (ii) was not or is not operator, have, to Petrominerales' knowledge, been drilled and, if and as applicable, completed, operated, suspended, abandoned and reclaimed in accordance with good and prudent oil and gas industry practices in Colombia, Peru and Brazil and applicable Laws in effect at the time such operation occurred.

(ll) **Operation and Condition of Tangibles.** All tangible depreciable property used in connection with the operation of the Leases has been have been operated and maintained in accordance with good and prudent oil and gas industry practices in Colombia, Peru and Brazil and applicable Laws during all periods in which a Petrominerales Entity was the operator thereof and is in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business for its current use.

(mm) **No Areas of Mutual Interest**. Except as set forth in the Disclosure Letter, there are no material active areas of mutual interest provisions or areas of exclusion in any contract or agreement to which any Petrominerales Entity is bound or otherwise to which the Assets are subject.

(nn) **Processing and Transportation Commitments**. Other than as set forth in the Disclosure Letter or entered into by a Petrominerales Entity with respect to any midstream assets, Petrominerales has no third party processing or transportation agreements or any obligations to deliver sales volumes to any other person which cannot be terminated in 31 days or less without penalty.

(oo) **OCENSA and OBC.** Except as set forth in the Disclosure Letter, the Petrominerales Entities have no obligation to sell their respective interests in the Ocensa Pipeline or the OBC Pipeline under any agreement to which any Petrominerales Entity is a party.

(pp) **No Expropriation.** No Assets have been taken or expropriated by any Governmental Entity nor, as of the date hereof, has any notice or proceeding in respect thereof been given or commenced or threatened nor, to the knowledge of Petrominerales (without inquiry), is there any intent or proposal to give any such notice or to commence any such proceeding.

(qq) **Material Contracts**. The Data Room Information contains all Material Contracts as of the date of the Data Room Information. No Petrominerales Entity is in breach of or default (and has not been given a notice of breach or default) under the terms of any Material Contract in a material respect. As of the date hereof, to the knowledge of Petrominerales, no other party to any Material Contract is in breach of or default (or has given notice of a breach or default) under the terms of any such Material Contract in a material respect. As of the date hereof, to the knowledge of Petrominerales, there exists no state of facts which after notice or lapse of time or both would constitute a default or breach of any Material Contract or entitle any party to terminate, accelerate, modify or cause a default under, or trigger any pre-emptive rights or rights of first refusal under, any such Material Contract. Each Material Contract is a valid and binding obligation of the applicable Petrominerales Entity and is in full force and effect. The Arrangement and the ExploreCo

Organization Transaction will not result in a breach of or default under the terms of any Material Contract and, except as set forth in the Disclosure Letter, there are no "change of control" provisions in any Material Contract that would become effective as a result of the Arrangement. All Material Contracts required to be filed by applicable Canadian Securities Laws have been filed.

(rr) **Intellectual Property**.

(i) Other than the Technology License Agreement and software licenses held by Petrominerales, the Petrominerales Entities do not have any right, title or interest in and to, nor does any Petrominerales Entity hold any, license in respect of any patents, trade-marks, trade names, service marks, copyrights, know-how, trade secrets, software, technology, or any other intellectual property and proprietary rights that are material to the conduct of any business related to the Assets, as now conducted.

(ii) The Technology License Agreement will terminate as of the Effective Time and Petrominerales will have no continuing liabilities thereunder.

(ss) **Insurance**.

(i) The Petrominerales Entities are currently, and have been since December 31, 2012, insured by reputable and financially responsible third party insurers in respect of the operations and Assets with policies issued. The third party insurance policies of the Petrominerales Entities are in full force and effect in accordance with their terms and the Petrominerales Entities are not in material default under the terms of any such policy. As of the date hereof, no Petrominerales Entity has knowledge of threatened termination of, or material premium increase with respect to, any of such policies.

(ii) There is no material claim pending under any insurance policy of the Petrominerales Entities that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such claims.

(iii) To the knowledge of Petrominerales, none of the Petrominerales Entities' insurance policies will terminate or lapse by reason of the transactions contemplated by this Agreement, other than in respect of policies for which the Petrominerales Entities will, simultaneous with any such termination or lapse, enter into replacement policies providing coverage equal to or greater than the current coverage provided by such policies.

(tt) **Opinion of Financial Advisors**. The Board of Directors has received the Fairness Opinion from TD Securities Inc. to the effect that, as of the date of such opinion, the consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders.

(uu) **Finders' Fees**. Except for TD Securities Inc. and strategic advisors whose fees shall not exceed those amounts set forth in the Disclosure Letter, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Petrominerales who might be entitled to any fee or commission from Petrominerales in connection with the transactions contemplated by this Agreement. The fees payable to TD Securities Inc. in connection with this Agreement and the Arrangement shall not exceed the amount set forth in the Disclosure Letter.

(vv) **Transaction Costs.** The Transaction Costs will not exceed the amount set forth in the Disclosure Letter.

(ww) **Shareholder Rights Plan**. Other than the Shareholder Rights Plan, the Petrominerales Entities do not have in place, and the Shareholders have not adopted or approved, any shareholders

rights plan or a similar plan giving rights to acquire additional Shares upon execution or performance of the obligations under this Agreement.

(xx) **No Collateral Benefit**. Except (i) with respect to the payment of severance, bonuses and Change of Control Payments; (ii) with respect to the treatment of Options, Incentive Shares and Deferred Shares as provided for in this Agreement; and (iii) with respect to employment or compensation arrangements that may be entered into with ExploreCo, to the knowledge of Petrominerales, no "related party" of Petrominerales (within the meaning of MI 61-101) is, or will be, entitled to receive a "collateral benefit" (within the meaning of such instrument) as a consequence of any transaction contemplated under this Agreement.

(yy) **Anti-Corruption.** No Petrominerales Entity has made, offered, or authorized and no Petrominerales Entity will make, offer or authorize any payment, gift, promise or other advantage, in connection with the matters which are the subject of this Agreement, whether directly or knowingly indirectly through any other person, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, where such payment, gift or promise would violate applicable Laws, including the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries. Petrominerales has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such applicable Laws and principles.

(zz) **Money Laundering Laws.** The operations of the Petrominerales Entities have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirement, the money laundering laws of Canada, the United States of America, Colombia, Peru, Brazil and all other countries where the Petrominerales Entities conduct business, including any related or similar rules, regulations or guidelines, issued administered or enforced by any Governmental Entity in such jurisdictions (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any Governmental Entity with respect to the Money Laundering Laws is pending, or to its knowledge, threatened.

(aaa) **Competition Act.** The Petrominerales Entities and their affiliates do not have assets in Canada that exceed $80 million, or gross revenues from sales in or from Canada, that exceed $80 million, all as determined in accordance with Part IX of the Competition Act (Canada) and the Notifiable Transactions Regulations thereunder.

(bbb) **Non-Arms Length Transactions**. Except as set forth in the Disclosure Letter or Petrominerales Public Disclosure Record, Petrominerales is not indebted to any director, officer or Petrominerales Employee or any of its affiliates or associates (except for amounts due as salaries, bonuses, other remuneration and reimbursement of expenses in the ordinary course), and no director, officer or Petrominerales Employee or any of its affiliates or associates is a party to any contract, loan, advance, guarantee or other transaction with Petrominerales or required to be disclosed pursuant to applicable Canadian Securities Laws.

(ccc) **Sufficient Funds.** Petrominerales has sufficient funds available to pay (i) the Petrominerales Termination Fee and (ii) all of the amounts payable pursuant to Section 2.11.

(ddd) **Disclosures.** To the knowledge of Petrominerales, Petrominerales has not withheld from Pacific Rubiales any material information or documents concerning the Assets or liabilities of the Petrominerales Entities during the course of Pacific Rubiales review of the Petrominerales Entities and the Assets.

SCHEDULE E

REPRESENTATIONS AND WARRANTIES OF PETROMINERALES AND EXPLORECO REGARDING EXPLORECO

(a) **Corporate Existence and Power.** ExploreCo is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of Alberta and has all corporate power and capacity to own, lease and operate, as applicable, its properties and assets, as now owned and to carry on its business as now conducted. ExploreCo is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, Permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, Permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) **Corporate Authorization**. The execution, delivery and performance by ExploreCo of this Agreement and the consummation by ExploreCo of the transactions contemplated hereby are within ExploreCo's corporate power and capacity and have been duly authorized by the board of directors of ExploreCo and no other corporate proceedings on the part of ExploreCo are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by ExploreCo and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of ExploreCo, enforceable against ExploreCo in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) **Governmental Authorization**. The execution, delivery and performance by ExploreCo of this Agreement and the consummation by ExploreCo of the transactions contemplated hereby and by the Plan of Arrangement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Entity other than (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) any required consents or approval from the Registrar; (iv) compliance with any applicable Canadian Securities Laws; (v) compliance with any applicable U.S. Securities Laws; (vi) compliance with any Colombian Securities Laws; and (vii) any required Regulatory Approvals; and (viii) actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) **Non-Contravention**. The execution, delivery and performance by ExploreCo of its obligations under this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of ExploreCo; and (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by ExploreCo. True and complete copies of the articles of ExploreCo as currently in effect have been made available to Pacific Rubiales and ExploreCo has not taken any action to amend or succeed such documents.

(e) **Capitalization.** The authorized capital of ExploreCo consists of an unlimited number of ExploreCo Shares. There is issued and outstanding 100 ExploreCo Shares, which were issued for consideration of $100, and no other shares are issued and outstanding. There are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by ExploreCo of any securities of ExploreCo (including ExploreCo Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise

evidencing a right to acquire, any securities of ExploreCo (including ExploreCo Shares). All outstanding ExploreCo Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

(f) **Subsidiaries or Interests.** Petrominerales owns 100% of the issued and outstanding shares of ExploreCo. ExploreCo has no subsidiaries and has no interest in any partnership, corporation or other business organization. ExploreCo has not had any subsidiaries since the date of its incorporation.

(g) **Conduct of Business**. ExploreCo has been incorporated solely to participate in the Arrangement and to perform its obligations contemplated in this Agreement, the Arrangement and all matters solely related thereto (including under the ExploreCo Share Purchase Agreement and all matters ancillary thereto), and except as aforesaid, ExploreCo has not conducted or carried on any business, acquired any assets, assumed or incurred any liabilities or allowed any Encumbrances to be created against it.

SCHEDULE F

REPRESENTATIONS AND WARRANTIES OF PACIFIC RUBIALES

(a) **Organization and Qualification**. Pacific Rubiales is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all corporate power and capacity to own its assets as now owned and to carry on its business as it is now being conducted. Pacific Rubiales is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, Permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except where the failure to be so registered or in good standing, and except for those licenses, authorizations, Permits, consents and approvals the absence of which would not prevent or materially delay the transactions contemplated by this Agreement. All of the issued and outstanding securities or other ownership interests of Pacific Rubiales are validly issued, fully paid and non-assessable.

(b) **Corporate Authorization**. The execution, delivery and performance Pacific Rubiales of this Agreement and the consummation by Pacific Rubiales of the transactions contemplated hereby are within Pacific Rubiales' corporate power and capacity and have been duly authorized by its board of directors and no other corporate proceedings on the part of Pacific Rubiales are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Pacific Rubiales and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of Pacific Rubiales, enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) **Non-Contravention**. The execution, delivery and performance by Pacific Rubiales of this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not (i) contravene, conflict with, or result in any violation or breach of the articles or by-laws or other comparable organizational documents of Pacific Rubiales; (ii) contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by Pacific Rubiales; (iii) require any consent or other action by any person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Pacific Rubiales is entitled under any provision of any material contract to which Pacific Rubiales is a party or by which it or any of its properties or assets may be bound; or (iv) result in the creation or imposition of any Lien on any material asset of Pacific Rubiales, with such exceptions, in the case of (ii) through (iv), as would not be reasonably expected to materially impede or delay the ability of Pacific Rubiales to consummate the transactions contemplated by this Agreement.

(d) **Governmental Authorization**. The execution, delivery and performance by Pacific Rubiales of this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Entity other than (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) any required consents or approval from the Registrar; (iv) compliance with any applicable Canadian Securities Laws; (v) compliance with any applicable U.S. Securities Laws; (vi) compliance with any Colombian Securities Laws; and (vii) any required Regulatory Approvals; and (viii) actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) **Litigation**. As of the date hereof, there is no Proceeding pending against, or to the knowledge of Pacific Rubiales, threatened against or affecting Pacific Rubiales or any of its respective properties or, any of its respective officers and directors (in their capacities as such) that, individually or in the aggregate, could impair Pacific Rubiales' ability to perform its obligations under this Agreement. There is no judgment, decree or order against Pacific Rubiales or any of its directors or officers (in their capacities as such) that could prevent, enjoin, alter or delay Pacific Rubiales from performing its respective obligations under this Agreement or that in any manner challenges or seeks to prevent, enjoin, alter or delay the Arrangement or any of the other transactions contemplated hereby.

(f) **Sufficient Funds**.

(i) Pacific Rubiales has made adequate arrangements to ensure that, at the Effective Date, Pacific Rubiales will have sufficient funds to pay in full the aggregate Share Consideration for all Shares to be acquired pursuant to the Arrangement and to make all other payments required to be made by Pacific Rubiales in connection with the transactions contemplated by this Agreement and to pay all related fees and expenses required to be paid by Pacific Rubiales under the Agreement.

(ii) Pacific Rubiales has sufficient funds to pay Pacific Rubiales Termination Fee pursuant to Section 9.4(3).

(g) **U.S. Securities Law Matters.**

(i) None of Pacific Rubiales' securities are registered or are required to be registered under Section 12 of the U.S. Exchange Act and Pacific Rubiales does not have a reporting obligation under Section 13 or Section 15(d) of the U.S. Exchange Act.

(ii) Pacific Rubiales is not, and neither on the Effective Date nor as a result of the consummation of the Arrangement will be, registered or required to be registered as an "investment company" under the U.S. Investment Company Act.

(iii) Pacific Rubiales is a "foreign private issuer" (as defined in Rule 3b-4 under the U.S. Exchange Act).

(iv) Pacific Rubiales is not, and on the Effective Date will not be, a "shell company" (as defined in Rule 405 under the U.S. Securities Act).

APPENDIX D - PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement (as defined below) and the following terms shall have the following meanings:

ABCA means the *Business Corporations Act*, R.S.A. 2000, c. B-9 and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Time;

Arrangement means an arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Petrominerales and Pacific Rubiales, each acting reasonably;

Arrangement Agreement means the arrangement agreement dated as of September 29, 2013, among Pacific Rubiales, Petrominerales and ExploreCo (including the recitals and schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with the terms thereof;

Arrangement Resolution means the special resolution approving this Plan of Arrangement to be considered at the Meeting;

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, giving effect to the Arrangement, which shall be in a form satisfactory to Petrominerales and Pacific Rubiales, each acting reasonably;

business day means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto or Calgary, Canada;

Certificate of Arrangement means the proof of filing to be issued by the Registrar pursuant to subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

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

Depositary means Computershare Trust Company of Canada, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by Petrominerales and Pacific Rubiales;

Dissent Rights has the meaning ascribed thereto in Section 4.1;

Dissenting Shares means the Shares held by Dissenting Shareholders in respect of which such Dissenting Shareholders have given Notice of Dissent in respect of its Shares;

Dissenting Shareholder means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

Effective Date means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

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 Petrominerales and Pacific Rubiales;

ExploreCo means 1774501 Alberta Ltd., a corporation existing under the laws of Alberta;

ExploreCo Share means a common share in the capital of ExploreCo;

Final Order means the final order of the Court approving the Arrangement pursuant to Section 193(9)(a) of the ABCA, in a form acceptable to Pacific Rubiales and Petrominerales, each acting reasonably, as contemplated by the Arrangement Agreement, as such order may be amended by the Court (with the consent of Pacific Rubiales and Petrominerales, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to Pacific Rubiales and Petrominerales, each acting reasonably) on appeal;

Governmental Entity means any (a) 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, (b) subdivision, agent, agency, commission, or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and **Governmental Entities** means more than one Governmental Entity;

Interim Order means the interim order of the Court pursuant to Section 193(4) of the ABCA, in a form acceptable to Pacific Rubiales and Petrominerales, each acting reasonably, as contemplated by the Arrangement Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of Pacific Rubiales and Petrominerales, each acting reasonably);

Letter of Transmittal means the letter of transmittal sent by Petrominerales to holders of Shares for use in connection with the Arrangement, in a form acceptable to Pacific Rubiales, acting reasonably;

Meeting means the special meeting of the Shareholders, including any adjournment or postponement thereof, called and held in accordance with the Interim Order to consider the Arrangement Resolution;

Pacific Rubiales means Pacific Rubiales Energy Corp., a corporation existing under the laws of the Province of British Columbia;

Parties means, collectively, Petrominerales, ExploreCo and Pacific Rubiales, and “Party” means any of them;

person includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, 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;

Petrominerales means Petrominerales Ltd., a corporation existing under the laws of Alberta;

Petrominerales Circular means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to, among others, the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

Petrominerales Shareholder means a holder of Shares;

Plan of Arrangement means this plan of arrangement and any amendments or variations hereto made in accordance with the provisions of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Petrominerales and Pacific Rubiales, each acting reasonably;

Share Consideration means $11.00 in cash per Share;

Shareholders means the registered or beneficial holders of the Shares, as the context requires;

Shareholder Rights Plan means the shareholder rights plan agreement dated November 19, 2010 between Petrominerales and Computershare Trust Company of Canada, as amended and restated from time to time;

Shares means the common shares in the capital of Petrominerales;

Tax Act means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.); and

TSX means the Toronto Stock Exchange.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph or clause by number or letter or both refer to the Article, Section, subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders. References in this Plan of Arrangement to the words “include”, “includes” or “including” shall 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. The words “hereof’, “herein” and “hereunder” and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and “Cdn$” or “$” refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a person 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 Plan of Arrangement, 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 References to Statutes, Agreements, Persons, etc.

In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.7 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Calgary, Alberta time unless otherwise stipulated herein.

ARTICLE II
EFFECTIVENESS OF THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement will become effective, and shall be binding on Pacific Rubiales, Petrominerales, all holders and beneficial owners of Shares, the registrar and transfer agent for Petrominerales and the Depositary, at and after the Effective Time without any further act or formality required on the part of any person, except as expressly provided herein.

ARTICLE III
ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, each of the events set out in this Section 3.1 shall occur and shall be deemed to occur consecutively in the order set out in this Section 3.1 (and each of the events in each of subsections 3.1(2), 3.1(3) and 3.1(4) shall occur and shall be deemed to occur five minutes following the events described in the immediately preceding subsection) without any further authorization, act or formality:

(1) the Shareholder Rights Plan shall be terminated and be of no further force and effect and all rights issued thereunder shall be terminated and expire without any payment in respect thereof;

(2) each of the Shares held by Dissenting Shareholders shall be deemed to have been transferred to Petrominerales for cancellation without any further act or formality and:

(a) such Dissenting Shareholders shall cease to be holders of such Dissenting Shares and to have any rights as holders of such Dissenting Shares other than the right to be paid fair value for such Shares, as set out in Section 4.1 hereof; and

(b) such Dissenting Shareholders' names shall be removed as the holders of such Dissenting Shares from the registers of Shares maintained by or on behalf of Petrominerales;

(3) Petrominerales shall reduce its stated capital in an amount equal to the aggregate fair market value of the ExploreCo Shares, as determined by the Board of Directors of Petrominerales, in its sole discretion, and shall satisfy such reduction by the distribution to the Petrominerales Shareholders, other than Dissenting Shareholders, pro rata, of the ExploreCo Shares; and

(4) each issued and outstanding Share (other than 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.

3.2 Share Registers

With respect to each holder of Shares (other than Dissenting Shareholders):

(1) upon the distribution of ExploreCo Shares pursuant to subsection 3.1(3):

(a) Petrominerales shall cease to be the holder of the ExploreCo Shares deliverable in respect of such Shares and the name of Petrominerales shall be removed from the register of holders of ExploreCo Shares in respect of such ExploreCo Shares; and

(b) such Petrominerales Shareholder shall become the holder of the ExploreCo Shares so deliverable and the name of such Petrominerales Shareholder shall be added to the register of holders of ExploreCo Shares in respect of such ExploreCo Shares.

(2) upon the exchange of Shares by a Petrominerales Shareholder pursuant to subsection 3.1(4):

(a) such Petrominerales Shareholder shall cease to be a holder of Shares and the name of such Petrominerales Shareholder shall be removed from the register of holders of Shares;

(b) Pacific Rubiales shall become the holder of the Shares so exchanged and shall be added to the register of holders of Shares in respect of such Shares; and

(c) Petrominerales shall file an election with the Canada Revenue Agency to be effective immediately following the transfer described in subsection 3.1(4) to cease to be a public corporation for the purposes of the Tax Act.

ARTICLE IV
RIGHTS OF DISSENT

4.1 Rights of Dissent

Each registered Shareholder shall have the right to dissent (**Dissent Rights**) in the manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Plan of Arrangement, provided that the written notice of dissent to the Arrangement contemplated by Section 191 of the ABCA must be sent to and received by Petrominerales at its registered office by 5:00 p.m. (Calgary time) at least two business days before the Meeting. A Dissenting Shareholder shall, on the Effective Date, cease to have any rights as a holder of Shares and shall only be entitled to be paid the fair value of the Dissenting Shareholder's Shares. A Dissenting Shareholder who is ultimately entitled to be paid the fair value of the holder's Shares shall be deemed to have transferred the holder's Shares to Petrominerales 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 Shares shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Shares, notwithstanding the provisions of Section 191 of the ABCA. The fair value of the 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 Meeting.

4.2 Recognition of Dissenting Shareholder

(1) In no circumstances shall Pacific Rubiales, Petrominerales or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(2) In no case shall Pacific Rubiales, Petrominerales or any other person be required to recognize a Dissenting Shareholder as a holder of Shares after the Effective Time and the name of such Dissenting Shareholder shall be removed from the applicable register of holders of Shares, in respect of which Dissent Rights have been validly exercised at the same time as the steps described in Section 3.1 occur and Pacific Rubiales shall be recorded as the holder of the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of any Liens.

(3) Holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

ARTICLE V
CERTIFICATES AND PAYMENTS

5.1 Payment of Consideration

(1) Forthwith following the Effective Time, Pacific Rubiales and Petrominerales, as applicable, shall, subject to subsection 5.1(2) of this Plan of Arrangement, cause to be paid to the former Petrominerales Shareholders the amounts payable or distributable in respect of the Shares required by Section 3.1 of this Plan of Arrangement, as applicable.

(2) Upon surrender to the Depositary for cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Shares that were exchanged and transferred pursuant to Section 3.1(4) hereof, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Petrominerales Shareholders represented by such surrendered certificate(s) shall be entitled to receive, and the Depositary shall deliver to such holder, the consideration which such Petrominerales Shareholder has the right to receive under this Plan of Arrangement for such Shares (including certificates representing the number of ExploreCo Shares distributed to such holder by Petrominerales and the amount of cash payable to such holder under and in accordance with the Arrangement), less any amounts withheld pursuant to Section 5.3 hereof, and any Share certificate(s) so surrendered shall forthwith be cancelled.

(3) From and after the Effective Time, each certificate, agreement or other instrument (as applicable) that immediately prior to the Effective Time represented Shares shall be deemed to represent only the right to receive the distribution and consideration in respect of such Shares required under this Plan of Arrangement, less any amounts withheld pursuant to Section 5.3 hereof. Any such certificate, agreement or other instrument (as

applicable) formerly representing Shares not duly surrendered on or before the day that is three years less one day from the Effective Date shall cease to represent a claim by or interest of any kind or nature against Pacific Rubiales, Petrominerales or ExploreCo, including without limitation cash and ExploreCo Shares. On such date, any and all cash consideration to which such former holder was entitled shall be deemed to have been surrendered to Pacific Rubiales, and the distribution in the form of ExploreCo Shares to which such former holder was entitled shall be deemed to be cancelled and none of the Pacific Rubiales, Petrominerales, ExploreCo or any other Person shall have any obligation to issue such ExploreCo Shares.

(4) Any payment made by way of cheque by the Depositary, or Pacific Rubiales pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or Pacific Rubiales or that otherwise remains unclaimed, in each case, on or before the second anniversary of the Effective Time shall be returned by the Depositary to Pacific Rubiales and any right or claim to payment hereunder that remains outstanding on the day that is three years less one day from the Effective Date shall cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Shares to receive the consideration for such Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited for no consideration.

(5) All distributions made with respect to any ExploreCo Shares allotted and issued pursuant to this Arrangement but for which a 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. Any money held by the Depositary in respect of such distributions that is unclaimed on or before the second anniversary of the Effective Time shall be returned by the Depositary to ExploreCo and any right or claim to payment hereunder that remains outstanding on the day that is three years less one day from the Effective Date shall cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Shares to receive such distributions shall terminate and be deemed to be surrendered and forfeited for no consideration.

(6) No former holder of Shares shall be entitled to receive any consideration with respect to such Shares other than the distribution and the consideration to which such former holder is entitled to receive in accordance with Section 3.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to subsection 3.1(4) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary pay such person the cash and ExploreCo Shares such person would have been entitled to had such share certificate not been lost, stolen or destroyed. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to Pacific Rubiales, Petrominerales and the Depositary (acting reasonably) in such sum as Pacific Rubiales and Petrominerales may direct, or otherwise indemnify Pacific Rubiales and Petrominerales in a manner satisfactory to Pacific Rubiales and Petrominerales, acting reasonably, against any claim that may be made against Pacific Rubiales or Petrominerales with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Each of Petrominerales, Pacific Rubiales and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Plan of Arrangement (including any amounts payable pursuant to Article III, Article IV and Article V) such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

5.4 Letter of Transmittal

At the time of mailing of Petrominerales Circular or as soon as practicable after the Effective Date, Petrominerales shall forward to each holder of Shares at the address of such holder as it appears on the register maintained by or on behalf of Petrominerales in respect of the holders of Shares a Letter of Transmittal.

ARTICLE VI
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(1) Petrominerales 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 Pacific Rubiales, (c) filed with the Court and, if made following the Meeting, approved by the Court and (d) communicated to Petrominerales Shareholders and others as may be required by the Interim Order if and as required by the Court.

(2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Petrominerales at any time prior to the Meeting (provided that Pacific Rubiales shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(3) Subject to subsection (4), any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (a) it is consented to in writing by each of Petrominerales and Pacific Rubiales (in all cases, acting reasonably), and (b) if required by the Court, it is consented to by Petrominerales Shareholders voting in the manner directed by the Court.

(4) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Pacific Rubiales, provided that it concerns a matter which, in the reasonable opinion of Pacific Rubiales, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares.

ARTICLE VII
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

APPENDIX E - FAIRNESS OPINION OF TD SECURITIES INC.

TD Securities
TD Securities Inc.
800 Home Oil Tower
324 – 8th Avenue S.W.
Calgary, Alberta T2P 2Z2

September 29, 2013

The Board of Directors
Petrominerales Ltd.
Suite 1000, 333 - 7th Avenue SW
Calgary, Alberta T2P 2Z1

To the Board of Directors:

TD Securities Inc. ("TD Securities") understands that Petrominerales Ltd. ("Petrominerales" or the "Company") is considering entering into an arrangement agreement (the "Arrangement Agreement") with Pacific Rubiales Energy Corp. ("Pacific Rubiales") and 1774501 Alberta Ltd. (a new exploration company, "ResourceCo"), pursuant to which Pacific Rubiales will acquire all of the issued and outstanding common shares (the "Shares", or individually a "Share") of Petrominerales by way of a court-approved plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "Arrangement" or the "Transaction"). Each of the holders of the Shares ("Shareholders", or individually a "Shareholder") will receive: (i) $11.00 in cash (the "Cash Consideration") and (ii) one common share (a "ResourceCo Share") of ResourceCo for each Share held (the "Cash Consideration" and "ResourceCo Shares" being herein referred to as the "Consideration"). Prior to the closing of the Arrangement, approximately $91,000,000 (subject to adjustment) and all of Petrominerales' assets in Brazil will be transferred, directly or indirectly, to ResourceCo. TD Securities further understands that Petrominerales will arrange a meeting for Shareholders to seek approval of at least 66⅔% of the votes cast with respect to a resolution to approve the Arrangement and that directors and officers of Petrominerales, who collectively hold approximately 3.9% of the Shares, have entered into lock-up agreements (the "Lock-up Agreements") with Pacific Rubiales pursuant to which they have agreed to vote their Shares in favour of the resolution to approve the Arrangement. The above description is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the notice of special meeting and management information circular (the "Circular"), which is to be mailed to Shareholders in connection with the meeting to approve the Arrangement.

All dollar amounts herein are in Canadian dollars unless stated otherwise.

ENGAGEMENT OF TD SECURITIES

TD Securities was initially contacted by Petrominerales in respect of a potential engagement in connection with potential transactions on August 22, 2012. TD Securities was engaged (effective August 15, 2012) by Petrominerales pursuant to an engagement agreement dated September 18, 2013 (the "Engagement Agreement") to provide financial advice and assistance to the Company and, if requested, to prepare and deliver to the Board of Directors of Petrominerales (the "Board") an opinion (the "Opinion") as to the fairness, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement. The Opinion has been prepared in accordance with the applicable Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC"), but IIROC has not been involved in the preparation or review of the Opinion. TD Securities has not prepared a valuation of Petrominerales or ResourceCo or any of their respective securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Opinion and the remainder of which is contingent on

completion of the Arrangement or certain other events, and is to be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Petrominerales has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On September 29, 2013, at the request of the Company, TD Securities orally delivered the Opinion to the Board of Directors of Petrominerales based upon and subject to the scope of review, assumptions and limitations and other matters described herein. The Opinion provides the same opinion, in writing, as that given orally by TD Securities on September 29, 2013. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by Petrominerales with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness and adequacy opinion matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither TD Securities nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Securities Act")) of Petrominerales, Pacific Rubiales or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to Petrominerales pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company or any other Interested Party, and have not had a material financial interest in any transaction involving the Company or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the Opinion, other than services provided under the Engagement Agreement and as described herein. TD Securities has acted in the following capacities for the Company: (i) financial advisor on Petrominerales' acquisition of a 5% interest in the Oleoducto Central S.A. ("OCENSA") crude oil pipeline from Total E&P Holdings announced in a press release dated June 21, 2011; and (ii) financial advisor on Petrominerales' US$550,000,000 offering of 2.625% Convertible Bonds issued August 21, 2010.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment

dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Petrominerales, Pacific Rubiales or any other Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and the Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and ResourceCo or any other Interested Party with respect to future financial advisory or investment banking business other than those that may arise as a result of the Engagement Agreement. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for ResourceCo or any other Interested Party. TD Bank may provide directly or through an affiliate banking services including loans to Petrominerales or any other Interested Party in the normal course of business.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness, accuracy or fair presentation of) or carried out, among other things, the following:

1. Letter of Intent dated September 18, 2013;

2. Draft of the Arrangement Agreement dated September 29, 2013;

3. Draft of the Lock-up Agreements dated September 29, 2013;

4. Audited financial statements and management's discussion and analysis contained therein for the fiscal years ended December 31, 2010, 2011, and 2012;

5. Annual Information Forms of Petrominerales for fiscal years ended December 31, 2010, 2011, and 2012;

6. Quarterly interim reports of Petrominerales, including the unaudited financial statements and management's discussion and analysis contained therein, for the three-month periods ended March 31 and June 30, 2013, and for each of the three-month periods ended March 31, June 30, and September 30 in the years 2010, 2011 and 2012;

7. The Notice of Annual General Meeting of Shareholders and Management Information Circular dated April 1, 2012;

8. The Notice of Annual and Special Meeting of Shareholders and Management Information Circular dated April 1, 2013;

9. Loan Agreement for the 2016 Convertible Bonds dated August 21, 2010 and Bond Agreement for the 2017 Convertible Bonds dated June 7, 2012;

10. Petrominerales Corporate Presentation dated September 2013;

11. Certain summaries of oil and gas reserves prepared in accordance with National Instrument 51-101, including the independent engineering evaluations of Petrominerales' Colombian oil and

natural gas interests prepared by DeGolyer and MacNaughton effective December 31, 2011 and December 31, 2012;

12. Exploration, and development forecasts for Colombian, Peruvian and Brazilian oil and gas assets prepared by management of Petrominerales (including a mid-year internal reserve estimate, an internal prospect/well list, an internal 18-month budget, an internal 5-year plan, and Petrominerales management's feedback to Petrominerales' Board regarding asset prospectivity and value);

13. Various other financial and operational information and reports regarding Petrominerales prepared by and for management of Petrominerales considered relevant;

14. Relevant tax information and discussions with Petrominerales' internal tax managers;

15. Information and and analysis provided by Petrominerales management in regards to the dispute with the Agencia Nacional de Hidrocarburos ("ANH") related to the interpretation of the Corcel Exploration and Production Contract (the "Corcel Contract");

16. Financial statements, business plans, financial forecasts and other information prepared by the management teams of OCENSA and Oleoducto Bicentenario de Colombia S.A.S. ("OBC"), both private pipeline companies in Colombia in which Petrominerales owns shares;

17. Discussions with senior management of OCENSA and OBC with respect to the financial forecasts and other matters deemed relevant;

18. Public information related to OCENSA, OBC and the infrastructure pipeline industry and regulations in Colombia;

19. Proposals received for Petrominerales' infrastructure assets (including Petrominerales' interests in OCENSA and OBC);

20. Various research publications prepared by industry and equity research analysts regarding Petrominerales and other selected public entities considered relevant;

21. Public information relating to the business, operations, financial performance and trading history of Petrominerales and other selected public entities considered relevant;

22. Public information with respect to certain other oil & gas transactions in Colombia of a comparable nature considered relevant;

23. Discussions with senior management of Petrominerales with respect to the information referred to above, including exploration and development forecasts, the Corcel Contract, long term prospects and other issues deemed relevant;

24. Representations contained in a certificate dated September 29, 2013 from senior officers of Petrominerales (the "Certificate"); and

25. Other financial, legal and operating information and materials assembled by Petrominerales management and such other corporate, industry and financial market information (including commodity price forecasts), investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Petrominerales to any information requested by TD Securities. TD Securities has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the foregoing information.

PRIOR VALUATIONS

Senior officers of Petrominerales, on behalf of Petrominerales, have represented to TD Securities in the Certificate that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to Petrominerales or any affiliate or any of their respective material assets, or material liabilities made in the preceding 24 months and in the possession or control of Petrominerales other than those which have been provided to TD Securities or, in the case of valuations known to Petrominerales which it does not have within its possession or control, notice of which has not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With the Board of Directors' acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of all financial and other information: filed by Petrominerales with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")); provided to it by or on behalf of Petrominerales; or otherwise obtained by TD Securities (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation of the Information and the Certificate. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions which TD Securities has been advised by Petrominerales are (or were at the time of preparation and continue to be as of the date hereof) reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based. TD Securities has assumed that the Transaction complies with all applicable laws and will not give rise to adverse tax consequences for the Company or Shareholders.

Senior officers of Petrominerales, on behalf of Petrominerales, have represented to TD Securities in the Certificate, to the best of their knowledge, information and belief after due inquiry: (i) that Petrominerales has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to Petrominerales which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (ii) with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the Information in respect of Petrominerales and its affiliates in connection with the Transaction is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iii) to the extent that any of the Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information, including third party reports, not provided to TD Securities by Petrominerales and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or

otherwise), business, operations or prospects of Petrominerales and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion; (iv) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Petrominerales, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (v) there have been no valuations or appraisals relating to Petrominerales or any affiliate or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Petrominerales other than those which have been provided to TD Securities or, in the case of valuations known to Petrominerales which it does not have within its possession or control, notice of which has not been given to TD Securities; (vi) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of Petrominerales or any of its affiliates during the preceding 24 months which have not been disclosed to TD Securities; (vii) since the dates on which the Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by Petrominerales or any of its affiliates; (viii) other than as disclosed in the Information, neither Petrominerales nor any of its affiliates has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction, Petrominerales or any of its affiliates at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect Petrominerales or its affiliates or the Transaction; (ix) all financial material, documentation and other data concerning the Transaction, Petrominerales and its affiliates, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of Petrominerales; (x) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Transaction, except as have been disclosed in complete detail to TD Securities; (xi) the contents of any and all documents prepared in connection with the Transaction for filing with regulatory authorities or delivery or communication to securityholders of Petrominerales (collectively, the "Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xii) Petrominerales has complied in all material respects with the Engagement Agreement, including the terms and conditions of Schedule B thereto; (xiii) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change (as defined in the *Securities Act* (Ontario)) in the affairs of Petrominerales which have not been disclosed to TD Securities. For the purposes of subparagraphs (v) and (vi), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of Petrominerales or its affiliates having a gross value greater than or equal to $50,000,000.

In preparing the Opinion, TD Securities has made a number of assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Arrangement can and will be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Arrangement will be obtained in a timely manner, without adverse condition or qualification, that all steps or procedures being followed to implement the Arrangement are valid and effective and comply with all applicable laws and regulatory requirements, that all required documents (including the Circular) have been or will be distributed to Shareholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents is or will be complete and accurate, in all material respects, and such disclosure is or will comply, in all material respects, with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the

Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities, Petrominerales and their respective affiliates or any other party involved in the Arrangement. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information. The Opinion is conditional on all such assumptions being correct.

The Opinion has been provided for the exclusive use of the Board of Directors of Petrominerales in connection with the Arrangement and is not intended to be, and does not constitute, a recommendation that Shareholders should vote in favour of the Arrangement. The Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Petrominerales, nor does it address the underlying business decision to implement the Arrangement. In considering fairness of the Consideration from a financial point of view, TD Securities considered the Arrangement from the perspective of Shareholders generally and did not consider the specific circumstances of any particular Shareholder or any other Petrominerales stakeholder, including with regard to income tax considerations. TD Securities expresses no opinion with respect to future trading prices of securities of Petrominerales following the announcement of the Transaction or of ResourceCo following the closing of the Transaction. The Opinion is rendered as of September 29, 2013 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Petrominerales and its subsidiaries and affiliates as they were reflected in the Information provided or otherwise available to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw, withhold or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw, withhold or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Board of Directors of Petrominerales regarding, legal, accounting, regulatory or tax matters. Except as contemplated herein, the Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

OVERVIEW OF THE COMPANY

Petrominerales is a Calgary, Alberta-based oil and gas company focused on exploration and production in Colombia, Peru and Brazil. The Company's two main business units ("Business Units", or individually "Business Unit") are: (i) its developed and undeveloped oil and gas assets (the "Oil and Gas Assets") and (ii) its 5% interest in the common shares of OCENSA and its 9.65% interest in the common shares of OBC, both oil pipelines in Colombia (the "Infrastructure Assets").

OVERVIEW OF RESOURCECO

ResourceCo is a wholly-owned subsidiary of the Company that has been formed to acquire Petrominerales' interest in Alvopetro Oil and Gas Investments Inc. ("AOGI"). The assets of ResourceCo will consist of the Company's 75.0% interest in AOGI and $100,000,000, less: $9,000,000 and any

related acquisition costs to be paid by the Company to acquire the remaining 25.0% interest in AOGI; and the amount, if any, by which capital expenditures and operating expenses expended or committed with respect to AOGI, prior to the effective date of the Arrangement, exceeds US$18,000,000 (the "ResourceCo Consideration"). Immediately prior to the effective date of the Arrangement, ResourceCo will hold all of the class "A" common shares of AOGI.

OVERVIEW OF PACIFIC RUBIALES

Pacific Rubiales is a Toronto, Ontario-based oil and gas company focused on exploration and production of crude oil and natural gas resources in Colombia, Peru, Guatemala, Brazil, Guyana and Papua New Guinea.

APPROACH TO FAIRNESS

In considering the fairness of the Consideration from a financial point of view to the Shareholders, TD Securities primarily relied on the Cash Consideration as its value is certain. TD Securities considered the ResourceCo Consideration to provide incremental value to the Cash Consideration, and therefore, the Consideration to be greater than the Cash Consideration. TD Securities principally considered and relied upon:

i) a comparison of the Cash Consideration to the net asset value ("NAV") analysis based primarily on discounted cash flow ("DCF") analysis (the "Net Asset Value Analysis");

ii) a comparison of selected financial multiples of selected precedent transactions to the multiples implied by the Cash Consideration (the "Precedent Transactions Analysis");

iii) a comparison of the Cash Consideration to recent market trading prices of the Shares (the "Implied Premium Analysis");

iv) an analysis of the ResourceCo Consideration based on the potential market trading value of the ResourceCo Shares (the "ResourceCo Consideration Analysis"); and

v) the results of the process conducted by TD Securities on behalf of Petrominerales to solicit interest in the Company (the "Sale Process") and the results of the processes conducted by TD Securities and other parties on behalf of Petrominerales to solicit interest in the Infrastructure Assets (the "Infrastructure Processes").

TD Securities also reviewed whether a market trading multiples analysis applied to Petrominerales on a total company basis might imply values which exceed the values calculated by the NAV Analysis and the Precedent Transactions Analysis. Based on this review, TD Securities concluded that the market trading multiples analysis implied values that were generally below the values determined by the two aforementioned methodologies. Given the foregoing and the fact that market trading prices generally reflect minority discount values rather than en bloc values, TD Securities did not rely on this methodology.

(i) Net Asset Value Analysis

This approach involves analysis of Petrominerales' assets and liabilities, using assumptions and methodologies appropriate in each case reflecting the different risks, growth prospects and profitability of each major asset or liability, as applicable. TD Securities utilized DCF analysis as a methodology to

evaluate the Oil and Gas Assets (including unallocated corporate expenses) and Infrastructure Assets. This involved discounting to a present value the unlevered after tax cash flows from each of the Business Units using an appropriate discount rate. TD Securities also considered recent proposals received from third-party market participants to acquire the Infrastructure Assets. Adjustments related to the Corcel Contract were based on the ANH Analysis (as defined below). Other financial assets and liabilities were assessed at their book value. The sum of total assets less total liabilities yields the NAV.

Discounted Cash Flow Analysis

The DCF analysis reflects the growth prospects and risks inherent in each Business Unit by taking into account the amount, timing and relative certainty of projected unlevered free cash flows. The DCF approach requires that certain assumptions be made regarding, among other things, operating assumptions, regulatory assumptions, future commodity prices and terminal values to estimate the future unlevered free cash flows. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates used to discount the unlevered free cash flows to present values.

As a basis for developing the projected unlevered free cash flows for the Oil and Gas Assets (including unallocated corporate expenses), TD Securities reviewed unaudited projected operating and financial information provided by management of Petrominerales (the "Management Forecasts"). After a review of the assumptions and discussions with management regarding the assumptions, TD Securities determined that it would be appropriate to use the Management Forecasts as a basis for the operating forecast in the DCF analysis. TD Securities then applied two different commodity price scenarios to the operating forecasts, one based on forward commodity prices and one based on various research publications prepared by equity research analysts. The Management Forecasts extended to the end of the useful life of the Oil and Gas Assets; therefore TD Securities did not include a terminal value assumption in the DCF Analysis.

As a basis for developing the projected unlevered free cash flows for the Infrastructure Assets, TD Securities reviewed unaudited projected operating and financial information provided by management of Petrominerales with input from management of OCENSA and OBC (the "Management Infrastructure Forecasts"). After a review of the assumptions and discussions with management regarding the assumptions, TD Securities determined that it would be appropriate to use the Management Infrastructure Forecasts as a basis for the operating forecast in the DCF Analysis. TD Securities ran multiple operating scenarios based on the Management Infrastructure Forecasts, business and operating plans provided by OCENSA and OBC and discussions with senior management of OCENSA and OBC. The Management Infrastructure Forecasts extended to the end of the useful life of the Infrastructure Assets; therefore TD Securities did not include a terminal value assumption in the DCF Analysis.

Discount Rates

Projected unlevered after tax free cash flows for the Oil and Gas Assets and the Infrastructure Assets were discounted utilizing a weighted average cost of capital ("WACC") applicable to each Business Unit. The WACC for each category was calculated based upon the after tax cost of debt and cost of equity, weighted based on an assumed optimal capital structure applicable to each Business Unit. The assumed optimal capital structure was determined based upon a review of the capital structures of a selected group of companies which have risks comparable to each Business Unit. The cost of debt for each Business Unit was calculated using the risk-free rate of return and an appropriate borrowing spread to reflect credit risk at the assumed optimal capital structure. TD Securities used the capital asset pricing model ("CAPM") approach to determine the appropriate cost of equity for each Business Unit. The CAPM

approach calculates the cost of equity with reference to the risk-free rate of return, the volatility of equity prices relative to a benchmark ("beta") and the equity risk premium applicable to each Business Unit. TD Securities reviewed a range of unlevered betas for a selected group of comparable companies which have risks comparable to each Business Unit in order to select appropriate betas for each Business Unit. The selected unlevered betas were levered using the assumed optimal capital structure and were then used to calculate the cost of equity for each Business Unit.

Based on the foregoing, TD Securities used a WACC range of 12.0% to 13.0% for the Oil and Gas Assets and 10.0% to 12.0% for the Infrastructure Assets in the NAV Analysis.

Sensitivity Analysis

In completing the DCF analyses, TD Securities did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses using the Management Forecasts and the Management Infrastructure Forecasts. Variables sensitized included commodity price assumptions, regulatory assumptions, pipeline tariffs, discount rates and operating assumptions. TD Securities also considered whether any synergies would accrue to other third party purchasers of Petrominerales as a result of acquiring 100% of the Company. TD Securities adjusted an estimate of synergies for one-time costs required to achieve such synergies and for the proportion of such synergies a successful acquirer of Petrominerales might pay for in an open auction of the Company. The results of these sensitivity analyses are reflected in TD Securities' judgment as to the fairness of the Consideration from a financial point of view.

Corcel Contract

Petrominerales has a dispute with ANH related to the interpretation of the Corcel Contract entered into between the Company and ANH on June 2, 2005. The Corcel Contract requires a high-price participation payment to be paid by the Company to the ANH once an exploitation area has reached a specified level of production. Petrominerales and ANH are in dispute over the definition of several exploration areas and are currently undergoing an arbitration process to resolve the dispute. Petrominerales disclosed in its June 30, 2013 financial statements a contingent liability of $167 million plus US$70 million in related interest costs covering the period up to December 31, 2012. Management of Petrominerales performed analysis (the "ANH Analysis") to estimate a range of potential present value impacts that could result from the dispute depending on its ultimate resolution. After a review of the ANH Analysis and discussions with management regarding the ANH Analysis, TD Securities determined it would be appropriate to consider the ANH Analysis in the NAV Analysis.

Summary of Net Asset Value Analysis

The NAV Analysis, taking into account sensitivity analyses as described above, generates results that are consistent with the Cash Consideration.

(ii) Precedent Transactions Analysis

TD Securities identified and reviewed recent comparable precedent transactions involving the sale of producing oil and gas companies and assets for which there was sufficient public information to derive value multiples. Ideally, comparable precedent transactions considered would be comparable in terms of geographic location, operating characteristics, growth prospects, risk profile and size. TD Securities considered a number of different metrics including, among others, enterprise value per barrel of current daily production and enterprise value per barrel of proved plus probable ("2P") reserves.

Date	Seller Acquiror	Transaction Type	Enterprise Value Production ($/boe/d)	 2P Reserves ($/boe)
13-Sep-13	Petrobras Colombia Limited Perenco UK Ltd.	Asset	$54,132	n/a
19-Nov-12	C&C Energia Ltd. (ex. SpinCo) Pacific Rubiales Energy Corp.	Corporate	$44,227	$27.47
5-Jun-12	PetroMagdalena Energy Corp. Pacific Rubiales Energy Corp.	Corporate	$82,598	$12.87
12-Apr-12	Nabors Industries Ltd. Parex Resources Inc.	Asset	nmf(1)	$32.48(1)
8-Feb-12	Total S.A. Sinochem Corporation	Asset	$62,415	n/a

(1) Production not meaningful to transaction and reserves related to producing assets not publicly disclosed

TD Securities determined that there were no directly comparable precedent transactions to the Infrastructure Assets for which there was sufficient public information to derive value multiples. The OCENSA pipeline was restructured in 2013 to operate under a new financial regime and no public transactions have occurred with respect to OCENSA since this restructuring. The OBC pipeline commenced operations in 2013 and no public transactions have occurred with respect to OBC. Given the foregoing, TD Securities did not rely on the precedent transactions methodology in the evaluation of the Infrastructure Assets.

Summary of Precedent Transactions Analysis

The multiples implied by the Cash Consideration (after adjusting for the Infrastructure Assets) are consistent with multiples paid in selected comparable precedent transactions for the Oil and Gas Assets.

(iii) Implied Premium Analysis

TD Securities calculated the premiums implied by the Cash Consideration to the trading prices of the Shares prior to announcement of the Arrangement and compared such premiums to the premiums implied by selected precedent transactions involving oil and gas companies. TD Securities considered premiums calculated based on the following periods: (i) closing price one day prior to the announcement, (ii) volume weighted average price ("VWAP") over the 10 trading days prior to announcement, and (iii) VWAP over the 20 trading days prior to announcement.

	Premium		
	Unaffected	10-Day VWAP	20-Day VWAP
Transactions Involving Oil and Gas Companies(1)			
Low	3.6%	2.8%	5.7%
Median	42.0%	42.8%	44.5%
High	119.6%	100.2%	96.7%
Average	49.0%	49.2%	48.4%
Premiums Implied by the Cash Consideration	42.1%	51.6%	55.5%

(1) Based on 21 precedent transactions since January 1, 2005, identified by TD Securities in which a Canadian-listed oil and gas company was acquired where the enterprise value of the target was greater than $1 billion.

Summary of Implied Premium Analysis

TD Securities determined that the premiums implied by the Cash Consideration are within the range of the premiums implied by the selected precedent transactions.

(iv) ResourceCo Consideration Analysis

In assessing the ResourceCo Consideration, TD Securities considered the potential range of public market trading values of the ResourceCo Shares, based on an analysis of comparable company trading values. TD Securities identified and reviewed exploration focused oil and gas companies for which there was sufficient public information to derive value multiples. TD Securities applied these multiples to the relevant metrics of ResourceCo.

TD Securities determined the ResourceCo Consideration would provide incremental value to Shareholders and therefore the Consideration would be in excess of the Cash Consideration.

(v) Review of the Sale Process and the Infrastructure Processes

At the direction of Petrominerales and the Board and with input from management of the Company, TD Securities conducted a targeted auction process for the Company by contacting a number of potential strategic buyers that were deemed to have a high likelihood of interest in acquiring Petrominerales. Interested parties who signed a confidentiality agreement were provided with confidential information regarding the Company. TD Securities believes that all parties that expressed an interest in a transaction involving Petrominerales were provided with the opportunity to participate in the Sale Process and all such participants were provided with the opportunity to ascertain the value of the Company and to make a proposal. Petrominerales did not accept any proposals that resulted from the Sale Process. Subsequent to the Sale Process, Petrominerales received an unsolicited proposal from Pacific Rubiales, which has resulted in the Transaction. The Consideration represents a higher value than was available from the Sale Process.

At the direction of Petrominerales and the Board and with input from management of the Company, TD Securities and other parties conducted the Infrastructure Processes. Petrominerales is currently participating in a process to sell its equity interest in OCENSA. This process is ongoing and TD Securities has considered the information received from that process in its analysis. Prior to signing a letter of intent with Pacific Rubiales, Petrominerales was conducting an auction process regarding its ownership interest in OBC. This process has been terminated but TD Securities has considered information obtained from that process in its analysis.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of September 29, 2013, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Yours very truly,

TD SECURITIES INC.

APPENDIX F - INFORMATION CONCERNING PETROMINERALES

All capitalized terms used in this Appendix but not otherwise defined herein have the meanings set forth in the "Glossary of Terms" in the Information Circular.

DOCUMENTS INCORPORATED BY REFERENCE

Information in respect of Petrominerales 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 Chief Financial Officer of the Corporation by e-mail: ir@petrominerales.com, by telephone at 403.705.8850 (Calgary) or 011.571.629.2701 (Bogotá) or by facsimile at 403.266.5794 (Calgary) 011.571.629.4723 (Bogotá) or by submitting a written request to Petrominerales, at either 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7 or Calle 116 No. 7-15 Edificio Torre Cusezar Piso 6, Bogotá, Colombia, Attention: Chief Financial Officer, 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 Petrominerales, 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 Petrominerales AIF;

(b) the audited consolidated financial statements and notes thereto of Petrominerales as at December 31 2012 and for the years ended December 31, 2012 and December 31, 2011, together with the report of the auditors thereon dated March 5, 2013;

(c) management's discussion and analysis of the financial condition and operating results of Petrominerales for the year ended December 31, 2012;

(d) the unaudited interim consolidated financial statements of Petrominerales as at and for the three and six months ended June 30, 2013;

(e) management's discussion and analysis of the financial condition and operating results of Petrominerales for the six months ended June 30, 2013;

(f) the management information circular and related documents with respect to the annual and special meeting of Shareholders held on May 9, 2013 and dated April 1, 2013; and

(g) the material change report of Petrominerales dated October 2, 2013 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 Petrominerales 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.

PETROMINERALES

Petrominerales is an exploration and production company incorporated under the ABCA and operating in Colombia, Peru and Brazil.

Petrominerales' registered office is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9. Petrominerales' head office in Canada is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7. In Colombia, the office is located at Calle 116 No. 7-15 Edificio Torre Cusezar Piso 6, Bogotá. In Peru, the office is located at Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Via Principal 123, Edificio Real Uno, Oficina 801 San Isidro, Lima. In Brazil, Alvopetro S.A., a wholly-owned subsidiary of Alvopetro, has an office located at Rua Major Lopes 800 – 3 andar, São Pedro – Belo Horizonte, Minas Gerais.

Petrominerales is a reporting issuer in each of the provinces of Canada and is listed on the TSX and the BVC under the symbols "PMG" and "PMGC", respectively.

THE SHARES

Petrominerales is authorized to issue an unlimited number of Shares. As at October 28, 2013, Petrominerales had 85,098,833 Shares issued and outstanding. The holders of Shares are entitled to vote at all meetings of the Shareholders, receive any dividend declared by the Board of Directors on the Shares from time to time and receive Petrominerales' remaining property and assets upon its dissolution. As at October 28, 2013, there were 5,861,230 Shares reserved for issuance pursuant to the exercise of Petrominerales Options, Petrominerales ICS Awards and Petrominerales DCS Awards.

MARKET FOR THE SHARES

The Shares are traded on the TSX and on the BVC. The following table sets forth, for the calendar periods indicated, the high and low closing sales prices and trading volume of the Shares on the TSX.

	Shares		
	TSX ("PMG")		
	High ($/share)	Low ($/share)	Volume
2012			
September	10.25	7.08	10,670,147
October	8.51	7.26	5,881,774
November	8.64	7.36	6,626,015
December	8.70	7.30	5,592,887
2013			
January	9.66	8.13	8,161,921
February	9.39	8.15	6,997,719
March	8.70	6.01	11,764,183
April	6.40	5.04	7,044,312
May	6.99	5.40	11,694,123
June	7.19	5.68	8,588,107
July	6.84	5.59	6,676,144
August	6.68	5.49	6,830,906
September	12.16	6.47	24,242,812
October (1-28)	11.96	11.61	29,743,000

On September 27, 2013, the last trading day prior to the public announcement of the Arrangement, the closing trading price per Share as reported on the TSX was $7.74. On October 28, 2013, the last full trading day prior to the date of this Information Circular, the closing sale price per Share as reported on the TSX was $11.90.

The following table sets forth, for the calendar periods indicated, the high and low closing sales prices and trading volume of the Shares on the BVC.

	Shares		
	BVC ("PMGC")		
	High (COL$/share)	Low (COL$/share)	Volume
2012			
September	18,120	14,200	1,548,405
October	14,800	13,840	563,296
November	15,200	13,400	431,500
December	14,680	13,380	181,588
2013			
January	16,980	14,800	372,632
February	16,560	14,660	324,393
March	15,000	10,820	378,607
April	11,200	9,130	170,690
May	11,700	10,100	479,205
June	12,560	10,600	1,003,822
July	12,100	10,300	229,637
August	12,000	10,220	318,147
September	21,500	12,000	5,562,673
October (1-28)	21,840	21,160	3,566,121

On September 27, 2013, the last full trading day prior to the public announcement of the Arrangement, the closing trading price per Share as reported on the BVC was COL$15,240. On October 28, 2013, the last full trading day prior to the date of this Information Circular, the closing sale price per Share as reported on the BVC was COL$21,400.

PRIOR SALES AND PURCHASES

During the 12 months previous from the date hereof, Petrominerales purchased or sold the following securities, excluding securities purchased or sold pursuant to the exercise of Petrominerales Options, Petrominerales DCS Awards, Petrominerales ICS Awards or other conversion rights:

Date	Type of Transaction	Number of Securities Purchased or Sold	Price	Additional Information
December 31, 2012	Repurchase of 2010 Debentures[(1)]	US$2.8 million principal amount	US$0.97	Reduce Debt Levels
May 8, 2012 to July 3, 2013	Repurchase of 2010 Debentures[(1)]	US$60.2 million principal amount	US$0.99	Reduce Debt Levels
October 29, 2012 to November 19, 2012	Repurchase and cancellation of Shares under normal course issuer bid	1,562,368 Shares	$7.98	-

Note:

(1) On August 25, 2010, Petrominerales issued the 2010 Debentures, being the US$550 million of convertible debentures maturing on August 25, 2016 that have an annual coupon rate of 2.625 percent. As of the date hereof, Petrominerales has repurchased US$411.3 million in principal amount of the debentures leaving US$138.7 million in principal amount of the 2010 Debentures outstanding. The debenture holders have a one-time put option right of prepayment of the debentures on the earlier of: (i) February 25, 2014; and (ii) ten days after closing the sale relating to the Midstream Assets.

DIVIDENDS

During the 24 months previous from the date hereof, Petrominerales declared and paid a dividend of $0.125 per Share each fiscal quarter. The most recent dividend was confirmed on September 16, 2013 with an ex-dividend date of September 26, 2013, for Shareholders of record as at September 30, 2013, was paid October 15, 2013.

EXPERTS

D&M prepared the D&M Report. As of the date of the D&M Report, the designated professionals and the employees at D&M did not own any of the outstanding Shares. D&M neither received nor will receive any interest, direct or indirect, in any securities or other property of Petrominerales or its affiliates in connection with the preparation of the D&M Report.

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

RISK FACTORS

Shares are subject to certain risks. Petrominerales should carefully consider the risk factors described under the heading “Risk Factors” in the Petrominerales AIF as well as the risk factors set forth elsewhere in this Information Circular and otherwise incorporated by reference herein.

APPENDIX G - INFORMATION CONCERNING RESOURCECO

APPENDIX G - INFORMATION CONCERNING RESOURCECO

TABLE OF CONTENTS

Page

NOTICE TO READER

No securities regulatory authority, nor the TSX nor the TSXV, has expressed an opinion about the Arrangement or the ResourceCo Shares to be issued pursuant to the Arrangement and it is an offence to claim otherwise.

As at the date of the Information Circular, ResourceCo has not carried on any active business other than in connection with the Arrangement and related matters. The Arrangement provides Shareholders with the opportunity to participate in the business of ResourceCo through the ownership of ResourceCo Shares. Assuming the Arrangement Resolution is approved, immediately following the Effective Time, a Shareholder (other than a Dissenting Shareholder) will receive, among other things, for each Share held, one ResourceCo Share as a distribution from Petrominerales, and ResourceCo will own the ResourceCo Assets and assume the liabilities related thereto. Unless otherwise noted, the disclosure in this Appendix G has been prepared assuming that the issuance of such ResourceCo Shares has been completed and that ResourceCo is the owner of the ResourceCo Assets, and has assumed the liabilities related thereto.

An investment in ResourceCo should be considered highly speculative due to the nature of its activities and the present stage of its development. ResourceCo 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 ResourceCo 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 ResourceCo, the Alvopetro Assets and the ResourceCo Assets, as applicable, in the Schedules attached to this Appendix G.

NON-IFRS MEASURES

In this Appendix, ResourceCo uses the terms "funds flow from operations" and "operating netback". These measures are not recognized by IFRS, which comprise Canadian generally accepted accounting principles for publicly accountable enterprises in Canada, and do not have a standardized meaning prescribed by IFRS. Therefore, they may not be comparable to performance measures presented by others.

Funds flow from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. Operating netback represents revenue, less royalties, operating expenses and transportation expenses and has been presented on a per BOE basis. Management believes that in addition to net income, funds flow from operations and operating netback are useful supplemental measures as they assist in the determination of ResourceCo's operating performance, ability to generate cash flows and profitability. Readers should be cautioned, however, that these measures should not be construed as an alternative to both net income and net cash from operating activities, which are determined in accordance with IFRS, as indicators of ResourceCo's performance.

ABBREVIATIONS

In this Appendix, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGL	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMBTU	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule

Other

°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas
BOE/d	barrel of oil equivalent per day
m^3	cubic metres
MBOE	1,000 barrels of oil equivalent
$	Canadian dollars
R$	Brazilian real
US$	U.S. or United States dollars

NOTES ON RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Caution Respecting Reserves Information

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of natural gas and petroleum reserves does not represent the fair market value of the reserves associated with the reserves evaluated.

Caution Respecting BOE

In this Appendix, the abbreviation BOE means a barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency conversion ratio of 6 Mcf to 1 BOE, utilizing a conversion ratio of 6 Mcf to 1 BOE may be misleading as an indication of value.**

Definitions

Certain terms used in this Appendix in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this Appendix, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates as follows:

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities" (which refers to the lowest level at which reserves calculations are performed) and to "reported reserves" (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories as follows:

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Interests in Reserves, Production, Wells and Properties

"**gross**" means: (i) in relation to an issuer's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (ii) in relation to wells, the total number of wells in which an issuer has an interest; and (iii) in relation to properties, the total area of properties in which an issuer has an interest.

"**net**" means: (i) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (ii) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (iii) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

"**working interest**" means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, which interest gives the issuer the right to "work" the property (lease) to explore for, develop, produce and market the leased substances.

Description of Exploration and Development Wells and Costs

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (i) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (ii) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (iii) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (iv) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (i) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs"); (ii) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (iii) dry hole contributions and bottom hole contributions; (iv) costs of drilling and equipping exploratory wells; and (v) costs of drilling exploratory type stratigraphic test wells.

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

"**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (i) "exploratory type" if not drilled into a proved property; or (ii) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

GLOSSARY OF TERMS

In this Appendix G, 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 G is attached.

"**2010 Debentures**" means the 2.625% senior unsecured convertible debentures of Petrominerales dated August 21, 2010;

"**2012 Debentures**" means the 3.25% senior unsecured convertible debentures of Petrominerales dated June 7, 2012;

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

"**Alvopetro**" means Alvopetro Oil and Gas Investments Inc., a corporation incorporated pursuant to the ABCA, and which holds all of Petrominerales' exploration assets in Brazil, which consists of three producing fields and 12 exploration blocks comprising of 120,013 gross acres onshore Brazil;

"**Alvopetro Additional Shares**" means any additional Alvopetro Shares acquired, directly or indirectly, by Petrominerales prior to the Effective Date, including such Alvopetro Shares subject to the Alvopetro SPA, when acquired by Petrominerales;

"**Alvopetro Assets**" means the oil and natural gas assets of Alvopetro;

"**Alvopetro Shares**" means the class "A" common shares in the capital of Alvopetro, 75% of which were acquired by Petrominerales on December 11, 2012, and 25% of which are subject to the Alvopetro SPA;

"**Alvopetro SPA**" means the share purchase agreement entered into between Petrominerales and the third-party holder of 250,000 Alvopetro Shares on September 28, 2013, pursuant to which Petrominerales has agreed to purchase the remaining 250,000 Alvopetro Shares;

"**ANP**" means Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, or National Agency of Petroleum, Natural Gas and Biofuels, an agency of the Brazilian government;

"**CNPE**" means Conselho Nacional de Política Energética, or National Council of Energy Policy, an agency of the Brazilian government;

"**Concession Contract**" means an exploration and production contract in Brazil established by the ANP;

"**IFRS**" means the International Financial Reporting Standards;

"**Information Circular**" means the information circular, together with all appendices hereto, including this Appendix G and the accompanying notice of Meeting as required pursuant to the Interim Order in connection with the Meeting;

"**Mature Field Contract**" means a production contract in Brazil established by the ANP;

"**ResourceCo**" means 1774501 Alberta Ltd., a corporation existing under the laws of the Province of Alberta that is a wholly owned subsidiary of Petrominerales;

"**ResourceCo Assets**" means collectively, the assets to be transferred, directly or indirectly, prior to the Effective Date by Petrominerales to ResourceCo in connection with the ResourceCo Organization Transaction, consisting primarily of (i) the Alvopetro Shares; (ii) the Alvopetro Additional Shares; and (iii) the ResourceCo Initial Capital;

"**ResourceCo Board**" means the board of directors of ResourceCo as it may be comprised from time to time;

"**ResourceCo Initial Capital**" means $100,000,000 less: (i) the amount, if any, paid by Petrominerales prior to the Effective Date to acquire the Alvopetro Additional Shares (including legal, accounting, technical, consulting and any other acquisition costs); and (ii) the amount, if any, by which capital expenditures and operating expenses expended or committed by Petrominerales with respect to the business of Alvopetro prior to the Effective Date exceed US$18,000,000;

"**ResourceCo Option Plan**" means the stock option plan of ResourceCo described under the heading "ResourceCo Option Plan" of the Information Circular, the full text of which is set out in Appendix I to the Information Circular;

"**ResourceCo Organization Transaction**" means the transactions involving Petrominerales, Pacific Rubiales, ResourceCo and their respective subsidiaries, as applicable, to occur prior to the Effective Date pursuant to which, among other things, Petrominerales will cause the transfer, directly or indirectly, of the ResourceCo Assets to ResourceCo and ResourceCo will assume the liabilities associated therewith, all in the manner set forth in the Arrangement Agreement;

"**ResourceCo Shares**" means the common shares in the capital of ResourceCo;

"**Sproule**" means Sproule International Limited, independent oil and natural gas reservoir engineers;

"**Sproule Report**" means the independent engineering report dated October 23, 2013 and effective September 30, 2013 prepared by Sproule evaluating the oil, NGLs and natural gas reserves attributable to the Alvopetro Assets.

"**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;

"**TSX**" means the Toronto Stock Exchange; and

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

FORWARD-LOOKING STATEMENTS

This Appendix G contains forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Securities Laws. 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 G 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 G include, among others, statements regarding: activities, events or developments that either Petrominerales or ResourceCo expects or anticipates will or may occur in the future, including Petrominerales' and ResourceCo's assessment of future plans and operations; statements with respect to the Arrangement; the business of the Meeting; the conveyance of the ResourceCo Assets to ResourceCo pursuant to the ResourceCo Organization Transaction and the Arrangement; the completion of the transactions contemplated by the ResourceCo Organization Transaction and the Alvopetro SPA; the assignment of Petrominerales' interest in the Alvopetro SPA in certain circumstances; the corporate structure of ResourceCo at the Effective Time, after giving effect to the ResourceCo Organization Transaction and the Arrangement; the number of ResourceCo Shares to be issued and outstanding upon completion of the Arrangement; the formation of the various committees of the ResourceCo Board and their composition and proposed operation; the approval of the ResourceCo Option Plan at the Meeting and the granting of options thereunder; the estimate of the net cash that ResourceCo will have upon completion of the ResourceCo Organization Transaction and the Arrangement; expectations regarding compensation plans of ResourceCo; financial information relating to ResourceCo; business plans of ResourceCo and plans for the exploration, evaluation, delineation and development of ResourceCo's properties; the work programs for ResourceCo's properties; the status of ResourceCo as a reporting issuer; the terms pursuant to which the ResourceCo Assets will be transferred to ResourceCo; the expected costs and expenditures associated with exploration, evaluation, delineation and development of ResourceCo's properties; timing and sources of financing; further capital requirements; estimated taxes; ResourceCo's estimated general financial performance in future periods; the timing of filing regulatory applications; resource estimates relating to the Alvopetro Assets and ResourceCo's properties; expectations with respect to the officers, directors, employees and contractors of ResourceCo; estimated abandonment and reclamation costs; any expansion plans for ResourceCo and the Alvopetro Assets, including acquisition opportunities; the impact of governmental controls and regulations on ResourceCo's operations; ResourceCo's competitive advantages and ability to compete successfully; ResourceCo'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; ResourceCo's assets, liabilities, financial resources, financial position and growth prospects; the impact of uncertainty in the capital markets on the debt and equity markets; ResourceCo's expectations regarding global capital markets; expectations with respect to the expiration of rights to explore, develop and exploit ResourceCo'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; anticipated principal shareholders of ResourceCo; anticipated shareholdings of directors and executive officers; establishment of committees of the ResourceCo Board; 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 ResourceCo; community initiatives and relationships of ResourceCo; 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 ResourceCo'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 G, Petrominerales and ResourceCo have made assumptions regarding, among other things: the expected costs to explore, evaluate and develop ResourceCo's properties; future crude oil and natural gas prices; the plans of counterparties; ResourceCo'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 ResourceCo will conduct its business; the timing and progress of work relating to the ResourceCo Assets; future production levels; future capital expenditures; future sources of funding for ResourceCo's capital program; future debt levels; future business plans of ResourceCo; Petrominerales' and ResourceCo's geological and engineering estimates; the areas and the geography of the areas in which ResourceCo will be exploring; the impact of increasing competition; ResourceCo'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, 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 Petrominerales and ResourceCo 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 ResourceCo and the Alvopetro Assets and the nature of the exploration, evaluation and development activities on the assets that will comprise the primary business of ResourceCo; 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 Petrominerales' independent consultants with respect to discovered petroleum resources relating to the ResourceCo's 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 U.S. dollar, and the Brazilian real; risks that financial counterparties may not fulfill financial obligations due to Petrominerales or ResourceCo; liquidity and capital market constraints on ResourceCo; 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 ResourceCo's production; the impact of amendments to applicable tax legislation, including the Tax Act and Brazilian tax legislation on ResourceCo; changes in or the introduction of new government regulations, in particular related to carbon dioxide, relating to ResourceCo's business; the uncertainty of ResourceCo's ability to attract debt or equity capital when necessary; risks relating to there being no prior public market for the ResourceCo Shares and the liquidity of the ResourceCo Shares; risks to ResourceCo relating to the Arrangement; the consummation of the Arrangement being dependent on the satisfaction of customary closing conditions, the approval of Petrominerales' 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 ResourceCo Shares. This estimate of the cash position of ResourceCo is dependent upon assumptions and factors including: (i) the completion of the transactions contemplated by the Alvopetro SPA and the terms thereof; and (ii) capital and other expenditures of Petrominerales with respect to the Alvopetro Assets. The actual cash position of ResourceCo 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 G, 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 ResourceCo. Readers are urged to carefully consider those factors and the other information contained in this Appendix G 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 G in order to provide Shareholders with a more complete perspective on the future operations of ResourceCo and such information may not be appropriate for other purposes. ResourceCo'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 ResourceCo will derive therefrom.

Neither Petrominerales nor ResourceCo 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 G. All of the forward-looking statements made in this Appendix G are qualified by these cautionary statements. Petrominerales and ResourceCo 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.

RESOURCECO

General

ResourceCo was incorporated under the ABCA on September 25, 2013 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. On October 23, 2013, the articles of ResourceCo were amended: (i) to allow the ResourceCo Board, subject to certain terms and conditions, to issue ResourceCo Shares as payment for all or any portion of dividends declared on the ResourceCo Shares for those ResourceCo Shareholders who elect to receive share dividends instead of cash dividends; and (ii) to remove the private issuer restrictions. See "Description of Capital Structure – ResourceCo Shares". ResourceCo anticipates that it will amend its articles to change its name prior to the Effective Date.

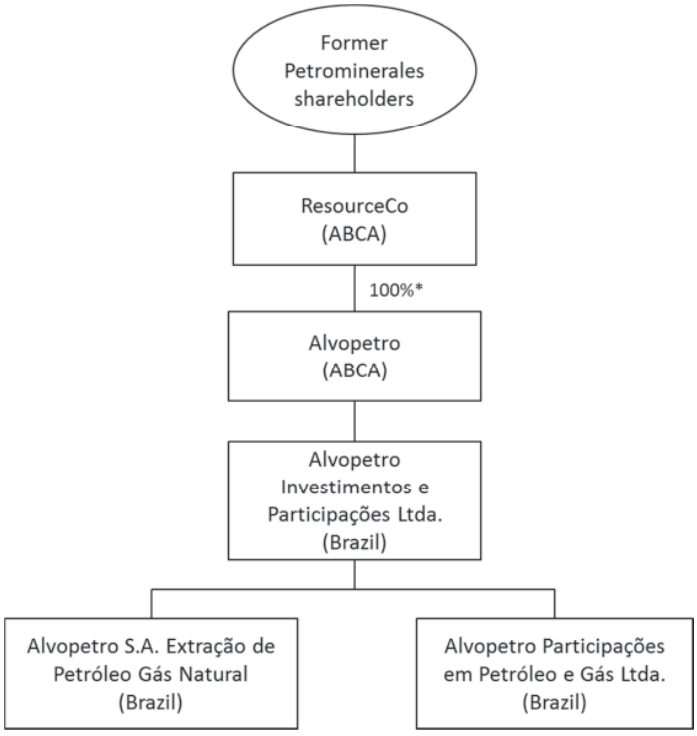
The ResourceCo Organization Transaction will be completed prior to the completion of the Arrangement. Pursuant to the ResourceCo Organization Transaction, ResourceCo will receive the ResourceCo Assets in exchange for the issuance of such additional number of ResourceCo Shares equal to the number of such Shares to be distributed by Petrominerales pursuant to the Arrangement. The ResourceCo Assets will include all of Petrominerales' interest in Alvopetro and a cash amount equal to the ResourceCo Initial Capital. If, as anticipated, Petrominerales acquires the remaining 25% interest in Alvopetro pursuant to the Alvopetro SPA prior to the Effective Time, following the Arrangement, ResourceCo will hold a 100% interest in Alvopetro and an estimated amount of cash of approximately $91 million. If Petrominerales does not acquire the remaining 25% interest in Alvopetro prior to the Effective Time, ResourceCo will hold a 75% interest in Alvopetro and an estimated amount of cash of approximately $100 million and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo. The ResourceCo Initial Capital is in addition to the US$18 million budgeted capital and operating expenditures of Petrominerales with respect to the Alvopetro Assets for the period prior to the completion of the Arrangement, but will be reduced by such amounts, if any, that Petrominerales' expenditures with respect to the Alvopetro Assets exceeds US$18 million. See "Matters Relating to the Arrangement – ResourceCo Organization Transaction".

The principal business office of ResourceCo is located at 1000, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z7 and the registered office of ResourceCo is located at Suite 3300, 420 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

Intercorporate Relationships

As at the date of the Information Circular, ResourceCo is a wholly-owned subsidiary of Petrominerales. ResourceCo does not currently have any subsidiaries.

Following completion of the Arrangement and ResourceCo Organization Transaction, the organizational structure of ResourceCo will be as set out below. In addition, the ResourceCo Initial Capital will be held in a wholly-owned subsidiary of ResourceCo not reflected in the diagram below.



***As of the date of the Information Circular, Petrominerales holds a 75% interest in Alvopetro and, indirectly, the Alvopetro Assets. Management of Petrominerales anticipates that as at the Effective Time, Petrominerales will have completed the acquisition of the remaining interest in Alvopetro pursuant to the Alvopetro SPA and Petrominerales will then hold a 100% interest in Alvopetro and the Alvopetro Assets, which will be transferred to ResourceCo pursuant to the ResourceCo Organization Transaction prior to the completion of the Arrangement. There can be no assurance that the transactions contemplated by the Alvopetro SPA will be completed prior to the Effective Time or at all. Should the transactions contemplated by the Alvopetro SPA not be completed on or prior to the Effective Time, ResourceCo will hold a 75% interest and not a 100% interest in the Alvopetro Assets, and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo. See "Risk Factors – Alvopetro SPA".**

Strategy

Following completion of the Arrangement, ResourceCo will be a resource company engaged in the exploration for, and the acquisition, development and production of, hydrocarbons in the Recôncavo, Tucano, Camamu-Almada and Sergipe-Alagoas basins in onshore Brazil. ResourceCo will carry on the exploration, evaluation and development business currently carried on by Petrominerales with respect to the Alvopetro Assets. ResourceCo intends to develop producing hydrocarbons by appraising and developing existing discoveries and exploring in areas considered by management to be prospective for hydrocarbon resources. ResourceCo's primary target in the Recôncavo Basin is the Gomo member of the Candeias Formation, which is both a mature source rock for the basin and contains prospective reservoir sands.

Competitive Conditions

The oil industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. ResourceCo'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. ResourceCo 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. ResourceCo 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 ResourceCo. ResourceCo believes it is well positioned to succeed in the current economic climate in which it operates. See "Risk Factors".

Insurance

ResourceCo will maintain insurance in an amount that it considers adequate and consistent with industry practice and its operations. See "Risk Factors – Uninsurable Risks".

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. ResourceCo's proposed management team has the required specialized skills and knowledge to carry out ResourceCo's operations. While the current labour market in the industry is highly competitive, ResourceCo expects to be able to attract and retain appropriately qualified employees during 2013 and 2014.

Components

ResourceCo expects to source materials from suppliers located outside of Brazil. More than one supplier exists for such materials. In management'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, ResourceCo will work to maintain good relationships with suppliers and, where necessary, identify alternate sources of supply.

Employees

ResourceCo will appoint four officers who will be employed by ResourceCo or its subsidiaries following the completion of the Arrangement. See "Directors and Executive Officers". After giving effect to the Arrangement, ResourceCo or its subsidiaries are expected to have approximately 40 employees, of which 30 are expected to be based in Brazil. To proceed with the development of the Alvopetro Assets, ResourceCo may require additional experienced employees and third-party consultants and contractors.

Foreign Operations

All of ResourceCo'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, nationalization of assets by the Brazilian government, 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 ResourceCo's international operations. ResourceCo's operations may also be adversely affected by applicable laws and policies of Brazil which could have a negative impact on ResourceCo.

Environment, Health and Safety Policies and Procedures

ResourceCo's main environmental strategies will include the preparation of comprehensive environmental impact assessments and assembling project-specific environmental management plans. ResourceCo will encourage local community engagement in environmental planning in order to create a positive relationship between the oil business and local means of production.

ResourceCo believes it will be in material compliance with environmental legislation in the jurisdictions in which it will initially operate, namely, Brazil.

ResourceCo plans on continuing Petrominerales' practice to do all that it reasonably can to ensure that it remains in material compliance with environmental protection legislation. ResourceCo is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation. Monitoring and reporting programs for environment, health and safety ("**EH&S**") performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. ResourceCo will maintain an active comprehensive integrity monitoring and management program for surface piping, facilities, storage tanks and underground pipelines. Contingency plans are in place for a timely response to an environmental event and abandonment, remediation and reclamation programs are in place and utilized to restore the environment. ResourceCo will continue Petrominerales' practice to perform a detailed due diligence review as part of acquisition processes to determine whether the acquired assets are in regulatory and environmental compliance and asses any liabilities with respect thereto.

Management of ResourceCo will be responsible for reviewing ResourceCo internal control systems in the areas of health, safety and environment and strategies and policies regarding health, safety and the environment, including ResourceCo's emergency response plan. Management of ResourceCo will report to the ResourceCo Board on a quarterly basis with respect to EH&S matters, including: (i) compliance with all applicable laws, regulations policies with respect to EH&S; (ii) emerging trends, issues and regulations related to EH&S that are relevant to ResourceCo; (iii) the findings of any significant report by regulatory agencies, external EH&S consultants or auditors concerning performance in EH&S; (iv) any necessary corrective measures taken to address issues and risks with regards to performance in the areas of EH&S that have been identified by management, external auditors or by regulatory agencies; (v) the results of any review with management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommissioning of facilities; and (vi) all incidents and near misses with respect to ResourceCo's operations, including corrective actions taken as a result thereof.

Trends in Environmental Regulation

ResourceCo believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue. ResourceCo anticipates increased capital and operating expenditures as a result of increasingly stringent laws relating to the protection of the environment. No assurance can be given however that environmental laws will not result in a curtailment of production or a material increase in the costs of production, the development or exploration activities, or otherwise adversely affect ResourceCo's financial condition, capital expenditures, results of operations, competitive position or prospects.

Community Relations

ResourceCo will develop a series of policies and practices that complement basic responsibilities as a development tool for communities surrounding ResourceCo's operations. ResourceCo's corporate social responsibility strategy is based on the following main principles:

- Creating local employment opportunities, both within the oil industry and within existing local industries, which has been well received by communities and has contributed to maintaining a positive relationship in and around ResourceCo's operations;

- Providing education and training programs to strengthen community and local authority relationships, identify new markets for local goods and services, and reduce dependence on industry support; and

- Engaging communities in studies and processes related to environmental management by combining ResourceCo's expertise with local knowledge.

THE ALVOPETRO ASSETS

General

The Alvopetro Assets consist of interests in three producing fields and 12 exploration blocks comprising 120,013 gross acres onshore Brazil.

As of the date of the Information Circular, Petrominerales holds a 75% interest in Alvopetro and, indirectly, the Alvopetro Assets. Management of Petrominerales anticipates that as at the Effective Time, Petrominerales will have completed the acquisition of the remaining interest in Alvopetro pursuant to the Alvopetro SPA and Petrominerales will then hold a 100% interest in Alvopetro and the Alvopetro Assets, which will be transferred to ResourceCo pursuant to the ResourceCo Organization Transaction prior to the completion of the Arrangement. There can be no assurance that the transactions contemplated by the Alvopetro SPA will be completed prior to the Effective Time or at all. Should the transactions contemplated by the Alvopetro SPA not be completed on or prior to the Effective Time, ResourceCo will hold a 75% interest and not a 100% interest in the Alvopetro Assets, and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo. See "Risk Factors – Alvopetro SPA".

History of the Alvopetro Assets

On December 11, 2012, Petrominerales completed the acquisition of a 75% interest in Alvopetro for US$36.9 million and Alvopetro acquired an indirect 100% working interest in seven exploration blocks in the Recôncavo Basin in onshore Brazil, being Blocks 131, 132, 144, 157, 182, 196, 197 and three mature producing fields, being the Bom Lugar Field, the Jiribatuba Field and the Aracaju Field.

In May of 2013, Alvopetro, through its subsidiaries, entered into a farm-in agreement with respect to Block 170, also in the Recôncavo Basin, for a 50% working interest in the formations to the base of the Caruacu member of the Maracangalha Formation, and a 90% working interest in deeper zones (which includes the Gomo member of the Candeias Formation), in consideration for: (i) the purchase of US$0.7 million in well equipment from the farmor; and (ii) carrying the farmor for 100% of the drilling and casing costs for one exploration well that penetrates the formation below the Caruacu member of the Maracangalha Formation. The transfer of this interest in Block 170 to Alvopetro remains subject to ANP approval.

In May of 2013, Alvopetro, through its subsidiaries, acquired a 100% working interest in Block 183, also in the Recôncavo Basin for approximately US$0.8 million, which is payable upon ANP approval of the transfer of the interest. The transfer of this interest in Block 183 to Alvopetro remains subject to ANP approval.

In May of 2013, as part of the 11th Brazil Bidding Round, Alvopetro successfully acquired three additional exploration blocks in Brazil, being Blocks 106 and 107 in the Recôncavo Basin, and Block 177 in the Tucano Basin.

On September 28, 2013, Petrominerales entered into the Alvopetro SPA, pursuant to which Petrominerales is expected to acquire the remaining 25% interest in Alvopetro for $9 million, subject to closing adjustments, which transaction is expected to close on or about November 18, 2013.

Principal Properties

The Alvopetro Assets include acreage licensed in four hydrocarbon basins, the Recôncavo, Tucano, Camamu-Almada and Sergipe-Alagoas as described in the following section.

Recôncavo Basin

The Recôncavo Basin is a 10,200 square kilometre onshore basin, centred 85 kilometres north of the City of Salvador in northeast Brazil, in the province of Bahia. The first oil production in Brazil began in the Recôncavo Basin in 1939. To date, over 6,600 wells have been drilled in the basin, with reported cumulative production

exceeding 1.5 billion barrels of light oil from 86 fields. Current production is reported to be over 60,000 barrels of oil equivalent per day. The majority of the basin's production comes from the Sergi, Agua Grande, and Candeias Formations at measured depths from 315 to 1,975 metres. As a result, the basin has a well-developed infrastructure network with the presence of an active and established service sector.

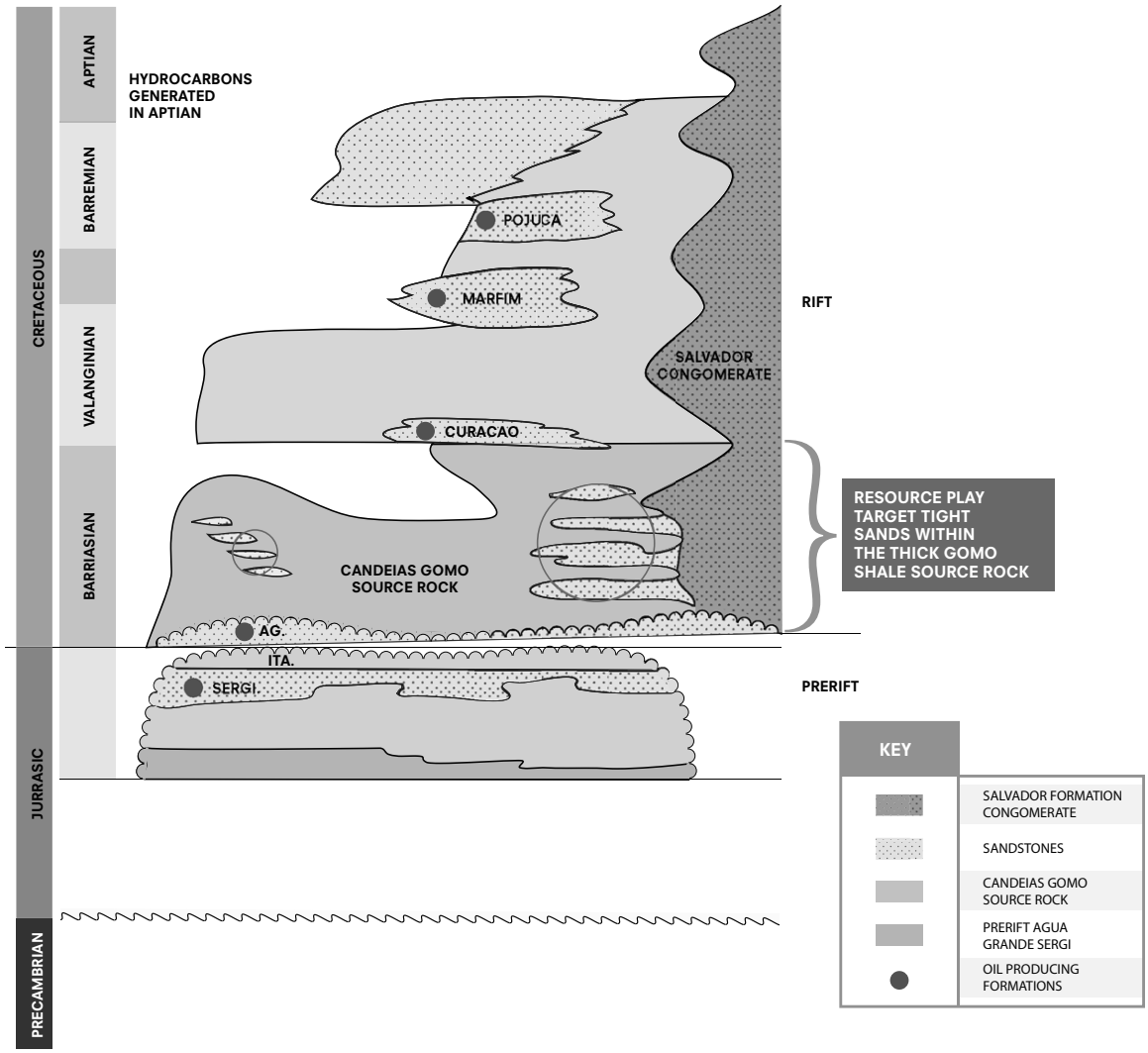
The current producing assets in the Recôncavo Basin is the mature Bom Lugar field. The field consists of two producing wells and one active water disposal (injector) well. The field has a production battery which is equipped with testing, water separation and trucking facilities. The battery is connected to one producing well and the one injection well.

The current exploration assets in the basin consist of Blocks 131, 132, 144, 157, 182, 196, 197, 183, 170, 106, and 107.

The main source rock in the Recôncavo Basin is the Gomo member of the Candeias Formation. The main lithology of the Gomo are shales but contained within the shales are reservoir quality sandstone units that are indicated to be oil saturated. Drill depths to the target Gomo sandstones range from 2,500 to 3,200 metres measured depth. As of the date of the Information Circular, 14 wells have been drilled by other operators on Alvopetro's blocks in the basin that have logged net pay in the Gomo reservoirs. These wells indicate the presence of thick, stacked, oil-bearing sands. The Gomo net pay logged on these blocks have typically ranged between 10 and 118 metres, averaging 36 metres with porosities ranging from 9 to 14 percent. Oil quality typically ranges between 34 and 38 degrees API.

The following chart illustrates the stratigraphic column of the Recôncavo Basin.

STRATIGRAPHIC CHART, RECONCAVO BASIN



Tucano Basin

The Tucano Basin, also in the state of Bahia, extends north and west of, and shares the same depositional history and stratigraphy as the Recôncavo Basin. The Tucano Basin is separated from the Recôncavo Basin by the Aporá high, where the sedimentary cover thins significantly or disappears entirely.

The Alvopetro Assets include Block 177, a large, 46,505 acre block located on the southern edge of the Tucano Basin. Geologically, the position of the block is ideally situated on the flank of the Aporá high at the ultimate up dip structural position beneficial for trapping hydrocarbons migrating southward from the centre of the basin.

Alvopetro's first phase work commitment consists of drilling one well and the acquisition of 31 square kilometres of 3D seismic.

Camamu-Almada Basin

The 22,900 square kilometre Camamu-Almada Basin is located in the southern portion of the coast of Bahia State approximately 30 kilometres west-south-west of the city of Salvador. The basin is separated to the north from the Recôncavo Basin by the Itapoã and Barra transfer zone. The main reservoir unit are sandstones of the Morro do Barro formation which is also the mature source rock. Oil and gas has also been discovered in the Sergi and Rio de Contas formations. Oil and gas are trapped structurally against faults.

The current Alvopetro Assets in the Camamu-Almada Basin is the Jiribatuba mature field, producing from the Sergi formation, which consists of two producing wells, one abandoned well and one active water disposal (injector) well. The producing wells and injector are flow line connected to a production battery which is equipped with testing, water separation and trucking facilities.

Sergipe-Alagoas Basin

The Sergipe-Alagoas Basin is an onshore offshore basin located approximately 300 kilometres northeast of Salvador.

The Alvopetro Assets consist of the onshore Aracaju pool, a 1,418 acre block located on the northern edge of the City of Aracaju. The assets consist of two suspended producing wells, one abandoned well, and one active water disposal (injector) well. The production battery is equipped with a testing tank, water separation and trucking facilities. ResourceCo plans to review its strategy with respect to this asset.

Producing Fields

The Alvopetro Assets include interests in the three mature producing oil fields, which are detailed in the following table dated as of September 30, 2013.

Field	Gross Acres	Royalties	Contract Expiry	Average Daily Production for 2013 (BOPD)	Gross Proved plus Probable Reserves (Bbls)[(1)]
Bom Lugar	2,238	5.50%	2023	30	547,849
Jiribatuba	563	5.50%	2024	2	184,236
Aracaju	1,418	5.50%	2023	-	6,284
Total:	**4,219**			**32**	**738,368**

Note:
(1) Alvopetro Assets gross as at September 30, 2013.

ResourceCo plans to complete two workovers during the remainder of 2013, one at Bom Lugar and another at Jiribatuba, and drill one deep well in early 2014 into the Gomo sands at Bom Lugar.

Exploration Blocks

Block 131

Block 131 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 27.6 km^2 of 3D seismic and 70 km of 2D seismic. Management interprets this block to have Gomo potential and conventional reservoir potential. ResourceCo expects to drill one well on this block in 2014 or 2015. The potential additional zones include the Agua Grande, presently being evaluated.

Block 132

Block 132 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 48.6 km^2 of 3D seismic. The primary objective of this block are shallow conventional targets. One well is planned for this block in 2014 or 2015. Shale diapirs present on this block provide additional trapping opportunities.

Block 144

Block 144 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 20.5 km^2 of 3D seismic and 100 km of 2D seismic. Management interprets this Block to have Gomo potential and one well is planned on this block in 2014. The permitting process for this well is underway with final regulatory approval expected in Q1, 2014. The Agua Grande is the secondary target for this block.

Block 157

Block 157 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 22.7 km^2 of 3D seismic and 185 km of 2D seismic. Management interprets this block to have Gomo potential. One well is planned for this Block in 2014. Additional potential exists in the Agua Grande formation as well as the presence of conventional targets associated with shale diapirs.

Block 182

Block 182 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 20.9 km^2 of 3D seismic and 5.9 km of 2D seismic and one exploration well that was drilled to 1,400 metres depth on the boundary of Block 182 and Block 196 in November, 2012. This well qualified as an earning work commitment for Block 182. Management interprets this block to have shallow conventional oil and gas potential in addition to Gomo potential. ResourceCo plans to drill at least one well on this block in 2014 or 2015. Secondary potential includes seismically derived structural targets in the Agua Grande and the Sergi sandstone formations. Currently four surface locations are being permitted to allow for accelerated development activity should exploration drilling be successful.

Block 196

Block 196 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 23.5 km^2 of 3D and 2.9 km of 2D seismic and one exploration work commitment well which was drilled in November of 2012 on the boundary of Block 182 and Block 196, as discussed above. Management interprets this block to have both shallow conventional oil and gas potential in addition to the Gomo potential. One exploration well is planned for this Block in 2014.

Block 197

Block 197 was awarded in the 9th Brazil Bidding Round of 2007. Work completed to-date includes 5.9 km^2 of 3D seismic and 122.3 km of 2D seismic. ResourceCo plans to drill the first well on this block in January of 2014. Currently two surface locations are licensed and a third location is being permitted to allow for accelerated development activity should exploration drilling be successful.

Block 183

Block 183 was awarded in the 9th Brazil Bidding Round of 2007. This Block was acquired in May 2013 for approximately US$0.8 million, which is payable to the current block holder upon ANP approval of the transfer of the interest. ResourceCo plans to drill one well on this block in 2014, once ANP approval of the transfer of interest is received.

Block 170

Block 170 was awarded in the 9th Brazil Bidding Round of 2007. Upon ANP approval, management plans to drill one earning well on this block in late 2014 or 2015. Upon acceptance of the transfer, ResourceCo will own a 50% working interest in to the base of the Curuacu member of the Maracangalha Formation, and a 90% working interest in deeper zones (which includes the Gomo member of the Candeias Formation), in consideration for: (i) the purchase of US$0.7 million in well equipment from the farmor; and (ii) carrying the farmor for 100% of the drilling and casing costs for one exploration well that penetrates the formation below the Curuacu member of the Maracangalha Formation.

Blocks 106 and 107

Blocks 106 and 107 were acquired in the 11th Brazil Bidding Round of 2013. These Blocks are adjacent to Alvopetro's Bom Lugar oil field and management interprets significant reserve potential in the Gomo on these blocks. In 2014, ResourceCo plans to evaluate geological and geophysical information on these blocks to develop exploration targets. In addition to resource potential of the Gomo, these blocks have the Curuacu and Agua Grande present as secondary targets.

Block 177

Block 177 was acquired in the 11th Brazil Bidding Round of 2013. Block 177 is in the up dip position in the Tucano Basin adjacent to the Recôncavo Basin. Mapping indicates the presence of several large closed structures. The contract depth is the Sergi formation with drill depths expected to range from 700 metres to less than 2,000 metres. ResourceCo plans to begin permitting a 3D seismic program with acquisition of the data expected in late in 2014.

Exploration Block Commitments

The following table summarizes the commitments, royalty terms and contract phase expiries with respect to the Alvopetro Assets. In accordance with ANP rules, in certain circumstances Alvopetro will have the ability to apply for and extend exploration phase commitment deadlines.

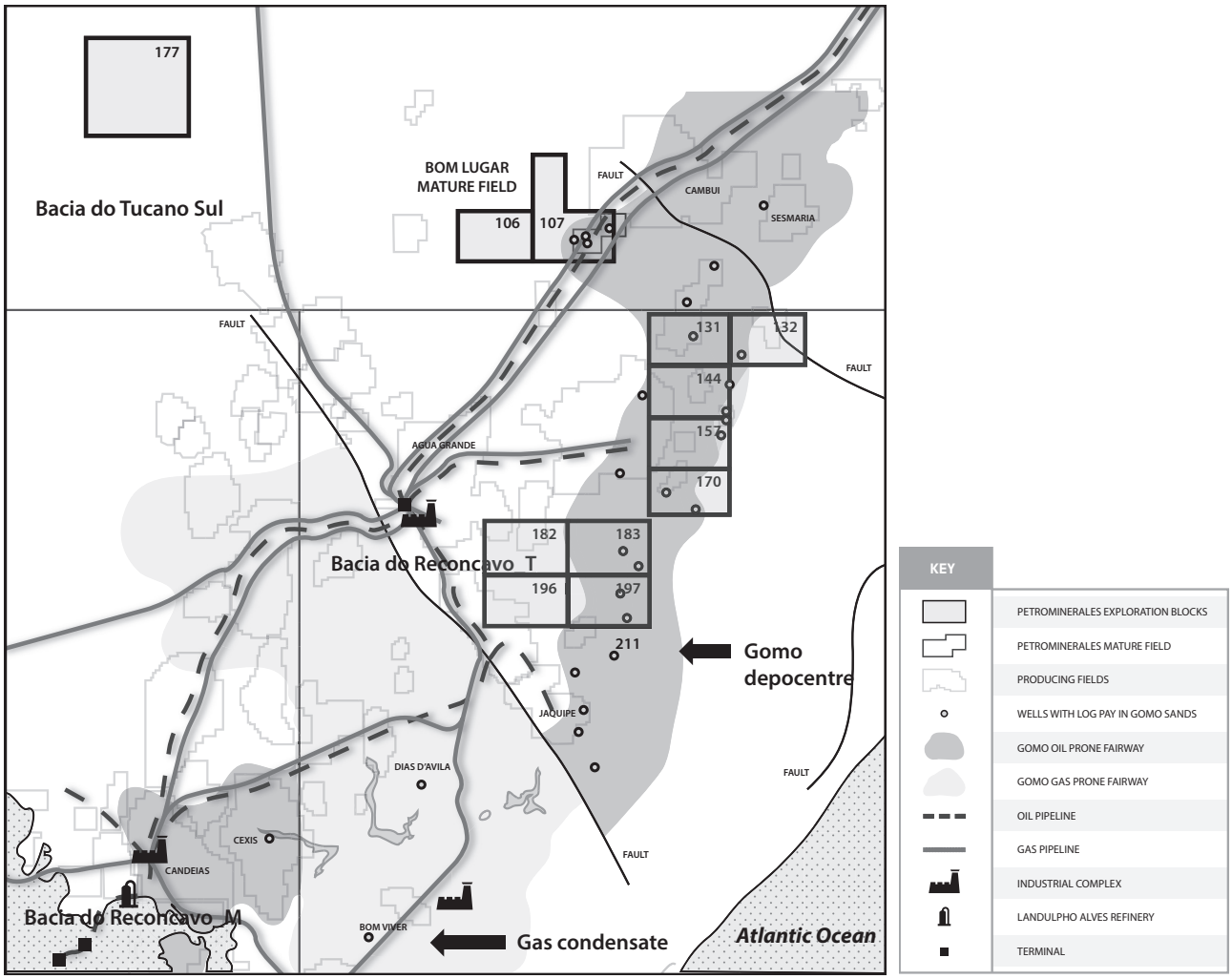
Block	Basin	Gross Acres	Royalty	Current Phase	Phase Expiry	Phase Commitment
131	Recôncavo	5,016	13.25%	2	18-Oct-14	One exploration well
132	Recôncavo	6,301	13.25%	2	18-Oct-14	One exploration well
144	Recôncavo	4,843	13.25%	2	18-Oct-14	One exploration well
157	Recôncavo	4,670	13.25%	2	18-Oct-14	One exploration well
182	Recôncavo	5,239	13.25%	2	25-Jul-14	One exploration well
196	Recôncavo	5,906	13.25%	2	25-Jul-14	One exploration well
197	Recôncavo	7,339	13.25%	2	29-Apr-14	One exploration well
183	Recôncavo	7,740	11.00%	1	Note 1	One exploration well
170	Recôncavo	6,914	11.00%	1	Note 1	One exploration well
106	Recôncavo	7,759	11.00%	1	29-Aug-16	11 km^2 of 3D seismic
107	Recôncavo	7,561	11.00%	1	29-Aug-16	Two exploration wells
177	Tucano	46,505	11.00%	1	29-Aug-16	One well and 31 km^2 of 3D seismic
Total:		**115,794**				

Notes:

(1) Blocks 170 and 183 were acquired pursuant to farm-in agreements, and are currently subject to ANP approval. Once approved by the ANP, it is expected that Alvopetro will have approximately 18 months to satisfy the work commitments for the relevant phase.

(2) After the acquisition of the Additional Alvopetro Shares, the working interest will increase to 100% on all blocks except Block 170, which is as set forth under the heading "*History of the Alvopetro Assets*".

The following map illustrates the locations of exploration blocks which form part of the Alvopetro Assets in relation to ResourceCo's management interpretation of the Gomo trend, other producing fields and oil and gas infrastructure. Although ResourceCo's primary focus is the Gomo trend, significant secondary potential exists on the blocks with multiple play types present with additional conventional reservoir opportunities.



Oil and Natural Gas Reserves

In accordance with NI 51-101, Sproule prepared the Sproule Report. The Sproule Report evaluated the oil, NGL and natural gas reserves attributable to the Alvopetro Assets.

The tables below are a summary of the oil, NGL and natural gas reserves attributable to the Alvopetro Assets effective September 30, 2013 and the net present value of future net revenue attributable to the reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and, as a result, may contain slightly different numbers than the reports due to rounding. Also, due to rounding, certain columns may not add exactly.

The information regarding the Alvopetro Assets set forth herein (including the unaudited *pro forma* operating statements) is in respect of all of the Alvopetro Assets and not with respect to Petrominerales' current 75% interest in the Alvopetro Assets. See "Risk Factors – Possible Failure to Realize the Anticipated Benefits of Acquisitions".

The net present value of future net revenue attributable to reserves is stated, without provision, for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, future capital expenditures and abandonment and reclamation costs. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. See "Risk Factors".

Disclosure of Reserves Data

Summary of Oil and Gas Reserves – Forecast Prices and Costs

	Gross Reserves		Net Reserves	
	Light and Medium Crude Oil (Mbbls)	Total Oil Equivalent (MBOE)	Light and Medium Crude Oil (Mbbls)	Total Oil Equivalent (MBOE)
Proved				
Developed Producing	36.0	36.0	33.6	33.6
Developed Non-Producing	3.9	3.9	3.7	3.7
Undeveloped	0.0	0.0	0.0	0.0
Total Proved	**39.9**	**39.9**	**37.2**	**37.2**
Probable	**698.5**	**698.5**	**651.7**	**651.7**
Total Proved plus Probable	**738.4**	**738.4**	**688.9**	**688.9**

Net Present Value of Future Net Revenue – Forecast Prices and Costs

(thousands of U.S. dollars)	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
Proved					
Developed Producing	735.4	710.6	687.2	665.2	644.7
Developed Non-Producing	-44.7	-41.1	-38.3	-36.1	-34.4
Undeveloped	0.0	0.0	0.0	0.0	0.0
Total Proved	690.6	669.6	648.9	629.1	610.3
Total Probable	17,270.9	10,937.8	6,820.8	4,067.2	2,182.7
Total Proved plus Probable	17,961.6	11,607.4	7,469.7	4,696.3	2,793.0

(thousands of U.S. dollars)	After Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
Proved					
Developed Producing	667.8	649.4	631.4	614.0	597.3
Developed Non-Producing	-50.3	-46.3	-43.1	-40.7	-38.7
Undeveloped	0.0	0.0	0.0	0.0	0.0
Total Proved	617.5	603.2	588.3	573.3	558.6
Total Probable	15,859.1	9,848.3	5,951.7	3,355.2	1,586.5
Total Proved plus Probable	16,476.6	10,451.5	6,540.0	3,928.5	2,145.1

	Unit Value Before Income Tax Discounted at 10%[1] (US$/BOE)
Proved	
Developed Producing	20.45
Developed Non-Producing	-10.34
Undeveloped	0.00
Total Proved	**17.44**
Total Probable	**10.47**
Total Proved Plus Probable	**10.84**

Note:
(1) Based on net reserves volumes.

Additional Information Concerning Future Net Revenue (Undiscounted) – Forecast Prices and Costs

(thousands of U.S. dollars) (Undiscounted)	Revenue	Royalties	Operating Costs	Develop-ment Costs	Abandon-ment and Other Costs	Future Net Revenue Before Income Taxes	Future Income Taxes	Future Net Revenue After Income Taxes
Total Proved	3,499.4	232.9	2,350.9	60.9	164.0	690.6	73.1	617.5
Total Proved plus Probable	68,114.4	4,547.2	25,179.6	19,882.0	544.1	17,961.6	1,484.9	16,476.6

Future Net Revenue by Production Group – Forecast Prices and Costs

	Future Net Revenue Before Income Taxes Discounted at 10%[3] *(thousands of U.S. dollars)*	Per Unit Future Net Revenue Before Income Taxes Discounted at 10%[3] (US$/BOE)
Proved		
Light and Medium Crude Oil[1]	648.9	17.44
Natural Gas[2]	0.00	0.00
Proved plus Probable		
Light and Medium Crude Oil[1]	7,469.7	10.84
Natural Gas[2]	0.0	0.0

Notes:
(1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.
(3) Based on net reserves volumes.

Pricing Assumptions – Forecast Prices and Costs

Sproule employed the following pricing, exchange rate and inflation rate assumptions as of September 30, 2013 in the Sproule Report in estimating reserves data using forecast prices and costs.

Year	Sproule Forecast Brent Oil @ 38° API (US$/Bbl)
2013 9 mo. Actual	108.24
2013 3 mo. Estimate	111.57
2014	105.43
2015	98.81
2016	96.15
2017	102.34

*Escalated at 1.5% per year thereafter.

Sproule's oil price forecast in effect on September 30, 2013 for Brent crude formed the basis for the prices used in its evaluation of the Alvopetro Assets. For the Bom Lugar Field, a negative price offset of US$14.97 per barrel was applied to the Brent crude oil price forecast. Additionally, Sproule applied a downward quality adjustment of US$0.10 per barrel. For both the Jiribatuba and Aracaju fields, a five percent discount from the Brent crude price forecast was used.

Weighted Average Historical Price (Brent): US$108.24/Bbl for the nine months ended September 30, 2013. The exchange rate of 2.341 R$/US$ was used in the reserves evaluation.

Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to the Alvopetro Assets:

	Light and Medium Oil, Mbbls	
	First Attributed Gross	Booked Gross
Proved Undeveloped		
Prior	-	-
September 30, 2013	-	-
Probable Undeveloped		
Prior	-	-
September 30, 2013	639.9	639.9

In general, the undeveloped reserves relating to the Alvopetro Assets are scheduled to be developed within the next two years.

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 and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change or additional data becomes available, reserve estimates can 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 process. As a result, 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 and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs

The table below sets out the total development costs deducted in the estimation in the Sproule Report of future net revenue attributable to proved reserves and proved plus probable reserves (using forecast prices and costs).

(thousands of U.S. dollars)	Forecast Prices and Costs	
	Proved Reserves	**Proved Plus Probable Reserves**
2013	-	60.0
2014	60.9	3,677.3
2015	-	16,144.7
2016	-	-
2017	-	-
Remaining Years	-	-
Total Undiscounted	**60.9**	**19,882.0**

ResourceCo will have three sources of funding available to finance future development costs: internally generated cash flow from operations, debt financing and equity financing. ResourceCo expects, following the Arrangement and ResourceCo Organization Transaction, to fund short and medium term development primarily through the initial capital to be received in connection with the ResourceCo Organization Transaction, but may rely, to some extent, on debt financing or equity financing by issuing additional ResourceCo Shares depending on prevailing commodity prices, market conditions, the desirability of accelerating ResourceCo's capital expenditure program and the availability of financing on favourable terms. The cost of the debt component for funding future development costs is expected to be minimal and to not materially impact the disclosed reserves or future net revenue.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table summarizes the interest relating to the Alvopetro Assets as at September 30, 2013 in wells, which are producing, or which ResourceCo considers to be capable of production:

	Gross		**Net**	
	Producing	Shut-in	Producing	Shut-in
Brazil (onshore)				
Oil	4	3	3	2.7
Total	**4**	**3**	**3**	**2.7**

Properties with no Attributed Reserves

The section "Principal Properties – Exploration Blocks" summarizes the gross and net acres of unproved properties relating to the Alvopetro Assets as at September 30, 2013, the existence, nature (including bonding requirements), timing and cost of any work commitments. ResourceCo does not expect that any of the rights with respect to the Alvopetro Assets to explore, develop and exploit will expire within one year, as at September 30, 2013.

Additional Information Concerning Abandonment and Reclamation Costs

The expected total reserve well abandonment costs, net of reclamation and estimated salvage value, included in the Sproule Report for three (3) net wells under the proved reserves category is US$164,013 undiscounted, of which a total of none is estimated to be incurred in 2013, 2014 and 2015.

Tax Horizon

It is expected that ResourceCo will pay taxes in Brazil in 2013 and 2014 under the presumed tax regime, as described below under the heading "Brazil – Taxes".

Costs Incurred

The following table summarizes capital expenditures and including capitalized general and administrative expenses related to the Alvopetro Assets activities for the nine months ended September 30, 2013:

	Nine Months Ended September 30, 2013 (US$)
Corporate assets	239,546
Net property and land acquisitions	1,176,479
Seismic and geological evaluation	1,192,174
Well drilling, completion and equipping	660,000
Equipment and facilities	27,131
Total	**3,295,330**

Exploration and Development Activities

During the nine month period ending September 30, 2013, no new wells were drilled on the Alvopetro Assets.

Production Estimates

The following table discloses for each product type the total volume of production estimated by Sproule in the Sproule Report in the estimates of future net revenue from gross proved and gross proved plus probable reserves disclosed above for the first year.

	Light and Medium Crude Oil (Bbls/d) Q4-2013	%	Light and Medium Crude Oil (Bbls/d) 2014	%
Bom Lugar	35	69	30	17
Aracaju	-	-	3	2
Total Proved	**35**	**69**	**32**	**19**
Bom Lugar	4	8	6	3
Jiribatuba	12	23	134	78
Total Proved Plus Probable	**51**	**100**	**172**	**100**

Production History

The following tables disclose, on a quarterly basis for the year ended December 31, 2012 and the nine months ended September 30, 2013, certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback with respect to the Alvopetro Assets.

Average Daily Production Volume, Prices Received, Royalties Paid, Production Costs and Netback – Crude Oil

	Three Months Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
Light and Medium Crude Oil (Bbls/d)	54	59	54	51
Prices Received (US$ per Bbl)	105.70	98.17	92.58	104.94
Royalties Paid (US$ per Bbl)	6.45	5.56	5.52	3.76
Production Costs (US$ per Bbl)	37.51	43.98	34.36	34.09
Netback (US$ per Bbl)[1]	**61.73**	**48.64**	**52.70**	**67.09**

	Mar. 31, 2013	Jun. 30, 2013[2]	Sep. 30, 2013[2]
Light and Medium Crude Oil (Bbls/d)	35	37	25
Prices Received (US$ per Bbl)	120.51	86.36	89.67
Royalties Paid (US$ per Bbl)	6.13	5.22	7.29
Production Costs (US$ per Bbl)	49.45	85.61	170.88
Netback (US$ per Bbl)[1]	**64.93**	**(4.47)**	**(88.51)**

Notes:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

(2) The 2013 second and third quarter operating costs include well maintenance and workover costs that are not representative of normal operating conditions.

INDUSTRY CONDITIONS

Brazil

Brazil, located on the east coast of South America, is a federal republic characterized by its large and growing domestic market, diversified economy and world class oil industry. Brazil is the world's seventh largest economy with a history of political, and regulatory stability. Brazil has proven oil reserves of approximately 15.3 billion Bbls and proven gas reserves of approximately 459.3 billion m^3 (as of 2012 as reported by the ANP in July 2013) as a result of world-class exploration success and a regulatory framework that allows for private investment. In 2011, Brazil was a net importer of oil as a result of increased energy consumption in recent years. As a result, increasing domestic oil production has been a long-term goal of the Brazilian government.

Exploration in Brazil began in the 1930s and the first commercial discovery was made in 1939 in the Recôncavo Basin in the Province of Bahia. However, production output did not experience substantial growth until the late 1970s when the state oil company, Petróleo Brasileiro SA ("**Petrobras**") extended its operations offshore. In the Campos Basin, offshore Brazil, a series of giant deep-water discoveries were made in the 1980s and 1990s. The discovery of the "pre-salt" reserves (a group of reservoirs older than the salt layer) in the Santos Basin followed those in the Campos Basin, and have become the focal point of current hydrocarbon development in Brazil. The pre-salt discoveries are credited with being the potential catalyst for making Brazil an increasingly important oil exporter. However, there are also other opportunities that extend beyond the shallow and deep waters' conventional potential, including the mature coastal basins that have yet to undergo next generation exploration and development methodologies. The onshore basin opportunities include new exploration models for additional trapping opportunities, unconventional or tight oil plays and enhanced recovery methods in existing oil pools.

Brazil - Hydrocarbon Law & Concessions Regime

Until 1995, Brazilian oil and gas activities were monopolized by state-owned Petrobras. Constitutional Amendment No. 09 (1995) adjusted this monopoly by allowing that the Brazilian government could contract with state-owned and private companies to conduct many oil and gas activities. Today, state-owned or private company participation in these oil activities is regulated in large part by Federal Law No. 9,478 (1997) (the "**Petroleum Law**"). Under the "concession" regime regulated by the Petroleum Law, the ANP has conducted 11 bidding rounds to grant Concession Contracts for onshore and offshore petroleum exploration and production blocks to concessionaries, and to grant Mature Field Contracts.

In addition to the existing concession regime, newer Brazilian laws have confirmed a "production sharing contract" to be applied for future licensing of the defined pre-salt area and certain other areas to be deemed strategic by the government.

The primary regulatory agencies charged with regulating oil and gas activities in Brazil are:

(a) the CNPE, having the main purposes of fostering rational use of Brazil's energy resources, ensuring proper functioning of the national fuels inventories system, reviewing energy matrixes for different regions of Brazil, and establishing guidelines; and

(b) the ANP, being the national regulator of the oil, gas and biofuels industries, is generally charged with regulating, contracting and supervising activities related to oil and natural gas, and establishing technical standards for various related activities.

In addition to this regulatory framework, environmental regulations are applicable and some licences are required for the performance of oil and gas activities. Government environmental agencies are responsible for issuing such licences and federal or state rules may apply depending on the activity to be carried out. As mentioned above, there are two different regulatory frameworks for the granting of exploration and production rights in Brazil: the concession regime and the production sharing contract regime. The exploration and production rights to be held by ResourceCo fall under the concession regime.

Under the concession regime, oil and gas blocks are awarded by means of bidding rounds carried out by the ANP. The ANP has the authority to define which oil and gas blocks shall be tendered and to release general terms and conditions comprised in the tender documents. Such tender documents establish all technical, financial and legal documents and requirements that the would be concessionaire must present or satisfy in order

to be qualified to participate in the bidding round under various categories of participation. The ANP's bid evaluation criteria are signature bonus, minimum exploration program, and local content. Federal, state and local governments are recompensed through “government takes”, which are defined as all payments to be made by a concessionaire as a result of the activities of exploration and production of oil and natural gas. Government takes consist of:

- Signature Bonus: a lump-sum payable in a single instalment upon execution of the concession agreement;
- Royalties: financial compensation to be paid monthly by the concessionaries;
- Special Participation: extraordinary financial compensation payable in the event that high volumes of oil or natural gas are produced or a certain field otherwise enjoys high profitability; and
- Payment for area occupation or retention: consists of a yearly sum to be paid for the occupation or retention of oil prospecting areas. ANP sets the amounts to be paid in the bidding documents and concession agreements, but there are minimum and maximum standards established by law.

There is no restriction on direct or indirect foreign participation in exploration and production rights, provided that the foreign investor incorporates a company under the Brazilian law with head office and management in Brazil and complies with all technical, legal and financial requirements established by the ANP. No preference rule is established.

Operations are generally divided into two phases: exploration and production. The exploration phase can be 5 years for mature blocks or 8 years for frontier blocks. The exploration terms are outlined in each bid round instruction and for Alvopetro’s Blocks are 5 years, consisting of two phases of three and two years. The minimum exploration program of the first exploration phase is the work program bid to win the block, and for the second phase the minimum work program is one exploration well.

In the case of a discovery in the exploration phase, the company must notify ANP and to assess the discovery, submit a “Discovery Assessment” that includes a specific request for a long-term production test, if required. Once the assessment is complete, the company submits a “Final Discovery Assessment Report” and then can Declare Commerciality. A Development Plan would then need to be submitted to the ANP within 6 months after commercial declaration. Once the ANP has accepted and approved the development plan (within 6 months of submission by the operator), the operator is granted the area for production purposes with the remaining land returned to the ANP. The development and production phase is for 27 years after the declaration of commerciality.

Local Content

All Concession Contracts have local content requirements, which are determined during the bidding process for each block and assessed at end of expiry phase of each bock. If the committed level of local content is not met, the operator will be fined. Fines can be levied at the category or subcategory level. Companies have to submit local content details as part of a regular quarterly report to the ANP. For the Concession Contracts held by Alvopetro, the local content requirement ranges between 70% to 85%, depending on the phase and the contract.

Brazil - Royalties

Royalties are chargeable on oil and gas production. The basic royalty payable under the Petroleum Law is 10%. This rate can be varied to a lower rate at the discretion of the ANP, but cannot be reduced below 5%. Reduced rates have occasionally been set during the initial licensing process. All of the Concession Contracts held by Alvopetro are subject to a base 10% royalty and all of the Mature Fields held by Alvopetro are subject to a base 5% royalty.

In addition, landowners are entitled to a percentage of the production from their lands, which may vary from 0.5% to 1%, to be defined by the ANP according to the Petroleum Law. All of the Concession Contracts held by Alvopetro are subject to a 1% land royalty and all the Mature Fields held by Alvopetro are subject to a 0.5% land royalty.

Previous shareholders of Alvopetro are entitled to a gross-overriding royalty on Block 131, Block 132, Block 144, Block 157, Block 182, Block 196 and Block 197. This gross-overriding royalty is 2.5% on gross revenues for these blocks, less Government royalties and taxes on revenue.

Special Participation

The special participation, set forth in Item III, Article 45 of Brazil's Law 9,478, of 1997, constitutes an extraordinary financial compensation owed by concessionaires of exploration and production of crude oil and natural gas, like ResourceCo, in the case of a large volume of production or high earnings, in accordance with the criteria established in this Decree, and shall be paid in regard to each field of a determined concession area, from the quarter-year in which the respective start-up production date occurs.

The thresholds and rates set out below apply to the blocks comprising the Alvopetro Assets. Production up to these thresholds is exempt from the special participation.

	M^3/Quarter	BOPD	Special Participation
Year 1	450,000	31,450	(RLP – RLP*450/VPF)*SP%
Year 2	350,000	24,461	(RLP – RLP*350/VPF)*SP%
Year 3	250,000	17,472	(RLP – RLP*250/VPF)*SP%
Year 4	150,000	10,483	(RLP – RLP*150/VPF)*SP%

Where:
(1) RLP is Net profit per quarter
(2) VPF is production per quarter, measured in thousands of cubic metres of equivalent oil for each field
(3) SP% is the applicable special participation rate between 10% and 40% depending on the quarterly production volume, increasing at higher levels of production.

The net profit corresponding to each field of a given concession area equals the gross revenue of the production deducting the corresponding amount of the royalties, exploration investments, operational costs, depreciation and taxes directly related to the field operations, that have been actually disbursed during the concession agreement term, until it is assessed, and which have been determined according to the ANP rules, all divided by the volume of production produced. For the purposes of the calculations described under this "Special Participation" section, all amounts are computed in Brazilian reals.

When the net profit of a determined field is negative, it may be offset against the calculation of the special participation owed for that same field, for the following quarters.

In case of fields which extend over two or more concession areas, the assessment of the special participation shall be based on the net profit and the total production volume of the fields.

Brazil - Taxes

The statutory tax rate applicable to corporate income is 34%. This is comprised of a basic 15% corporate income tax, plus 10% surtax and 9% social contribution on net profit tax. Corporate income tax is payable on the total upstream profits of a company. Brazilian companies may elect to compute corporate taxes under the presumed profit system provided total revenues from the immediately preceding year were less than R$48 million (increasing to R$72 million in 2014) and certain other conditions have been met. Presumed profit is computed by applying a certain predetermined percentage to gross revenues. The applicable percentage varies by activity. In general, the combined inherent rate applicable to ResourceCo's anticipated Brazil activities is expected to be approximately 2.28% on gross revenues.

There are also a number of other taxes and social contributions that are levied by federal, state and municipal authorities in Brazil on tangible and intangible investments made in connection with oil and gas projects. The two main forms of such levies are value-added (sales) taxes and import duties. The actual application of these levies is project and location specific.

AVAILABLE FUNDS AND PLANNED CAPITAL EXPENDITURES

Available Funds

Prior to the Effective Time, Petrominerales anticipates that it will expend up to US$18 million on capital and operating expenditures relating to the Alvopetro Assets.

In addition to the US$18 million budget and pursuant to the ResourceCo Organization Transaction, prior to the Effective Date, the ResourceCo Initial Capital will be transferred to ResourceCo, which amount will be reduced by such amounts, if any, that Petrominerales' expenditures with respect to the Alvopetro Assets exceeds US$18 million.

If, as anticipated, Petrominerales acquires the remaining 25% interest in Alvopetro pursuant to the Alvopetro SPA prior to the Effective Time, following the Arrangement, ResourceCo will hold a 100% interest in Alvopetro and an estimated amount of cash of approximately $91 million. If Petrominerales does not acquire the remaining 25% interest in Alvopetro prior to the Effective Time, ResourceCo will hold a 75% interest in Alvopetro and an estimated amount of cash of approximately $100 million and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo.

ResourceCo believes that the cash amounts to be transferred pursuant to the ResourceCo Organization Transaction will be sufficient to fund exploration and evaluation work on ResourceCo's properties as well as paying general and administrative expenses for approximately 18 months. This estimate of the net cash position of ResourceCo at the Effective Time is dependent upon assumptions and factors including: (i) the completion of the transactions contemplated by the Alvopetro SPA and the terms thereof; and (ii) whether the capital and expenditures of Petrominerales with respect to the Alvopetro Assets prior to the Effective Time exceed US$18 million. Further, the expected available funds discussed in the information circular do not take into account revenue that is expected to be derived from operations of ResourceCo. The actual cash position of ResourceCo at the close of the Arrangement may be materially different than the current estimate. See "Risk Factors – Risks Related to the Arrangement".

Principal Purposes

To the end of 2014, management will focus on activities related to demonstrating the commercial viability of the Gomo potential, further developing and enhancing existing proven oil fields and exploring ResourceCo's land base for shallow, conventional oil and gas.

ResourceCo's initial phase capital program will include:

- commencement of civil works relating to ResourceCo's initial drilling campaign in mid-October, 2013;
- drilling of the first exploration well on Block 197 in January 2014; and
- two workovers of existing wells, one at each of the Bom Lugar and Jiribatuba oil fields.

It is currently expected that ResourceCo's second phase capital program is expected to start in mid-2014 and will consist of:

- Drilling six wells on various blocks in the Recôncavo acreage targeting the Gomo potential and as well as some shallower, conventional targets; and
- Geological and geophysical activities including advancing the geological modelling, re-processing existing seismic and potentially acquiring up to 31 square kilometres of 3D seismic over two recently acquired blocks.

In addition to its core activities on the Alvopetro Assets, the management will consider opportunities that will potentially yield value to the shareholders of ResourceCo.

Planned Capital Expenditures

The breakdown of ResourceCo's planned capital program through to December 2014 is estimated as follows:

Principal Purpose	October 2013 – December 2014 Estimated Amount to be Expended (US$ millions)
Civil construction	4 – 7
Drilling & evaluating	39 – 49
Completions and well testing	4 – 8
Work-overs	6 – 7
Seismic (11th Brazil Bidding Round blocks)	6 – 12
General and administrative	8 – 10
Total	**67 – 93**

Beyond 2014, it is currently expected that ResourceCo will maintain a capital budget similar to 2014, subject to results from the 2013/2014 drilling programs. Depending upon successful drilling on any or all of the exploration blocks, ResourceCo may amend its capital program to direct more funds towards appraisal and development programs on those blocks. Management 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 or 2014, 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), ResourceCo expects to have funding for approximately 18 months. See "Risk Factors".

Business Objectives

The work programs described for the Alvopetro Assets 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 ResourceCo's properties will be dependent on the results of the preliminary work completed. See "The Alvopetro Assets - Principal Properties".

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Pro Forma Financial Information

Schedule A to this Appendix G contains:

(a) the audited statement of financial position of ResourceCo (1774501 Alberta Ltd.) at September 30, 2013;

(b) the audited carve-out financial statements of the business comprised of the Alvopetro Assets, prepared on a carve-out basis, as at December 31, 2012, and for the period December 12, 2012 to December 31, 2012; together with the unaudited interim financial statements of the business comprised of the Alvopetro Assets, prepared on a carve-out basis, as at and for the nine months ended September 30, 2013;

(c) the audited carve-out financial statements of the business comprised of the Alvopetro Assets, prepared on a carve-out basis, as at December 11, 2012 and December 31, 2011 and for the period January 1, 2012 to December 11, 2012 and the years ended December 31, 2011 and 2010; and

(d) the unaudited *pro forma* financial statements of ResourceCo and the business comprised of the Alvopetro Assets as at and for the nine months ended September 30, 2013, and for the year ended December 31, 2012, after giving effect to the Arrangement and the ResourceCo Organization Transaction.

The following is a summary of selected financial information for the Alvopetro Assets and for ResourceCo on a *pro forma* basis following the completion of the Arrangement and the ResourceCo Organization Transaction. The following is a summary only and must be read in conjunction with the financial statements and *pro forma* financial statements contained in this Appendix.

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 Shareholders approve the Arrangement Resolution at the Meeting and the Arrangement and the ResourceCo Organization Transaction 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.

For the purposes of this Appendix and the financial statements contained herein, ResourceCo has assumed that the transactions contemplated by the Alvopetro SPA have been completed and that the ResourceCo Assets include a 100% interest in the Alvopetro Assets. There can be no assurance that the transactions contemplated by the Alvopetro SPA will be completed prior to the Effective Time or at all. Should the transactions contemplated by the Alvopetro SPA not be completed on or prior to the Effective Time, ResourceCo will hold a 75% interest and not a 100% interest in the Alvopetro Assets, and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo. See "Risk Factors – Alvopetro SPA".

	***Pro Forma* Consolidated Statement of Financial Position as at September 30, 2013 (US$)**				
	ResourceCo	Alvopetro Assets	*Pro Forma* Adjustments	Notes	*Pro Forma* ResourceCo
ASSETS					
Current assets					
Cash and cash equivalents	100	776,370	88,479,300	A, B	89,255,770
Trade and other receivables	-	51,420	-		51,420
Total current assets	**100**	**827,790**	**88,479,300**		**89,307,190**
Other assets	-	6,847,341	-		6,847,341
Exploration and evaluation assets	-	29,832,409	-		29,832,409
Property, plant and equipment	-	4,883,063	-		4,883,063
Goodwill	-	3,283,333	369,298	B	3,652,631
Total non-current assets	**-**	**44,846,146**	**369,298**		**45,215,444**
Total assets	**100**	**45,673,936**	**88,848,598**		**134,522,634**
LIABILITIES AND EQUITY					
Current liabilities					
Accounting payable and accrued liabilities	-	883,516	-		883,516
Non-current liabilities					
Decommissioning liabilities	-	2,702,433	-		2,702,433
Total liabilities	**-**	**3,585,949**	**-**		**3,585,949**
Share capital	100	-	132,080,818	A, C, D	132,080,918
Currency translation reserve	-	(1,144,233)	-		(1,144,233)
Net investment in ResourceCo Assets	-	34,850,818	(34,850,818)	D	-
Non-controlling interest	-	8,381,402	(8,381,402)	B	-
Total liabilities and equity	**100**	**45,673,936**	**88,848,598**		**134,522,634**

The following adjustments reflect the expected changes to ResourceCo's historical results which would arise from the ResourceCo Organization Transaction and the Arrangement:

(A) Cash and cash equivalents and share capital increased by US$97.2 million ($100 million). The unaudited *pro forma* consolidated statement of financial position does not reflect any excess cash that may be on hand at the Effective Time due to the difference between the US$18 million capital budget limit for the period from September 29, 2013 to the Effective Time and the actual capital, operating and administrative expenditures.

(B) Petrominerales entered into the Alvopetro SPA. This acquisition is expected to close in the middle of November 2013 and would reduce cash by US$8.8 million, eliminate the non-controlling interest of US$8.4 million and increase goodwill by US$0.4 million.

(C) The value of share capital will be determined at the time of the Arrangement.

(D) The amount of Petrominerales' net investment in ResourceCo, which was recorded in ResourceCo as net investment in its financial statements, is reclassified to share capital.

(E) ResourceCo's tax pools will be determined at the time of the Arrangement. As at September 30, 2013, there were approximately US$40 million in tax pools and an overall deferred tax asset in ResourceCo. However, based on historical activities, no deferred tax asset has been recognized at September 30, 2013.

The following sets out a summary of the financial results for the Alvopetro Assets for the fiscal years ended December 31, 2012, 2011 and 2010, and for the nine months ended September 30, 2013.

	Nine Months Ended September 30, 2013 (US$) (unaudited)	Year Ended December 31, 2012 (US$)	Year Ended December 31, 2011 (US$)	Year Ended December 31, 2010 (US$)
Gross revenue	905,677	1,998,326	1,863,326	1,140,203
Royalties	48,374	105,714	108,912	76,383
Expenses	10,840,867	4,105,559	3,960,625	3,655,094
Loss before taxes	**9,983,564**	**2,212,947**	**2,206,211**	**2,591,274**
Tax expense	19,814	-	-	-
Net loss	**10,003,378**	**2,212,947**	**2,206,211**	**2,591,274**
Foreign currency translation loss (gain)	1,839,438	2,922,005	3,407,136	(1,039,604)
Net loss and comprehensive loss	**11,842,816**	**5,134,952**	**5,613,347**	**1,551,670**

Management's Discussion and Analysis

The following management's discussion and analysis has been prepared by ResourceCo from a review of the carve-out financial statements of the Alvopetro Assets for the periods ended December 31, 2012, 2011 and 2010, and for the nine months ended September 30, 2013, after giving consideration to the Arrangement and the ResourceCo Organization Transaction. It should be read in conjunction with financial statements and the accompanying notes contained at Schedule A to this Appendix G.

The financial statements (and the financial information contained in this management's discussion and analysis) were prepared in accordance with IFRS and reported in United States dollars. The fiscal year end of the Alvopetro 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 Alvopetro 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 Alvopetro Assets future results due to differences in the corporate and financial structure and management of Petrominerales and that of ResourceCo.

Liquidity and Capital Resources

The exploration, evaluation and development of Alvopetro Assets will require significant amounts of long-term capital. ResourceCo is expected to have opening net cash sufficient to fund approximately 18 months of exploration and evaluation activities on the Alvopetro Assets as well as paying general and administrative

expenses for such period. In the event ResourceCo 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.

All of ResourceCo'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. ResourceCo has no control over government intervention or taxation levels in the oil and natural gas industry. The *pro forma* liability for decommission obligations of ResourceCo was US$2.7 million as at September 30, 2013. ResourceCo intends to review the decommissioning 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.

Disclosure of Outstanding Share Capital including on a Fully Diluted Basis

It is expected that 85,098,833 ResourceCo Shares will be issued upon completion of the Arrangement and the ResourceCo Organization Transaction, assuming that: (i) no Dissent Rights are exercised; (ii) the "in-the-money" Petrominerales Options, Petrominerales DCS Awards and Petrominerales ICS Awards are exercised for cash prior to the Arrangement; and (iii) no 2010 Debentures or 2012 Debentures are converted to Shares prior to the completion of the Arrangement. See "Capitalization" in this Appendix G for a table that sets forth the capitalization of ResourceCo, effective as of the date of the Information Circular, both before and after giving *pro forma* effect to the Arrangement and the ResourceCo Organization Transaction.

Assuming that the ResourceCo Option Plan is approved by Shareholders at the Meeting, it is anticipated that following completion of the Arrangement, ResourceCo will grant ResourceCo Options to directors, executive officers, employees and consultants of ResourceCo. As at the date hereof, the number of ResourceCo Options to be granted has not yet been determined by ResourceCo. See "Compensation of Executive Officers and Directors – ResourceCo Option Plan". See "ResourceCo Option Plan" in the Information Circular.

Cash Flow

Cash on hand is expected to be sufficient to fund ResourceCo's exploration and development campaign for approximately 18 months. See "*Available Funds and Principal Purposes*".

ResourceCo currently generates losses from its operations. The ability to generate cash flows from operations will depend upon drilling results. In addition to its initial capital to be received in connection with the ResourceCo Organization Transaction, ResourceCo may need to rely upon the issuance of ResourceCo Shares, the issuance of debt securities or farm-out arrangements to raise capital. The availability of financing, as and when needed, to fund ResourceCo's activities, cannot be assured. See "Risk Factors — Risks Related to ResourceCo — Financing Risk".

Financial and Other Instruments

Although ResourceCo has not yet established a formal policy, management of ResourceCo may use financial instruments to reduce corporate risk in certain situations. ResourceCo will have no hedging commitments in place upon completion of the Arrangement.

Off-Balance Sheet Arrangements

ResourceCo 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

ResourceCo does not have any transactions with related parties.

Disclosure

The financial condition and results of operation of the Alvopetro Assets are not necessarily indicative of ResourceCo's future performance, as, among other things, ResourceCo will have a different capital structure and ResourceCo's access to and cost of capital will be different. See "Risk Factors".

DESCRIPTION OF CAPITAL STRUCTURE

ResourceCo is authorized to issue an unlimited number of ResourceCo Shares and an unlimited number of preferred shares of ResourceCo (the "**ResourceCo Preferred Shares**"). As at the date of the Information Circular, there are 100 ResourceCo Shares issued and outstanding (all are held by Petrominerales) and no ResourceCo Preferred Shares issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the ResourceCo Shares and the ResourceCo Preferred Shares.

ResourceCo Shares

Holders of ResourceCo Shares are entitled to one vote for each ResourceCo Share held on all votes taken at meetings of holders of ResourceCo Shares. The holders of ResourceCo Shares are entitled to receive such dividends as ResourceCo's directors may from time to time declare. Subject to certain terms and conditions, ResourceCo may issue ResourceCo Shares as payment of all or any portion of dividends declared on the ResourceCo Shares for those ResourceCo Shareholders who elect to receive share dividends instead of cash dividends. In the event of the winding up or dissolution of ResourceCo, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of ResourceCo Shares are entitled to the surplus assets of ResourceCo and generally will be entitled to enjoy all of the rights attaching to shares of ResourceCo.

ResourceCo Preferred Shares

The ResourceCo Preferred Shares are issuable at any time and from time to time in one or more series. The ResourceCo Board are authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to the ResourceCo Preferred Shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment to ResourceCo's articles setting forth the designation and provisions attaching to the ResourceCo Preferred Shares or shares of the series. The ResourceCo Preferred Shares of each series will rank on a parity with the ResourceCo Preferred Shares of every other series and will be entitled to preference over the ResourceCo Shares and any other shares ranking junior to the ResourceCo Preferred Shares with respect to payment of dividends and distribution of any property or assets in the event of ResourceCo'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 ResourceCo Preferred Shares of all series will participate rateably in accordance with the amounts that would be payable on such ResourceCo 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 the Information Circular, there are no ResourceCo Preferred Shares issued and outstanding.

Advance Notice Bylaws

ResourceCo's By-law No. 1 includes provisions regarding advance notice of nominations of directors of ResourceCo (the "**Advance Notice By-law**"). The purpose of the Advance Notice By-law is to provide ResourceCo Shareholders, the ResourceCo Board and management of ResourceCo with a clear framework for director nominations to help ensure orderly business at ResourceCo Shareholder meetings and effectively prevents a ResourceCo Shareholder from director nominations from the floor of a meeting without prior notice. Among other things, the Advance Notice By-law fixes a deadline by which persons must submit director nominations to ResourceCo prior to any annual or special meeting of ResourceCo Shareholders. It also specifies the information that a nominating ResourceCo Shareholder must include in the notice to ResourceCo in order for any director nominee to be eligible for election at any annual or special meeting of ResourceCo Shareholders. A copy of By-law No. 1, including the Advance Notice By-law will be available on SEDAR.

Market for ResourceCo Shares

There is no market through which the ResourceCo Shares may be sold. This may affect the pricing of the ResourceCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of ResourceCo Shares, and the extent of issuer regulation. ResourceCo has applied to list the ResourceCo Shares on the facilities of the TSXV. Such listing will be subject to ResourceCo fulfilling all of the minimum listing requirements of the TSXV. There can be no assurance that the ResourceCo Shares will be listed and listing is not a condition to the completion of the Arrangement. If listing approval is obtained prior to the effective time of the Arrangement (and there can be no assurance that listing approval will be obtained by such time or at all), trading in the ResourceCo Shares is expected to commence concurrently with the delisting of the Shares from the TSXV. Even if a listing is obtained, there can be no assurance that an active public market for the ResourceCo Shares will develop or be sustained. The holding of ResourceCo Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The ResourceCo Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. See "Risk Factors" and "Matters Relating to the Arrangement – Stock Exchange Listings" in the Information Circular.

Dividends

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

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of ResourceCo, effective September 30, 2013, both before and after giving *pro forma* effect to the Arrangement and the ResourceCo Organization Transaction. See the financial statements attached as Schedule A to this Appendix G.

Designation	Authorized	Outstanding as at September 30, 2013, prior to giving effect to the Arrangement and the ResourceCo Organization Transaction	Outstanding as at September 30, 2013, after giving effect to the Arrangement and the ResourceCo Organization Transaction[(1)]
ResourceCo Shares	Unlimited	$100 (100 ResourceCo Shares)	$132,080,918 (85,098,833 ResourceCo Shares)
ResourceCo Preferred Shares	Unlimited	Nil	Nil
Debt	-	Nil	Nil

Note:

(1) Assuming the completion of the Arrangement and assuming that: (i) no Dissent Rights are exercised; (ii) the "in-the-money" Petrominerales Options, Petrominerales DCS Awards and Petrominerales ICS Awards are exercised for cash prior to the Arrangement; and (iii) no 2010 Debentures or 2012 Debentures are converted to Shares prior to the completion of the Arrangement.

PRIOR SALES

On September 25, 2013, ResourceCo issued 100 ResourceCo Shares to Petrominerales at a price of $1.00 per ResourceCo Share to facilitate its organization.

TRADING PRICE AND VOLUME

The ResourceCo Shares are not currently traded or quoted on a marketplace. See "Description of Capital Structure - Market for ResourceCo Shares".

ESCROWED SECURITIES

To the knowledge of ResourceCo, as of the date of the Information Circular, no securities of any class of securities of ResourceCo are or are anticipated to be held in escrow or subject to a contractual restriction on transfer following the completion of the Arrangement.

PRINCIPAL SHAREHOLDERS

There are currently 100 issued and outstanding ResourceCo Shares, all held by Petrominerales. To the knowledge of ResourceCo, 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 ResourceCo, except as set forth below:

Name	Number of ResourceCo Shares Beneficially Owned or Controlled	Percentage of Total ResourceCo Shares
Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisers Incorporated, and FIL Limited	11,632,332[(1)]	13.67%[(2)]

Notes:

(1) Based on the Alternative Monthly Report respecting ownership of Shares (of Petrominerales) filed on SEDAR on May 10, 2013.

(2) Based on 85,098,833 ResourceCo Shares issued and outstanding upon completion of the Arrangement and the ResourceCo Organization Transaction, assuming that: (i) no Dissent Rights are exercised; (ii) the "in-the-money" Petrominerales Options, Petrominerales DCS Awards and Petrominerales ICS Awards are exercised for cash prior to the Arrangement; and (iii) no 2010 Debentures or 2012 Debentures are converted to Shares prior to the completion of the Arrangement.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address and Occupation

The names, municipalities of residence, positions with ResourceCo and its subsidiaries and the principal occupations of the persons who are expected to serve as directors and executive officers of ResourceCo after giving effect to the Arrangement are set out below.

Name and Municipality of Residence	Proposed Position Held[(1)]	Position Since	Principal Occupation During the Preceding Five Years
John D. Wright Calgary, Alberta	Chairman	September 25, 2013	Since May 2010, Chairman of the Board of Petrominerales. From inception to May 2010, President, Chief Executive Officer and a director of Petrominerales. Since January 2013, Chairman of the Board and Chief Executive Officer of Petrobank Energy and Resources Ltd. ("**Petrobank**"). From March 2000 to December 2012, President, Chief Executive Officer and a director of Petrobank. Since May 2011, President, Chief Executive Officer and a director of Lightstream Resources Ltd. (formerly PetroBakken Energy Ltd.) ("**Lightstream**"). From October 2009 to May 2011, Chairman of the Board and Chief Executive Officer of Lightstream.

Corey C. Ruttan Calgary, Alberta	Director, President and Chief Executive Officer	September 25, 2013	Since May 2010, President and Chief Executive Officer of Petrominerales. From May 2006 to May 2010, Vice President Finance and Chief Financial Officer of Petrominerales. From November 2008 to May 2010, Senior Vice President Finance and Chief Financial Officer of Petrobank. From May 2007 to November 2008, Vice President Finance and Chief Financial Officer of Petrobank. From July 2009 to May 2010, Executive Vice President and Chief Financial Officer of Lightstream.
Kenneth R. McKinnon Calgary, Alberta	Director	Effective Date	Since March 2000, a director of Petrobank. Since May 2011, Chairman of the Board of Lightstream. Since October 2009, a director of Lightstream. Vice President Legal and General Counsel of Critical Mass Inc., a website design company.
Geir Ytreland Farnham, United Kingdom	Director	Effective Date	Principal advisor with Gaffney, Cline & Associates, United Kingdom. Since January 2004, Project Manager for development of the East Timor petroleum industry. Since April 2000, Self-employed consultant. From 2007 to 2011, assisted the Government of Afghanistan in establishing petroleum administration. From March 1993 to March 2000, Country Manager (Venezuela) of Norsk Hydro.
Firoz Talakshi Calgary, Alberta	Director	Effective Date	Since October 2012, Senior Advisor, KPMG International Corporate Tax, Calgary. From 1977 to September 2012, various positions with KPMG Canada, including Partner.
John Koch Calgary, Alberta	Chief Operating Officer	Effective Date	Since January 2013, Chief Operating Officer of Petrominerales. From March 2012 to October 2012, President and Chief Executive Officer of SFN Biosystems Inc. From January 2007 to March 2012, Chief Operating Officer of Central Montana Resources LLC.
Alison Howard Calgary, Alberta	Chief Financial Officer	Effective Date	Since March 2013, Tax Director of Petrominerales. From July 2011 to March 2013, Tax Manager at Petrominerales. From May 2008 to July 2011, Tax Manager at Petrobank. Prior thereto, professional at Deloitte LLP in Calgary.
Andrea Hatzinikolas Calgary, Alberta	Vice President, Legal and Corporate, and Corporate Secretary	Effective Date	Since July 2013, Vice President, Business Development, General Counsel and Corporate Secretary of Petrominerales. From June 2011 to July 2013, General Counsel and Corporate Secretary of Petrominerales. Since August 2010, Corporate Secretary of Petrobank. From August 2010 to February 2011 General Counsel and Corporate Secretary of Petrobank. From February 2007 to August 2010, General Counsel Petrobank. Since August 2009, Corporate Secretary of Lightstream. From August 2009 to February 2011, General Counsel and Corporate Secretary of Lightstream.

Note:

(1) The proposed directors will be appointed by Petrominerales immediately before the completion of the Arrangement. Each director will hold office until the next annual meeting of the shareholders of ResourceCo.

Assuming that: (i) no Dissent Rights are exercised; (ii) the "in-the-money" Petrominerales Options, Petrominerales DCS Awards and Petrominerales ICS Awards are exercised for cash prior to the Arrangement; and (iii) no 2010 Debentures or 2012 Debentures are converted to Shares prior to the completion of the Arrangement, it is anticipated that the proposed directors and executive officers of ResourceCo, as a group, will beneficially own, directly or indirectly, or exercise control or direction over 3,011,348 ResourceCo Shares or approximately 3.54% of the number of ResourceCo 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 ResourceCo that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Name of Trading Market	Position	Period
John D. Wright	Spyglass Resources Corp.	TSX	Director	Since 2013
	Hawk Exploration Ltd.	TSXV	Director	Since 2009
	Lightstream Resources Ltd.	TSX	President, Chief Executive Officer and Director	Since 2011
	Lightstream Resources Ltd.	TSX	Chairman of the Board and Chief Executive Officer	2009 to 2011
	Petrobank Energy and Resources Ltd.	TSX	President, Chief Executive Officer and Chairman	Since 2000
	Petrominerales Ltd.	TSX/BVC	Chairman	Since 2010
	Petrominerales Ltd.	TSX/BVC	President and Chief Executive Officer	2006 to 2010
	TALON International Energy, Ltd.	TSXV	Director	1996 to 2011
Corey C. Ruttan	Petrominerales Ltd.	TSX/BVC	President and Chief Executive Officer	Since 2010
	Petrominerales Ltd.	TSX/BVC	Vice President Finance and Chief Financial Officer	2006 to 2010
	Lightstream Resources Ltd.	TSX	Executive Vice President, Chief Financial Officer	2009 to 2010
	Lightstream Resources Ltd.	TSX	Director	Since 2009
	Petrobank Energy and Resources Ltd.	TSX	Director	Since 2010
	Petrobank Energy and Resources Ltd.	TSX	Senior Vice President Finance and Chief Financial Officer	2008 to 2010
	Petrobank Energy and Resources Ltd.	TSX	Vice President Finance and Chief Financial Officer	2007 to 2008
	Petrobank Energy and Resources Ltd.	TSX	Vice President Finance	2006 to 2007
	Petrobank Energy and Resources Ltd.	TSX	Director of Corporate Finance and Investor Relations	2003 to 2006
Kenneth McKinnon	Petrominerales Ltd.	TSX/BVC	Director	Since 2006
	Lightstream Resources Ltd.	TSX	Chairman	Since 2011
	Lightstream Resources Ltd.	TSX	Director	Since 2009
	Petrobank Energy and Resources Ltd.	TSX	Director	Since 2000

	Quorum Information Technologies Inc.	TSX	Director	2007 to 2009
	Dewmella Inc.	TSX	Director	2003 to 2004
	Savaria Corp.	TSX	Director	2000 to 2008
Geir Ytreland	Petrominerales Ltd.	TSX/BVC	Director	Since 2006
John Koch	Petrominerales Ltd.	TSX/BVC	Chief Operating Officer	Since 2013
Andrea Hatzinikolas	Petrominerales Ltd.	TSX/BVC	Vice President Business Development, General Counsel and Corporate Secretary	Since 2013
	Petrobank Energy and Resources Ltd.	TSX	Corporate Secretary	Since 2008
	Lightstream Resources Ltd.	TSX	Corporate Secretary	Since 2009
	Lightstream Resources Ltd.	TSX	General Counsel & Corporate Secretary	2009 to 2011
	Petrominerales Ltd.	TSX/BVC	General Counsel and Corporate Secretary	2011 to 2013
	Petrobank Energy and Resources Ltd.	TSX	General Counsel and Corporate Secretary	2008 to 2011
	Petrobank Energy and Resources Ltd.	TSX	General Counsel and Assistant Corporate Secretary	2008 to 2011
	Petrobank Energy and Resources Ltd.	TSX	General Counsel	2007 to 2008

Corporate Cease Trade Orders

Until September 2011, Mr. John D. Wright was a director of Canadian Energy Exploration Inc. ("**CEE**") (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSXV. A cease trade order (the "**ASC Order**") was issued on May 7, 2008 against CEE by the ASC for the delayed filing of CEE's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2007 ("**Annual Filings**"). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the Order, the TSXV suspended trading in CEE's shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission ("**BCSC**") issued a cease trade order (the "**BCSC Order**") against CEE for the failure of CEE to file its audited annual financial statements and management's discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and 17 2013 Management Proxy Circular management's discussion and analysis for the three months ended March 31, 2009. CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

Except as otherwise disclosed herein, to the knowledge of the proposed management of ResourceCo, no proposed director or officer of ResourceCo is, or within the ten (10) years before the date of the Information Circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

(a) was subject to an order that was issued while the proposed director or 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 ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer.

Personal Bankruptcies

To the knowledge of the proposed management of ResourceCo, no proposed director or officer of ResourceCo:

(a) is, at the date of the Information Circular or has been within the ten (10) years before the date of the Information Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten (10) years before the date of the Information Circular, become 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 the assets of the director, officer or shareholder.

Penalties or Sanctions

Mr. Corey C. Ruttan entered into a settlement agreement with the Alberta Securities Commission ("**ASC**") on May 3, 2002 in respect of an insider trading violation relating to a May 17, 2000 trade. Mr. Ruttan cooperated completely in resolving the matter with the regulators. The settlement resulted in Mr. Ruttan paying an administrative penalty of $10,000, representing a return of profits, and the costs of the proceeding in the amount of $3,925. For a period of one year, Mr. Ruttan agreed to cease trading in securities and to not act as a director or officer of a public company. These restrictions expired on May 3, 2003. Mr. Ruttan is a Chartered Accountant in good standing.

Except as otherwise disclosed herein, to the knowledge of proposed management of ResourceCo, no proposed director or officer of ResourceCo has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

CONFLICTS OF INTEREST

Certain directors and officers of ResourceCo 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 ResourceCo 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 ResourceCo. From time to time, ResourceCo may jointly participate in exploration and development activities with one or more corporations with which a director or officer of ResourceCo may be involved. Some of ResourceCo'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 ResourceCo. Some of the directors of ResourceCo have either other employment or other business or time restrictions placed on them and accordingly, these directors of ResourceCo will only be able to devote part of their time to the affairs of ResourceCo. 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 ResourceCo. 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 ResourceCo and its subsidiaries.

John D. Wright, Chairman

Mr. Wright was the President and Chief Executive Officer of Petrominerales from inception to May 6, 2010 and has since served as Chairman of the Board of Directors. Mr. Wright has been the President, Chief Executive Officer and a Director of Petrobank Energy and Resources Ltd. since 2000, and was appointed the Chairman of the Board in January 2013. Mr. Wright has been President and Chief Executive Officer and a director of Lightstream Resources Ltd. since 2011, and served as Chairman of the Board and Chief Executive Officer between October 2009 and May 2011. Previously, Mr. Wright served as the President and Chief Executive Officer of Pacalta Resources Ltd. from May 1996 to June 1999; Executive Vice President and Chief Operating Officer of Morgan Hydrocarbons Inc. from December 1993 to April 1996; and Vice President Production of Morgan Hydrocarbons Inc. from 1989 to 1993.

Mr. Wright began his full time career in the oil industry after he graduated from the University of Alberta in 1981 with a Bachelor of Science degree in Petroleum Engineering. Mr. Wright is a Professional Engineer and also a Chartered Financial Analyst charterholder.

Corey C. Ruttan, President & Chief Executive Officer, Director

Mr. Ruttan was appointed President and Chief Executive Officer in May 2010 and previously was the Vice President Finance and Chief Financial Officer of Petrominerales since May 2006. Mr. Ruttan was the Senior Vice President and Chief Financial Officer of Petrobank Energy and Resources Ltd. and has held various positions with Petrobank since March 2000, including Chief Financial Officer, Vice President Finance, Director of Corporate Finance and Investor Relations, Director of Corporate Finance and Manager of Corporate Finance. He also served as Executive Vice President and Chief Financial Officer of PetroBakken Energy Ltd. (now Lightstream Resources Ltd.) from October 2009 through May 2010. Mr. Ruttan previously served as Vice President of Caribou Capital Corp. from June 1999 to March 2000; Manager Financial Reporting of Pacalta Resources Ltd. from May 1997 to June 1999; and articled with KPMG from September 1994 to May 1997. Mr. Ruttan obtained his Bachelor of Commerce degree majoring in Accounting from the University of Calgary in 1994 and obtained his Chartered Accountant designation in 1997.

John Koch, Chief Operating Officer

Mr. John Koch was appointed Chief Operating Officer of Petrominerales in January 2013. Prior to joining Petrominerales, Mr. Koch held increasingly senior technical and operational roles at various large and mid-sized energy companies operating in Canada and internationally. Most recently, John has been involved as the founder and CEO of an efficiency technology company, while concurrently executing his role as COO of an oil shale start-up company. From 2001 to 2007, Mr. Koch was the Vice President Operations and Chief Operating Officer of Trident Exploration Corp. In addition, Mr. Koch was the Vice President International Operations of Pacalta Resources Ltd. from 1996 to 1999.

Alison Howard, Chief Financial Officer

Ms. Howard is a Chartered Accountant with over 10 years of experience in Canadian and international taxation, accounting and finance. Ms. Howard joined Petrominerales in July 2011 as Tax Manager and was promoted to Tax Director in March 2013. From May 2008 to July 2011, Ms. Howard was the Tax Manager at Petrobank Energy and Resources Ltd. Prior thereto, Ms. Howard spent a number of years at Deloitte LLP in Calgary. Ms. Howard obtained her Bachelor of Commerce degree from the University of Saskatchewan in 1999.

Andrea Hatzinikolas, Vice President, Legal and Corporate, and Corporate Secretary

Ms. Hatzinikolas was appointed Vice President Business Development, General Counsel and Corporate Secretary of Petrominerales in July 2013. Ms. Hatzinikolas joined Petrominerales in June 2011 as General Counsel and Corporate Secretary. Prior to joining Petrominerales, Ms. Hatzinikolas was General Counsel of Petrobank Energy and Resources Ltd. since January 2007 and worked closely with Petrominerales and PetroBakken Energy Ltd. (now Lightstream Resources Ltd.), including holding the position of General Counsel and Corporate Secretary of Lightstream Resources Ltd. Prior to joining Petrobank, Ms. Hatzinikolas was an associate in the Calgary office a national law firm, with a practice focusing on securities and corporate law. Ms. Hatzinikolas received her Bachelor of Commerce degree in 1999 and Bachelor of Laws degree in 2003.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

To date, ResourceCo has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by ResourceCo 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 ResourceCo 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. See “Compensation Committee and Compensation Governance”.

As at the date of the Information Circular, there are no executive contracts in place between ResourceCo and any of the executive officers of ResourceCo and there are no provisions with ResourceCo for compensation for the executive officers of ResourceCo in the event of termination of employment or a change in responsibilities following a change of control of ResourceCo. It is expected that ResourceCo will enter into executive contracts with each of the executive officers of ResourceCo on or before the Effective Date.

ResourceCo has not established an annual retainer fee or attendance fee for directors. However, ResourceCo 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 ResourceCo directors’ fees and reimbursements will be comparable to those currently paid by Petrominerales and that directors will be compensated for their time and effort by granting them options to acquire ResourceCo Shares.

ResourceCo Option Plan

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving the ResourceCo Option Plan to be effective upon completion of the Arrangement. It is anticipated that following completion of the Arrangement, ResourceCo will grant ResourceCo Options to directors, executive officers, employees and consultants of ResourceCo. As at the date hereof, the number of ResourceCo Options to be granted has not yet been determined by ResourceCo. In the event that the ResourceCo Option Plan is not approved at the Meeting, it is expected that ResourceCo 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 ResourceCo Option Plan by Shareholders at the Meeting is not a condition of the Arrangement.

A summary of the ResourceCo Option Plan is set forth in the Information Circular under the heading “ResourceCo Option Plan” and a copy of the ResourceCo Option Plan is set out in Appendix I to the Information Circular.

COMPENSATION COMMITTEE AND COMPENSATION GOVERNANCE

The compensation committee of the ResourceCo Board has not yet been formed. Prior to the Effective Date, the ResourceCo Board intends to establish a compensation committee. When formed, the compensation committee will consist of three members, each of whom will be independent directors of the ResourceCo Board. See “Compensation of Executive Officers and Directors” and “Corporate Governance”.

AUDIT COMMITTEE

Prior to the Effective Date, the ResourceCo Board intends to establish an audit committee.

Audit Committee Charter

The audit committee will be formed for the purpose of assisting the ResourceCo Board in fulfilling its oversight responsibilities in relation to the accounting and financial reporting processes of ResourceCo, audits of the financial statements of ResourceCo, review of ResourceCo'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 G.

Audit Committee Composition

The audit committee of the ResourceCo Board has not yet been formed. When formed, the audit committee will consist of three members, each of whom will be considered independent and financially literate for the purposes of 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 will 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 ResourceCo's financial statements.

Pre-Approval Policies and Procedures

The audit committee is expected to adopt specific policies and procedures for the engagement of non-audit services.

CORPORATE GOVERNANCE

The ResourceCo Board is responsible for the governance of ResourceCo. The ResourceCo Board and management consider good governance to be central to the effective and efficient operation of ResourceCo.

Board Mandate

The ResourceCo Board operate under a written mandate (the "**Board Mandate**"), a copy of which is attached as Schedule B to this Appendix G. Under the Board Mandate, the fundamental responsibilities of the ResourceCo Board are to: (i) appoint and oversee a competent executive team to manage the business of ResourceCo, with a view to maximizing shareholder value; (ii) identify and understand the risks associated with the business of ResourceCo; and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls.

Board Independence

A director is considered to be independent of an issuer under applicable Canadian securities laws if the director is free of any relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgement. Certain directors, such as current or former employees or officers of the issuer, are deemed not to be independent of the issuer.

The majority of the proposed ResourceCo Board, being 3 out of 5 directors, are independent. The ResourceCo Board would consider Kenneth R. McKinnon, Geir Ytreland and Firoz Talakshi to be independent. John D. Wright would not be considered independent as he has acted as an executive officer of Petrominerales, a parent company of ResourceCo in 2010. Corey C. Ruttan would not be considered independent as he is the proposed President and Chief Executive Officer of ResourceCo.

The proposed Chairman, John D. Wright, is not considered independent. The role of the Chair is to act as the leader of the ResourceCo Board, to manage and co-ordinate the activities of the ResourceCo Board and to oversee the execution by the ResourceCo Board of the Board Mandate.

In order to address the proposed Chairman's non-independence, the independent directors of the ResourceCo Board will appoint a lead independent director. The lead independent director's duties will include managing and co-ordinating the activities of the independent directors of the ResourceCo Board, and acting as chair of the *in camera* meetings of the independent directors and assuming other responsibilities that the independent directors as a whole have designated.

The Board Mandate does not require that the ResourceCo Board hold regularly scheduled meetings of only its independent members. The ResourceCo Board will ensure open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist.

Position Descriptions

The ResourceCo Board has not developed written position descriptions for the Chair of the ResourceCo Board and the chairs of the committees of the ResourceCo Board. The Board Mandate outlines the role and specific responsibilities of the Chair of the ResourceCo Board. The committees of the ResourceCo Board will consist of the audit committee, compensation committee, and reserves committee. Each committee will operate under a written mandate. The mandate of each committee will delineate specific roles and responsibilities for the chair of that committee.

The ResourceCo Board has not developed a written position description for the President and Chief Executive Officer. The Board Mandate states that management is responsible for the development of an overall corporate strategy to be presented to the ResourceCo Board. The ResourceCo Board will review and, if it sees fit, endorse the corporate strategy presented by management. The ResourceCo Board will expect and ensure that such corporate strategy addresses the key executive personnel and their roles and responsibilities. The ResourceCo Board delineates the role and responsibilities of the President and Chief Executive Officer through its direct and ongoing oversight and assessment of management's development and execution of corporate strategy. In addition, the Board Mandate provides that the compensation committee will conduct an annual performance review of the President and Chief Executive Officer. The results of this performance review will be communicated to the President and Chief Executive Officer by the Chair, giving the ResourceCo Board a formal opportunity to provide direction and feedback to the President and Chief Executive Officer concerning the performance of his duties.

Orientation and Continuing Education

The Board Mandate provides that any newly appointed or elected directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of ResourceCo, documents from recent ResourceCo Board meetings and opportunities for meetings and discussion with senior management and other directors.

All members of the ResourceCo Board will be provided with copies of the Board Mandate, the charters of each committee of the ResourceCo Board and ResourceCo's code of business conduct and ethics, trading policy, whistleblower policy, and corporate disclosure and confidentiality policy, when adopted. The ResourceCo Board will rely on its legal counsel and other outside advisers to advise it as necessary of corporate governance developments. The ResourceCo Board will also rely on management to keep it apprised of developments within the oil and natural gas industry that may affect the governance and management of ResourceCo. In addition, the Board Mandate provides that any director who feels that he or she requires the services of an outside advisor to assist with discharging his or her responsibilities as a director may engage one at the expense of ResourceCo with the authorization of the Chair.

Ethical Business Conduct

ResourceCo will adopt a code of business conduct and ethics. The code will be filed on SEDAR and will be viewable under ResourceCo's profile at www.sedar.com. All staff and directors of ResourceCo will be personally accountable for learning, endorsing and promoting the code and applying it to their own conduct and field of work.

All staff and directors will be asked to review the code and confirm, through written or electronic declaration, that they understand their individual responsibilities and will conform to the requirements of the code. Any breach of the code may be reported directly to the responsible officer or may be reported to the Chair of the audit committee in accordance with the whistleblower policy of ResourceCo. The application of the whistleblower policy will be the primary means by which the ResourceCo Board monitors compliance with the code.

ResourceCo will adopt a whistleblower policy. The whistleblower policy will establish procedures that allow employees of ResourceCo to confidentially and anonymously submit any concerns regarding activity that may be considered ethically, morally or legally questionable to the chair of the audit committee without fear of retaliation.

ResourceCo will adopt a share trading policy. The purpose of the share trading policy will be to promote investor confidence in the securities of ResourceCo by ensuring that persons who have access to material, undisclosed information concerning ResourceCo or its affiliates will not make use of it by trading in securities of ResourceCo or tipping others before the information has been fully disclosed to the public.

Conflicts of Interest

Any conflicts of interest that arise respecting ResourceCo Board members are dealt with in accordance with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as supplemented by the conflict of interest procedures stated in ResourceCo's code of business conduct and ethics, when adopted, and the Board Mandate.

The ResourceCo Board may determine that it is appropriate to hold an in camera session excluding a director with a conflict of interest or perceived conflict of interest or such director may consider that it is appropriate to recuse himself from considering and voting with respect to the matter under consideration.

Nomination of Directors

The identification of new candidates for ResourceCo Board nomination where a vacancy exists on the ResourceCo Board or the ResourceCo Board has determined that it is in the best interests of ResourceCo for additional members to be added to the ResourceCo Board will be the responsibility of the compensation committee, when formed. The written mandate of the compensation committee will provide that, when so directed by the ResourceCo Board as a whole, it will identify and recommend suitable candidates for nomination for election as directors. In doing so, it will: (i) consider the competencies and skills the ResourceCo Board, as a whole, should possess; (ii) formulate criteria for candidates after considering the competencies and skills of each existing director; (iii) consider the competencies and skills of each new nominee and whether or not each new nominee can devote sufficient time and resources to his or her duties as a ResourceCo Board member; (iv) establish the procedure for approaching prospective candidates; (v) canvas current ResourceCo Board members for suggestions as to candidates; and (vi) make a formal recommendation to the ResourceCo Board of proposed nominees for election.

The compensation committee has not been formed. It is not anticipated that the compensation committee, when formed, will be composed solely of independent directors. The ResourceCo Board will encourage an objective nomination process by reviewing the criteria employed by the compensation committee in conducting the nomination process and confirming the absence of any factors that might compromise the integrity of the process.

Compensation

The ResourceCo Board is responsible for determining the compensation of ResourceCo's directors and officers. The ResourceCo Board will delegate certain responsibilities respecting compensation to the compensation committee. Under its written mandate, when adopted, the primary function of the compensation committee will be to assist the ResourceCo Board in carrying out its responsibilities by reviewing compensation and human resources issues and making recommendations to the ResourceCo Board as appropriate.

Other Board Committees

In addition to the audit committee and the compensation committee, the ResourceCo Board will have a Reserves Committee.

The reserves committee has not yet been formed. The primary functions of the reserves committee will be to: (i) assist the ResourceCo Board in the selection, engagement and instruction of an independent reserves evaluator for ResourceCo and its affiliates; (ii) ensure there is a process in place to provide all relevant reserves data to the independent reserves evaluator; (iii) monitor the preparation of the independent reserves evaluation of ResourceCo and its affiliates; and (iv) review the annual independent reserves evaluation of ResourceCo and its affiliates and any other independent reserves evaluations prepared for ResourceCo.

Assessment

The Board Mandate provides that the ResourceCo Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the ResourceCo Board's execution of its responsibilities. Each review will have regard to the mandate or charter of the ResourceCo Board or committee and identifies any areas where the directors or management believe that the ResourceCo Board or committee could make a better collective contribution to overseeing the affairs of ResourceCo. The written mandate of the audit committee also provides that the audit committee will, on an annual basis, assess its own performance.

The ResourceCo Board is also responsible for regularly assessing the effectiveness and contribution of the individual directors, having regard to the competencies and skills each director is expected to bring to the ResourceCo Board.

RISK FACTORS

An investment in ResourceCo should be considered highly speculative due to the nature of its activities and the stage of its development upon completion of the Arrangement. ResourceCo 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, ResourceCo will carry on the business currently carried on by Petrominerales with respect to the Alvopetro 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 ResourceCo will be largely determined by investor confidence in the potential for successful development of ResourceCo's business. Any events that negatively impact further exploration activities, the delineation of a project for ResourceCo's business, 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 ResourceCo is dependent upon assumptions and factors including: (i) the completion of the transactions contemplated by the Alvopetro SPA and the terms thereof; and (ii) capital and other expenditures of Petrominerales with respect to the Alvopetro Assets prior to the completion of the ResourceCo Organization Transaction. The actual cash position of ResourceCo 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 ResourceCo and its ability to fund its exploration, evaluation and development program relating to ResourceCo's properties.

No Prior Public Market for the ResourceCo Shares

The ResourceCo Shares are not currently listed on any stock exchange. There is no guarantee that a stock exchange will approve the listing of the ResourceCo Shares or that the ResourceCo Shares will trade on any stock exchange. A failure to list the ResourceCo Shares on a designated stock exchange could result in a determination that the ResourceCo Shares are not qualified investments under the Tax Act for deferred plans. In the event that the Arrangement is completed, but ResourceCo fails to meet or maintain the conditions for listing of the ResourceCo Shares, then holders of ResourceCo Shares may have significant difficulty trading their ResourceCo Shares. The lack of an active market may also reduce the fair market value and increase the

volatility of the ResourceCo Shares and may impair ResourceCo's ability to raise capital by selling ResourceCo Shares. See also "Risk Factors" in the Information Circular.

Alvopetro SPA

Management of Petrominerales anticipates that as at the Effective Time, Petrominerales will have completed the acquisition of the remaining interest in Alvopetro pursuant to the Alvopetro SPA and Petrominerales will then hold a 100% interest in Alvopetro and the Alvopetro Assets, which will be transferred to ResourceCo pursuant to the ResourceCo Organization Transaction prior to the completion of the Arrangement. There can be no assurance that the transactions contemplated by the Alvopetro SPA will be completed prior to the Effective Time or at all. Should the transactions contemplated by the Alvopetro SPA not be completed on or prior to the Effective Time, ResourceCo will hold a 75% interest and not a 100% interest in the Alvopetro Assets, and Petrominerales will seek to assign its interest under the Alvopetro SPA to ResourceCo. Completion of the Alvopetro SPA is dependent on certain factors beyond Petrominerales or ResourceCo's control, including the approval of the transaction of the shareholders of the third party seller of the remaining 25% interest.

Risks Related to ResourceCo

Early Stage of Exploration and Development Activities

The business of ResourceCo should be considered speculative due to its present stage of development. There can be no assurance that ResourceCo will be able to generate and sustain revenue or net income in the future. The long-term commercial success of ResourceCo depends on its ability to find, acquire, develop and commercially produce petroleum reserves.

To date, the activities relating to the majority of the Alvopetro Assets have been exploratory only, which increases the degree of risk substantially as compared to projects in the production stage. The value of the Alvopetro Assets will be dependent on discovering hydrocarbon deposits with commercial potential, and ResourceCo will have nominal 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. ResourceCo's exploration and possible development activities in ResourceCo's 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 ResourceCo are subject to greater risks than those normally associated with the acquisition and ownership of producing properties. ResourceCo's properties may fail to produce hydrocarbons in commercial quantities.

It is impossible to guarantee that the exploration programs on ResourceCo'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. ResourceCo 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.

ResourceCo 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, ResourceCo's profit margin will be lower than expected and ResourceCo's business and results of operations may be adversely affected.

Financing Risk

Prior to commercial production from ResourceCo's properties, which is subject to the risks described in this section, ResourceCo will have limited financial resources and a limited source of income, principally in the form of asset sales and farm-outs. ResourceCo 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 ResourceCo. The inability of ResourceCo to access sufficient capital for its operations could have a material adverse effect on ResourceCo's business, financial condition, results of operations and prospects, could result in the delay or indefinite postponement of further exploration, evaluation and development of ResourceCo's properties or the possible loss of its properties and could put at risk ResourceCo'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 ResourceCo 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 ResourceCo's properties.

Expectations for the future price of oil will be an important factor determining ResourceCo's ability to access debt financing at the time that this may become necessary.

Neither ResourceCo's articles nor its by-laws limit the amount of indebtedness that ResourceCo may incur. The level of ResourceCo's indebtedness from time to time could impair ResourceCo's ability to obtain additional financing on a timely basis or take advantage of business opportunities as they arise.

From time to time, ResourceCo may enter into transactions to acquire assets or the shares of other companies. These transactions along with ResourceCo's ongoing operations may be financed partially or wholly with debt, which may increase ResourceCo's debt levels above industry standards. Neither ResourceCo's articles nor its by-laws limit the amount of indebtedness that ResourceCo may incur. The level of ResourceCo's indebtedness from time to time could impair ResourceCo'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. ResourceCo'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. ResourceCo 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. ResourceCo 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. ResourceCo 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 ResourceCo.

Marketability of Production

The marketability and ultimate commerciality of oil acquired or discovered is affected by numerous factors beyond the control of ResourceCo. 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. ResourceCo'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 ResourceCo believes that the Alvopetro Assets have been operated in material compliance with current applicable environmental regulations, changes to such regulations may have a material adverse effect on ResourceCo.

Commodity Price Fluctuations

Crude oil prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of ResourceCo'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 ResourceCo's reserves. ResourceCo might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in ResourceCo'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 ResourceCo'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 ResourceCo 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 ResourceCo 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 ResourceCo might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event ResourceCo 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 ResourceCo'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. 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, ResourceCo could experience losses and may decide to discontinue certain operations forcing ResourceCo to incur closure and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder production from ResourceCo's business and ResourceCo 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. There can be no assurance that union issues or similar issues will not continue to affect ResourceCo's ability to produce or sell crude oil in the future.

Permits, Licenses and Leases

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

Furthermore the development of ResourceCo's properties will require additional permits, licenses and regulatory approvals. If such permits, licenses or regulatory approvals are not obtained or if the conditions provided for in such permits, licenses and regulatory approvals are substantially different from the expectations of ResourceCo, it may have a material adverse effect on ResourceCo's results of operations and business.

Volatility of Market Price ResourceCo Shares

The market price of the ResourceCo Shares may be volatile. The volatility may affect the ability of holders ResourceCo Shares to sell the ResourceCo Shares at an advantageous price. Market price fluctuations in the ResourceCo Shares may be due to ResourceCo'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 ResourceCo 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

ResourceCo's operations and expenditures will be to some extent paid in foreign currencies. As a result, ResourceCo is may be 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 ResourceCo's funds flow and revenues. Currently, there are no significant restrictions on the repatriation of capital and distribution of earnings from Brazil to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Brazil 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 ResourceCo. ResourceCo 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, ResourceCo is exposed to exchange rate risk. ResourceCo is exposed to the extent U.S. dollar revenues do not equal U.S. dollar expenditures. In addition, a portion of expenditures in Brazil are denominated in Brazilian reals, which are difficult to hedge.

Hedging Activities

ResourceCo 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 ResourceCo'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 ResourceCo from realizing the full benefit of such increases or decreases.

Due to the uncertain worldwide economic environment, there can be no assurance that ResourceCo 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. ResourceCo is uncertain as to the amount of operating and capital expenses that will be required to comply with enhanced environmental regulation in the future.

ResourceCo's projects are located in Brazil and consequently ResourceCo will be subject to certain risks, including currency fluctuations and possible political or economic instability. ResourceCo believes that the state and federal governments in Brazil support the exploration and development of its oil properties by foreign companies. Nevertheless, there is no assurance that future political conditions will not result in the state or federal government adopting different policies respecting foreign development and ownership of oil and gas,

environmental protection and labour relations. Exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry.

ResourceCo'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 ResourceCo's foreign operations, ResourceCo 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. ResourceCo may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, ResourceCo's exploration, development and production activities in the foreign jurisdictions in which it operates could be substantially affected by factors beyond ResourceCo's control, any of which could have a material adverse effect on ResourceCo.

Availability of Drilling 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 ResourceCo and may delay exploration and development activities. There can be no assurance that sufficient drilling and completion equipment, services and supplies will be available when needed. Shortages could: (i) delay ResourceCo's exploration, development, and sales activities; (ii) have a material adverse effect on ResourceCo's financial condition; and (iii) cause ResourceCo to not meet the local content requirements of its Concession Contracts. If the demand for, and wage rates of, qualified rig crews rise in the drilling industry then the oil industry may experience shortages of qualified personnel to operate drilling rigs. This could delay ResourceCo's drilling operations and adversely affect ResourceCo's financial condition and results of operations. To the extent ResourceCo is not the operator of its oil properties, ResourceCo 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.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Brazil of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Brazil will not be imposed in the future.

Title Matters

The acquisition of title to crude oil properties in Brazil is a detailed and time-consuming process. ResourceCo's properties may be subject to unforeseen title claims. While ResourceCo will diligently investigate title to all property and will follow usual industry practice in obtaining satisfactory title and, to the best of ResourceCo's knowledge, title to all of the Alvopetro Assets are in good standing, this should not be construed as a guarantee of title. Title to the Alvopetro Assets and ResourceCo's properties may be affected by undisclosed and undetected defects.

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 ResourceCo's international operations. ResourceCo's operations may also be adversely affected by changes in applicable laws and policies of Brazil, which could have a negative impact on ResourceCo. Elected governments in neighbouring Venezuela and Bolivia have in recent years taken steps that have had a material adverse effect on foreign resource companies operating in these countries. There can be no assurance that Brazil will follow policies that are supportive of business or that encourage foreign investment in Brazil.

Legal Systems

Brazil 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.

Reserve Acquisition and Replacement

ResourceCo's future petroleum reserves, production, and funds flow to be derived therefrom are highly dependent on ResourceCo successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves ResourceCo may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in ResourceCo's reserves will depend not only on ResourceCo'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 ResourceCo'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

The Sproule Report was and ResourceCo's reserve evaluations will be 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 ResourceCo. The reserves information set forth in this Appendix G represents estimates only. The reserves from the Alvopetro Assets have been independently evaluated by Sproule in the Sproule Report. The Sproule 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 ResourceCo. 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 ResourceCo. 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 ResourceCo'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.

Acquisition Risks

ResourceCo's business plan may include acquiring oil and natural gas assets. Although ResourceCo performs a review of the acquired properties that ResourceCo believes is consistent with industry practices, it generally is not

feasible to review in depth every individual property involved in each acquisition. Ordinarily, ResourceCo will focus its review efforts on the higher-value properties and will sample the remainder. However, even a detailed review of records and properties may not necessarily reveal every existing or potential problem, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, ResourceCo often assumes certain environmental and other risks and liabilities in connection with acquired properties. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and actual future production rates and associated costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates.

Minimum Work Commitments on Exploration Blocks

ResourceCo must fulfill certain minimum work commitments on projects in Brazil as outlined under "Principal Properties - Exploration Block Commitments". There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, ResourceCo may lose certain exploration rights on the blocks affected and may be subject to certain financial penalties that would be levied by the applicable governmental authority.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

ResourceCo 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 ResourceCo's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of ResourceCo. 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 ResourceCo 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 ResourceCo 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 ResourceCo, if disposed of, could be expected to realize less than their carrying value on the financial statements of ResourceCo.

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 ResourceCo and may delay exploration and development activities. To the extent ResourceCo is not the operator of its oil and gas properties, ResourceCo 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.

ResourceCo 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, ResourceCo is not fully insured against all of these risks, nor are all such risks insurable. Although ResourceCo 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 ResourceCo 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.

Uninsurable Risks

In the course of exploration, development and production of oil and gas properties, certain risks, and in particular, blow-outs, pollution, craterings, fires and oil spills and premature decline of reservoirs and invasion of water into

producing formations may occur all of which could result in personal injuries, loss of life and damage to property of ResourceCo and others. Hazards such as unusual or unexpected geological formations, pressures or other conditions may be encountered in drilling and operating wells as ResourceCo will initially have interests in a limited number of properties, such risk is more significant than if spread over a number of properties. It is not always possible to fully insure against such risks and ResourceCo may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of ResourceCo.

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 ResourceCo 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 ResourceCo's financial condition, results of operations or prospects. In addition, new regulations relating to greenhouse gas emissions in Brazil or elsewhere in the world may have an effect on ResourceCo's costs or on levels of future demand for hydrocarbon-based products.

Reliance on Third Party Operators and Key Personnel

To the extent that ResourceCo 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, ResourceCo's success depends, to a significant extent, upon management and key employees. The loss of any key employee could have a negative effect on ResourceCo. Attracting and retaining additional key personnel will assist in the expansion of ResourceCo's business. ResourceCo faces significant competition for skilled personnel. Should other oil projects or expansions proceed in the same time frame as ResourceCo's projects, ResourceCo 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 ResourceCo will successfully attract and retain personnel required to continue to expand its business and to successfully execute its business strategy.

Management of Growth

ResourceCo may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of ResourceCo 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 ResourceCo to deal with this growth could have a material adverse impact on its business, operations and prospects.

Corruption

ResourceCo is governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. It is possible that ResourceCo, or some of its employees or contractors, could be charged with bribery or corruption. ResourceCo 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 ResourceCo 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, ResourceCo 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 ResourceCo's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of ResourceCo from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

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

ResourceCo has not declared or paid any cash dividends on the ResourceCo Shares to date. The payment of dividends in the future will be dependent on ResourceCo's earnings and financial condition and on such other factors as the ResourceCo Board considers appropriate. Unless and until ResourceCo pays dividends, shareholders may not receive a return on their shares.

Dilution and Further Sales

ResourceCo may issue additional ResourceCo Shares or other securities to finance its capital expenditures with respect to the Alvopetro Assets, certain of ResourceCo's other capital expenditures, or for other reasons. The constating documents of ResourceCo permit it to issue an unlimited number of additional ResourceCo Shares and an unlimited number of ResourceCo Preferred Shares. The ResourceCo Board has discretion to determine the issue price and the terms of issue of ResourceCo Shares. Such future issuances may be dilutive to investors. Shareholders of ResourceCo have no pre-emptive rights under ResourceCo's constating documents to participate in any future offerings of securities.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of the Information Circular, there exists no indebtedness of the directors or executive officers of ResourceCo, or of any of their associates, to ResourceCo, 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 ResourceCo.

REGULATORY ACTIONS

As of the date of the Information Circular, there have been: (i) no penalties or sanctions imposed against ResourceCo 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 ResourceCo; and (iii) no settlement agreements ResourceCo entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

LEGAL PROCEEDINGS

As of the date of the Information Circular, there are no material legal proceedings to which ResourceCo is a party or in respect of which any of the assets of ResourceCo are subject, which is or will be material to ResourceCo, and ResourceCo is not aware of any such proceedings that are contemplated.

SPONSORSHIP

In connection with any application for listing of the ResourceCo Shares, ResourceCo has applied for an exemption from the sponsorship requirements of the TSXV. There is no assurance that the exemption will be granted by the TSXV.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in the Information Circular or this Appendix G, none of the directors or executive officers of ResourceCo or any person or company that owns directly or indirectly, or exercises control or direction over, more than ten percent of the ResourceCo 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 ResourceCo.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of ResourceCo are Deloitte LLP, 700, 850 - 2nd Street S.W., Calgary, Alberta, T2P 0R8. Deloitte LLP were appointed as the auditors of ResourceCo on September 30, 2013.

Transfer Agent and Registrar

Equity Financial Trust Company, at its principal offices in Calgary, Alberta, is the registrar and transfer agent for the ResourceCo Shares.

MATERIAL CONTRACTS

As of the date of the Information Circular, the only contracts currently proposed to be entered into by ResourceCo that would materially affect ResourceCo that can reasonably be regarded as material to a proposed investor in the ResourceCo Shares, other than contracts entered into in the ordinary course of business, are the contracts entered into or proposed to be entered into in connection with the Arrangement the ResourceCo Organization Transaction. If the transactions contemplated by the Alvopetro SPA are not completed prior to or at the Effective Time, Petrominerales may seek to assign its interest in the Alvopetro SPA to ResourceCo, in which case the Alvopetro SPA will become a material contract of ResourceCo. See “The Arrangement - The ResourceCo Organization Reorganization” in the Information Circular.

INTERESTS OF EXPERTS

Sproule prepared the Sproule Report, the results of which are summarized in this Appendix G. As at the dates of the Sproule Report the principals of Sproule owned beneficially, directly or indirectly, less than one percent of the outstanding Shares. The principals of Sproule will own beneficially, directly or indirectly, less than one percent of the outstanding ResourceCo Shares following completion of the Arrangement. Sproule neither received nor will receive any interest, direct or indirect, in any securities or other property of Petrominerales or its affiliates in connection with the preparation of the Sproule Report.

Deloitte LLP are the auditors of ResourceCo and have confirmed that they are independent with respect to ResourceCo 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 McCarthy Tétrault LLP and Torys LLP, on behalf of ResourceCo. Based on security holdings as of the date of the Information Circular, the partners and associates of each of McCarthy Tétrault LLP and Torys LLP will own beneficially, directly or indirectly, less than 1% of the outstanding ResourceCo Shares on the Effective Date.

SCHEDULE A - SELECTED AND PRO FORMA FINANCIAL STATEMENTS

INDEX

1774501 Alberta Ltd.

Statement of Financial Position

As at September 30, 2013

Deloitte.

700, 850 - 2 Street SW
Calgary AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of 1774501 Alberta Ltd.

We have audited the accompanying financial statement of 1774501 Alberta Ltd., which comprise the statement of financial position as at September 30, 2013, and the notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is 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 made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of 1774501 Alberta Ltd. as at September 30, 2013 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

October 28, 2013
Calgary, Canada

1774501 Alberta Ltd.

Statement of Financial Position

As at September 30, 2013

(amounts in United States dollars)

	Note		
ASSETS			
Current assets			
Cash		$	100
Total assets		**$**	**100**
SHAREHOLDER'S EQUITY			
Shareholder's equity			
Share capital	4	$	100
Total shareholder's equity		**$**	**100**

See the accompanying notes to this statement.

(signed)
"Corey Ruttan"

1774501 Alberta Ltd.

Notes to the Statement of Financial Position as at September 30, 2013

1. REPORTING ENTITY

1774501 Alberta Ltd. was incorporated as a wholly owned subsidiary of Petrominerales Ltd. pursuant to the Alberta Business Corporations Act on September 25, 2013 (the "Corporation"). The Corporation's head office is located in Calgary, Alberta, Canada and was incorporated for the sole purpose of participating in the Arrangement Agreement dated September 29, 2013 ("Arrangement") between Petrominerales Ltd.("PMG") and Pacific Rubiales Energy Corp., whereby certain assets and liabilities of PMG will be transferred to the Corporation as part of the Arrangement. The Corporation 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 September 30, 2013, and is presented in United States dollars, the Corporation's functional currency, on a historical cost basis.

This statement of financial position was authorized for issuance by the Board of Directors on October 28, 2013.

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

Authorized:	Unlimited number of common shares and unlimited number of preferred shares.
Issued:	100 common shares for par value of $100.

1774501 Alberta Ltd.

Notes to the Statement of Financial Position as at September 30, 2013

5. SUBSEQUENT EVENT

Under the Arrangement, a holder of PMG common shares will receive, in exchange for each PMG common share, cash consideration of Cdn$11.00 and one common share of the Corporation, a newly formed entity that will own all of PMG's exploration and production assets in Brazil plus approximately Cdn$100 million of net cash.

ResourceCo

Carve-out Financial Statements

Unaudited as at September 30, 2013 and for the nine months ended September 30, 2013

Audited as at December 31, 2012 and for the period December 12, 2012 to December 31, 2012

Deloitte.

700, 850 - 2 Street SW
Calgary AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of Petrominerales Ltd.

We have audited the accompanying carve-out financial statements of ResourceCo, which comprise the statement of financial position as at December 31, 2012 and the carve-out statement of operations and comprehensive loss, the carve-out statement of changes in net investment and the carve-out statement of cash flow for the period from December 12, 2012 to December 31, 2012, and the notes to the carve-out financial statements.

Management's Responsibility for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards, 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 these 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 carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out 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 carve-out 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 made by management, as well as evaluating the overall presentation of the carve-out 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 ResourceCo, as at December 31, 2012, and its financial performance and its cash flows for the period from December 12, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

October 28, 2013
Calgary, Canada

ResourceCo

Carve-out Statements of Financial Position

(United States dollars)

As at,	Note	September 30, 2013 (unaudited)	December 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		$ 776,370	$ 1,129,172
Trade and other receivables		51,420	144,003
Total current assets		**827,790**	**1,273,175**
Other assets	4	6,847,341	6,000,000
Property, plant and equipment	6	4,883,063	7,508,998
Exploration and evaluation assets	5	29,832,409	30,554,916
Goodwill	3	3,283,333	3,283,333
Total non-current assets		**44,846,146**	**47,347,247**
Total assets		**$ 45,673,936**	**$ 48,620,422**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 883,516	$ 186,998
Non-current liabilities			
Decommissioning liability	7	2,702,433	1,013,844
Total liabilities		**3,585,949**	**1,200,842**
Net investment in ResourceCo Assets		42,891,777	37,104,019
Cumulative losses		(8,040,959)	(245,575)
Currency translation reserve		(1,144,233)	235,346
Total net investment		33,706,585	37,093,790
Non-controlling interest	3	8,381,402	10,325,790
Total net investment and liabilities		**$ 45,673,936**	**$ 48,620,422**

Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

ResourceCo

Carve-out Statements of Operations and Comprehensive Loss

(United States dollars)

	Note	Nine Months Ended September 30, 2013	Period from December 12, 2012 to December 31, 2012
		(unaudited)	
Oil sales		$ 905,677	$ 73,326
Royalties		48,374	5,181
Revenue		**857,303**	**68,145**
Expenses			
Production		1,069,962	37,550
Transportation		26,447	1,896
General and administrative		2,901,422	262,668
Depletion and depreciation	6	234,217	25,996
Impairment	6	6,267,076	-
Accretion of decommissioning liability	7	55,420	-
Share-based compensation		301,353	21,602
Foreign exchange loss (gains)		(15,030)	-
Total expenses		**10,840,867**	**349,712**
Loss before taxes		**(9,983,564)**	**(281,567)**
Current tax expense	8	19,814	-
Net loss		**(10,003,378)**	**(281,567)**
Foreign currency translation gain (loss)		(1,839,438)	313,794
Net comprehensive income (loss)		**$ (11,842,816)**	**$ 32,227**
Net loss attributable to:			
Petrominerales Ltd.		$ (7,795,384)	$ (245,575)
Non-controlling interest		(2,207,994)	(35,992)
Net loss		**$ (10,003,378)**	**$ (281,567)**
Net comprehensive income (loss) attributable to:			
Petrominerales Ltd.		$ (9,174,963)	$ (10,229)
Non-controlling interest		(2,667,853)	42,456
Net comprehensive income (loss)		**$ (11,842,816)**	**$ 32,227**

The accompanying notes are an integral part of these financial statements.

ResourceCo

Carve-out Statements of Changes in Net Investment

(United States dollars)

	Equity in Net Assets	Accumulated losses	Currency Translation Reserve	Total Equity in Net Assets	Non-Controlling interest
Balance, as at December 12, 2012	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Acquisition of Brazil assets (Note 3)	36,850,000			36,850,000	10,283,334
Net loss	-	(245,575)	-	(245,575)	(35,992)
Other comprehensive income (loss)	-	-	235,346	235,346	78,448
Contributions	254,019	-	-	254,019	-
Balance, as at December 31, 2012	**37,104,019**	**(245,575)**	**235,346**	**37,093,790**	**10,325,790**
Net loss	-	(7,795,384)	-	(7,795,384)	(2,207,994)
Other comprehensive income (loss)	-	-	(1,379,579)	(1,379,579)	(459,859)
Contributions	5,787,758	-	-	5,787,758	723,465
Balance, as at September 30, 2013	**$ 42,891,777**	**$(8,040,959)**	**$(1,144,233)**	**$33,706,585**	**$ 8,381,402**

The accompanying notes are an integral part of these financial statements.

ResourceCo

Carve-out Statements of Cash Flow

(United States dollars)

	Note	Nine Months Ended September 30, 2013	Period from December 12, 2012 to December 31, 2012
		(unaudited)	
Operating activities			
Net loss		$ (10,003,378)	$ (281,567)
Adjustments for non-cash items:			
Impairment	6	6,267,076	-
Depletion and depreciation	6	234,217	25,996
Accretion of decommissioning liability	7	55,420	-
Share-based compensation		301,353	21,602
		(3,145,312)	(233,969)
Changes in non-cash working capital:			
Trade and other receivables		92,583	89,512
Accounts payable and accrued liabilities		36,518	(126,409)
		(3,016,211)	(270,866)
Financing activities			
Initial contributions from PMG	3	-	36,850,000
Net contributions from PMG		5,486,405	232,417
Net contributions from non-controlling interest		723,465	-
		6,209,870	37,082,417
Investing activities			
Acquisition of Brazilian assets	3	-	(35,701,723)
Expenditures on E&E assets	5	(2,368,653)	(18,174)
Expenditures on PP&E assets	6	(266,677)	-
Expenditures on other assets	4	(886,214)	-
		(3,521,544)	(35,719,897)
Foreign exchange effects on cash		(24,917)	37,518
Net change in cash and cash equivalents		**(352,802)**	**1,129,172**
Cash and cash equivalents, beginning of period		1,129,172	-
Cash and cash equivalents, end of period		**$ 776,370**	**$ 1,129,172**

The accompanying notes are an integral part of these financial statements.

ResourceCo

Notes to Carve-out Financial Statements

As at September 30, 2013 and December 31, 2012 and for the nine months ended September 30, 2013 and for the period from December 12, 2012 to December 31, 2012
(Information as at September 30, 2013 and for the period then ended is unaudited)

1. BACKGROUND AND BASIS OF PRESENTATION

These financial statements have been prepared in connection with Petrominerales Ltd.'s ("Petrominerales" or "PMG") Information Circular ("Information Circular") dated October 29, 2013. On September 29, 2013 Petrominerales and Pacific Rubiales Energy Corp. ("Pacific Rubiales") entered into an arrangement agreement (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 PMG will be transferred to ResourceCo ("ResourceCo" or the "Company").

Under the Arrangement, a holder of PMG common shares will receive, in exchange for each PMG common share, cash consideration of Cdn$11.00 and one common share of ResourceCo.

Following the completion of the Arrangement, ResourceCo will own certain oil and gas assets in Brazil (the "Carve-out Assets") currently owned by PMG, plus approximately Cdn$100 million of cash that will be contributed by PMG under the Arrangement.

The Carve-out Assets were acquired by PMG on December 11, 2012 and these financial statements present the historic statements of financial position, comprehensive loss and cash flow of the Carve-out Assets as if they had operated on a stand-alone entity subject to PMG's control since their acquisition. The carve-out financial statements have been prepared by PMG's management in accordance with International Financial Reporting Standards and have been approved by PMG's board of directors on October 28, 2013.

These carve-out financial statements include PMG's interest in the Carve-out Assets and PMG's management's estimates of general and administrative expenses, salaries and share-based payments directly related to the oil and gas operations. The carve-out financial statements have been derived from the accounting records of PMG, and should be read in conjunction with PMG's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2012 and 2011.

The preparation of carve-out financial statements requires the use of significant judgments made by management in the allocation of reported amounts related to the Carve-out Assets. General and administrative expenses have been determined based on actual time charges by PMG employees to the Carve-out Assets. Share-based payments have been allocated based on the percentage of the direct time charged to the Carve-Out Assets divided by total general and administrative costs for the PMG Calgary office. These estimates are considered by PMG's management to be the best available approximation of expenses that ResourceCo would have incurred had it operated on a stand-alone basis during the periods presented.

A deferred income tax asset has not been recorded in ResourceCo assets as the assets do not have a history of earnings; therefore, no assurance can be given that a deferred tax asset could be realized in the future.

PMG's direct ownership of the net assets is shown as a net investment in place of shareholders' equity because share capital did not exist at September 30, 2013 and December 31, 2012. All excess cash flows are assumed to be distributed to PMG and all cash flow deficiencies are assumed to be funded by PMG, through the net investment.

The carve-out financial statements have been prepared on a going concern basis and 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 the completion of the Arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES

These carve-out financial statements have been prepared by PMG's management in accordance with International Financial Reporting Standards ("IFRS"), including all IFRS's issued and in effect as at September 30, 2013. The following describes the significant accounting policies applicable to these carve-out financial statements.

Use of Judgments, Estimates and Assumptions

The preparation of financial statements 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 statements of financial position 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 Cash Generating Units ("CGUs"). Depletion is based on estimates of reserves. Decommissioning liabilities are based on estimates of abandonment costs, timing of abandonment, forecast inflation and risk-free interest rates. Share-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 future reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material changes in the future.

Oil and Gas Accounting – Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, many factors and assumptions are considered including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes.

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 inflows and are used for impairment testing. The determination of ResourceCo'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 asset's or CGU's 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 CGU's carrying value.

Decommissioning Liabilities
The estimated fair value of future decommissioning liabilities associated with capital assets are recognized 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 fair value of stock-based compensation is based on PMG options, incentive shares and deferred common shares issued to employees allocated to the Carve-out Assets and is measured 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
Deferred taxes are recognized on estimates of temporary differences between the book and tax value of its assets and liabilities. 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 Company 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.

Revenue Recognition

Revenue is presented net of royalties. Revenues from the sale of crude oil are recognized when:
- the significant risks and rewards of ownership have transferred to the buyer (title transfer);
- ResourceCo retains no continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to ResourceCo; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Foreign Currency Translation

The operations of the Carve-out Assets of ResourceCo are presented in the currency of the primary economic environment in which the Carve-out Assets are operated (its functional currency), which is United States dollars for Canadian operations and Brazilian reals for Brazilian operations.

In preparing financial statements of the Carve-out Assets, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Exchange gains or losses are included in the determination of net income as foreign exchange gains or losses.

For the purpose of presenting carve-out financial statements, the assets and liabilities of the Brazilian operations, with the Brazilian real as their functional currency, are expressed in United States dollars using exchange rates prevailing at the reporting period date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in net investment.

Exploration and Evaluation (E&E) Assets

Exploration and evaluation assets include all costs directly associated with the exploration and evaluation of crude oil and gas reserves. Such costs may include costs of license acquisition, technical services and studies, decommissioning liabilities and exploration drilling and testing.

E&E assets are initially capitalized on a block-by-block basis. When an E&E area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net income as exploration expense in the depletion and depreciation line item.

Property, Plant & Equipment (PP&E)

PP&E costs are classified as crude oil assets, corporate assets and inventory.

Crude oil assets include all costs directly associated with the development of crude oil and gas reserves. These expenditures include proved property acquisitions, development drilling and completions, gathering and infrastructure, decommissioning liabilities and transfers from exploration and evaluation assets where technical feasibility and commercial viability has been determined.

Crude oil assets are capitalized on a block-by-block ("component") basis. Costs accumulated within each crude oil assets component are depleted using the unit-of-production method based on proved plus probable reserves using estimated future prices and costs. Costs subject to depletion include estimated future costs to be incurred in developing proved and probable reserves.

Corporate assets consist mainly of computers, vehicles, and office furniture and equipment. Depreciation of corporate assets is calculated on a straight line basis over the useful life of the related assets (five years for computers and vehicles and 10 years for office furniture and equipment).

Goodwill

Goodwill is recorded on a business acquisition when the purchase price is in excess of the fair values assigned to assets acquired and liabilities assumed. Goodwill is not amortized and an impairment test is performed annually to evaluate the carrying value as described in the Company's impairment policy. Impairment losses are recognized, when identified, in the statement of operations and comprehensive loss and cannot be reversed.

Impairment

E&E costs are accumulated on a block-by-block basis based on geographical area. When an E&E area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. E&E costs are tested for impairment at the time of transfer and at each period end with the unrecoverable costs being charged to the statement of operations and comprehensive loss as exploration expense in the depletion and depreciation line item.

PP&E costs are accumulated on an block-by-block basis then grouped into CGU's on the basis of geographical area having regard to the operational infrastructure (such as pipelines, facilities and sales points) of the area, and are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets.

For impairment test purposes, corporate assets are allocated to each of the CGU's on the basis of proportionate future net revenue consistent with the recoverable amount. Furthermore, goodwill is allocated to each of the Company's CGU's, or groups of CGUs, that are expected to benefit from the acquisition.

At the end of each reporting period, ResourceCo assesses the CGU's for circumstances that indicate that the assets may be impaired. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU's group exceeds its recoverable amount, the asset or CGU is considered impaired and is written-down.

For impairment losses identified based on a CGU, or group of CGU's, the loss is allocated on a pro rata basis to the assets within the CGU(s). This is first completed by reducing the carrying amount of any goodwill allocated to the CGU or group of CGU's and then, reducing the carrying amount of the other assets of the CGU, or group of CGU's, on a pro rata basis. The impairment loss is recognized as an expense in the statement of operations.

Where the circumstances that gave rise to an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations.

Decommissioning Liabilities

Decommissioning liabilities associated with PP&E and E&E assets are recognized at their estimated fair value as a liability in the period in which they are incurred, normally when the asset is purchased or developed. The fair value is capitalized and amortized over the same period as the underlying asset. The liability is based on the estimated costs to abandon and reclaim the wells and well sites that are required to be abandoned under the terms of oil and gas contracts. Wells and well sites that the Company has acquired, constructed, drilled, completed workovers on, or performed enhancements to, are included in the estimate. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. The liability is estimated by discounting expected future cash flows required to settle the liability using a risk-free rate. The liability accretes for the effect of time value of money until it is expected to settle as unwinding of the discount. Actual decommissioning liabilities settled during the period reduce the decommissioning liability.

Liabilities for environmental costs are recognized in the period in which they are incurred, normally when the asset is developed and the associated costs can be reliably estimated. Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate.

Share-Based Compensation

Share-based compensation is accounted for using the fair-value method using the Black-Scholes option-pricing model. The Company has granted stock options, deferred common shares, cash settled incentive shares and incentive shares (collectively referred to as “Rights”) to directors, officers, employees and consultants. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in the share-based payments reserve. Share-based compensation expense is calculated as the estimated fair value for the related Rights at the time of grant and amortized over their vesting period. When Rights are exercised, the associated amounts previously recorded in the share-based payments reserve are reclassified to common shares.

Deferred Taxes

Deferred tax is recognized using the balance sheet liability method. Under this method, a deferred tax asset or liability is recorded to reflect any temporary difference between the accounting and tax bases of assets, liabilities, unused tax losses and unused tax credits, using substantively enacted income tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of operations in the period in which the change occurs. Deferred tax assets are only recognized to the extent it is probable that sufficient future taxable income will be available to allow the deferred tax asset to be realized.

Financial Instruments

Financial instruments include cash and cash equivalents, trade and other receivables and accounts payables and accrued liabilities. Financial instruments are recognized initially at fair value 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 to the initial recognition, trade

and other receivables and trade and other payables are measured at amortized cost using the effective interest method, less any impairment losses.

Interest, dividends, losses and gains relating to financial assets and liabilities are recognized in net loss and within operating activities in the statements of cash flow.

Earnings per Share

The current structure is not indicative of its prospective capital structure since no direct ownership relationship existed over the Carve-out Assets. Accordingly, historical earnings per share have not been presented in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, term deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Segmented Operations

All revenue is derived from Brazilian operations. All non-current assets are located in in Brazil. The Company does not have any significant revenue or hold any non-current assets in Canada.

Changes in and New Accounting Policies

The Company has reviewed new and revised accounting pronouncements that have been issued and determined the following impacts on the Company:

Standard and Description	Date of Adoption	Impact
IFRS 10: "Consolidated Financial Statements" - The standard provides a single model to be applied in control analysis for all investees including special purpose entities.	January 1, 2013	No material impact.
IFRS 11: "Joint Arrangements" - presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method.	January 1, 2013	No material impact.
IFRS 12: "Disclosure of Interests in Other Entities" - requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013	No material impact.
IFRS 13: "Fair Value Measurement" - provides comprehensive guidance for instances where IFRS requires fair value to be used and on determining fair value and required measurement disclosures.	January 1, 2013	No material impact.
IAS 27: "Separate Financial Statements" - establishes the accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements and replaces the current IAS 27 "Consolidated and Separate Financial Statements" as the consolidation guidance is included in IFRS 10 "Consolidated Financial Statements".	January 1, 2013	No material impact.
IAS 28, "Investments in Associates and Joint Ventures" - establishes the accounting for investments in associates and defines how the equity method is applied when accounting for associates and joint ventures.	January 1, 2013	No material impact.
IFRS 7, "Financial Instruments: Disclosures" - relates to the requirements of the offsetting of a financial asset and financial liability when offsetting is permitted under IFRS.	January 1, 2013	No material impact.

3. ACQUISITION OF BRAZILIAN ASSETS

On December 11, 2012, Petrominerales acquired 75 percent of the shares of Alvopetro Oil and Gas Investments Inc. ("Alvopetro"), which is a Canadian company that owns 100 percent of three Brazilian entities, for cash consideration of $36,850,000.

On the acquisition date of December 11, 2012, the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. Goodwill on the Alvopetro acquisition is attributable to the additional benefit to be realized on the acquisition of an already established operating entity and oil and operator's license in Brazil.

In addition, the Company recorded a Non-Controlling Interest ("NCI") of $10,283,334 million relating to the 25 percent interest in Alvopetro that is not controlled by Petrominerales. This amount has been determined based on the fair value of the privately held shares of Alvopetro on the acquisition date, which has been deemed reasonable based on management estimate and recent market transactions.

The following summarizes the allocation of the aggregate consideration for the Alvopetro acquisition:

As at December 11, 2012	Amount
Cash paid	$ 36,850,000
Cash acquired	(1,148,277)
Total consideration net of cash acquired	35,701,723
Trade and other receivables	233,515
Accounts payable and accrued liabilities	(313,408)
Other Assets	6,000,000
Inventory	1,577,564
Property, plant and equipment	7,500,000
Exploration and evaluation assets	28,704,053
Goodwill	3,283,333
Decommissioning liability	(1,000,000)
Non-controlling interest	(10,283,334)
Total net assets acquired	$ 35,701,723

4. Other Assets

	September 30, 2013 (unaudited)	December 31, 2012
Balance, beginning of period	$ 6,000,000	$ -
Deferred acquisition costs of future farm-in (Note 3)	-	6,000,000
Deposit for tubing purchase	886,214	-
Foreign exchange translation effect	(38,873)	
Balance, end of period	$ 6,847,341	$ 6,000,000

The deferred acquisition costs relate to the estimated fair value on the acquisition date of Alvopetro of two Blocks in Brazil that Alvopetro's wholly owned subsidiary is in the process of closing. This value will be transferred to exploration and evaluation assets upon closing.

5. EXPLORATION AND EVALUATION ("E&E") ASSETS

	September 30, 2013 (unaudited)	December 31, 2012
Balance, beginning of period	$ 30,554,916	$ -
Acquisition of Brazilian assets (Note 3)	-	30,281,617
Additions	2,368,653	(18,174)
Change in decommissioning liabilities	48,655	-
Transfer of inventory to PP&E	(1,599,402)	-
Foreign exchange translation gain (losses)	(1,540,413)	291,473
Balance, end of period	$ 29,832,409	$ 30,554,916

Exploration and evaluation assets consist of undeveloped land and exploration projects which are pending the determination of technical feasibility. At September 30, 2013, $1,599,402 of inventory held for future use on E&E at December 31, 2012 was transferred to PP&E to use on development wells.

6. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

	September 30, 2013 (unaudited)	December 31, 2012
Cost, beginning of period	$ 7,535,246	$ -
Acquisition of Brazilian assets (Note 3)	-	7,500,000
Additions	266,677	-
Purchase of inventory	660,000	
Change in decommissioning liabilities	1,741,091	-
Transfer of inventory from E&E	1,599,402	-
Foreign exchange translation gain (loss)	(399,979)	35,246
Cost, end of period	11,402,437	7,535,246
Accumulated depreciation and depletion	(26,248)	-
Depreciation and depletion for the period	(234,217)	(25,996)
Impairment	(6,267,076)	-
Foreign exchange translation gain (loss)	8,167	(252)
Net balance, end of period	$ 4,883,063	$ 7,508,998

During the nine months ended September 30, 2013, the Company recognized an impairment of $6.3 million (2012 $nil) related to our marginal field CGU's at Bom Lugar, Jiribatuba and Aracaju as a result of a decline in the value of the assets. The impairment was calculated based on the difference between the net book value and the value in use.

The key assumptions used in determining the value in use were the discount rate, commodity prices, volumes, and inventory of undrilled locations. The values assigned to the key assumptions represent management's assessment of the future trends in the oil and natural gas industry and are based on both internal and external sources. A discount rate of 15% (2012 - 15%) was used in the assessment of impairment for all CGU's. If the discount rate were to change by 10% we would have additional impairment of $550,000 in our marginal field CGU's at Bom Lugar, Jiribatuba and Aracaju nine months ended September 30, 2013.

7. DECOMMISIONING 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 facilities and the estimated timing of the costs to be incurred in the future periods. As at September 30, 2013, the estimated future undiscounted cash flows of $3.6 million (December 31, 2012 - $1.2 million) have been discounted using an average risk free rate of 2.64 percent (2012 – 1.78%) and an in country inflation rate of 5.86 percent (2012 – 5.84%). The following table reconciles the decommissioning liability:

	September 30, 2013 (unaudited)	December 31, 2012
Balance, beginning of period	$ 1,013,844	$ -
Acquisition of Brazilian assets (Note 3)	-	1,000,000
Liabilities incurred	58,775	-
Changes in estimate	1,730,971	-
Accretion expense in the period	55,420	-
Foreign exchange translation effect	(156,577)	13,844
Balance, end of period	$ 2,702,433	$ 1,013,844

8. INCOME TAXES

The following table reconciles the income tax expense (recovery) computed by applying the Brazilian statutory rate to the net income (loss) before tax per the carve-out statements of comprehensive loss with the actual income tax expense (recovery) actually recorded:

	Nine months ended September 30, 2013 (unaudited)	Period from December 12, 2012 to December 31, 2012
Loss before taxes	$ (9,983,564)	$ (281,567)
Statutory income tax rate in Brazil	34%	34%
Expected tax recovery	(3,394,412)	(95,733)
Increase (decrease) in tax expense resulting from:		
Presumed profit income tax	19,814	-
Non-deductible expense	-	-
Stock-based compensation	102,460	7,345
Unrecognized deferred tax asset	2,664,024	108,321
Other	627,928	(19,933)
Income tax expense	19,814	-
Consisting of:		
Current income tax expense	19,814	-
Deferred tax expense	-	-
Income taxes	**$ 19,814**	**$ -**

On the acquisition of the Carve-out Assets, PMG recognizes total tax pools equal to the overall purchase price of the Carve-out Assets (consisting of assigned tax basis from Alvorada plus goodwill amortizable for Brazilian tax purposes).

For the 2013 taxation year, ResourceCo has elected to compute Brazil corporate income tax under the presumed profit system and the current income tax expense reflected above is the estimated current income tax for the nine months ended September 30, 2013 under this system. Although the Company is in an overall loss position, the presumed profit system is anticipated to provide lower indirect and other tax costs to the Company compared to the actual profit system and therefore higher overall tax savings within Brazil. Under the presumed profit system, profit is computed by applying a certain predetermined percentage to gross revenues, resulting in an inherent tax rate of approximately 2.28% on Brazilian gross revenues. The election to compute taxes under the presumed profit system is made annually and is available where total revenues from the immediately preceding year were less than Brazilian real $48 million (increasing to Brazilian real $72 million in 2014).

Deferred Tax Assets and Liabilities

The components of the Company's deferred tax assets and liabilities arising from temporary differences and loss carryforwards as well as the associated amount of deferred tax recovery or expense recognized in the Company's statements of operations and comprehensive loss are outlined below. Based on historical activities of ResourceCo, the net deferred tax asset of ResourceCo which exists at December 31, 2012 and September 30, 2013 has not been recognized on the statement of financial position. However, ResourceCo will evaluate all previously unrecognized deferred tax assets in future reporting periods and to the extent the probable criteria is met at some future date, this deferred tax asset may be recognized.

	December 12, 2012 Deferred Tax Liability (Asset)	2012 Deferred Income Tax Expense (Recovery)	December 31, 2012 Deferred Tax Liability (Asset)	2013 Deferred Income Tax Recovery (Expense)	September 30, 2013 Deferred Tax Liability (Asset) (unaudited)
Exploration and evaluation assets	$ 6,370,075	$ 41,067	$ 6,411,142	$ (916,515)	$ 5,494,627
PP&E	(1,219,651)	(46,735)	(1,266,386)	(1,177,446)	(2,443,832)
Decommissioning liabilities	(340,000)	(4,707)	(344,707)	(574,120)	(918,827)
Goodwill deductible for tax purposes	(4,810,424)	(63,542)	(4,873,966)	363,624	(4,510,342)
Tax loss carryforwards		(34,404)	(34,404)	(359,567)	(393,971)
Unrecognized deferred tax asset	-	108,321	108,321	2,664,024	2,772,345
Net deferred tax liability	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities on the consolidated statement of financial position.

Risks Associated with Financial Assets and Liabilities

The Company has exposure to the following risks related to its financial instruments: commodity price risk, credit risk, liquidity risk and foreign exchange risk.

PMG has several practices and policies in place to help mitigate these risks. A description of the nature and extent of risks arising from PMG's financial assets and liabilities can be found in the notes to PMG's annual Consolidated Financial Statements as at December 31, 2012. PMG's exposure to these risks has not changed significantly since December 31, 2012.

Credit Risk

Credit risk is the risk that the Company will not be able to collect amounts owed as they are due. The Company has credit risk on cash and cash equivalents and trade and other receivables.

Crude oil production is sold, as determined by market based prices adjusted for quality differentials, to three main counterparties, of which one counterparty represents greater than 90 percent of the Company's total revenue for the period. Typically, the Company's maximum credit exposure to customers is up to ones months' sales revenue. The Company does not anticipate non-performance by this counterparty. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. The Company historically has not experienced any collection issues with its crude oil customers.

The carrying amount of trade and other receivable and cash and cash equivalents represent the maximum credit exposure.

Cash and cash equivalents consist of cash bank balances and short term deposits maturing in less than 90 days. The Company manages the credit exposure related to short term investments by selecting counterparties based on credit ratings and monitors all investments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Company's business objectives.

ResourceCo will have Cdn.$100 million at its inception to meet its exploration commitments (as described in Note 1). Crude oil production is monitored daily to provide current cash flow estimates and the Company utilizes authorizations for expenditures on projects to manage commitments related to capital expenditures.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as substantially all assets, liabilities and operations are denominated in Brazilian reals. As at September 30, 2013, if the US dollar had appreciated five percent against the Brazilian real with all other variables held constant the foreign currency translation loss and net other comprehensive loss for the period would have been $1,264,422 million higher (December 31, 2012 – $1,151,174 million higher), due primarily to the net assets held in Brazil.

The Company had no forward exchange rate contracts in place as at or during the year periods presented.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also reduce the Company's ability to raise capital. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand. From time to time the Company may attempt to mitigate commodity price risk through the use of financial derivatives.

Fair Value of Financial Instruments

The fair value of the financial instruments approximates their carrying amounts due to their short terms to maturity.

ResourceCo classifies the fair value of financial instruments measured at fair value 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.

The Company's financial instruments have been assessed on the fair value hierarchy described above.

- The fair values of cash and cash equivalents, trade and other receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of maturity of those instruments.
- There are no financial instruments classified as Level 2 or Level 3.

10. COMMITMENTS

The following is a summary of contractual commitments as at September 30, 2013, including the 25% non-controlling interest:

	< 1 year	1-3 years	Thereafter	Total
Exploration contracts [(1)]	$ 1,368,341	$16,995,649	$ -	$ 18,363,990
2012 Bid round	95,625	-	-	95,625
Leases and other contracts [(2)]	4,465	8,457	5,074	17,996
Balance, end of period	$ 1,468,431	$17,004,106	$ 5,074	$ 18,477,611

(1) Pursuant to exploration contracts, the Company has work commitments totaling $18.4 million to be completed during the next three years. The work commitments are normal course of business activities that include acquisition and processing of seismic data and drilling exploration wells. The Company has issued letters of credit totaling $18.4 million to guarantee the obligations under these exploration contracts.

(2) Included in leases and other contracts is office leases and normal course operational contract requirements.

Acquisition of 25% Non-controlling interest

Petrominerales entered into a share purchase agreement on September 28, 2013 whereby Petrominerales will acquire the remaining 25% working interest in certain Brazilian assets for $9.0 million from the non-controlling interest holder. The transaction is expected to close in November 2013.

Alvorada Carve-out Financial Statements

Carve-out Financial Statements

As at December 11, 2012 and December 31, 2011 and for the period from January 1, 2012 to December 11, 2012 and the years ended December 31, 2011 and 2010

Deloitte.

700, 850 - 2 Street SW
Calgary AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Directors of Petrominerales Ltd.

We have audited the accompanying Alvorada carve-out financial statements, which comprise the carve-out statements of financial position as at December 11, 2012 and December 31, 2011, and the carve-out statements of operations and comprehensive loss, carve-out statements of changes in net investment, and carve-out statements of cash flow for the period from January 1, 2012 to December 11, 2012, and for the years ended December 31, 2011 and December 31, 2010, and the notes to the carve-out financial statements.

Management's Responsibility for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards, 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 these carve-out financial statements based on our audits. We conducted our audits 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 carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out 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 carve-out 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 made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Alvorada carve-out financial statements present fairly, in all material respects, the financial position of Alvorada as at December 11, 2012 and December 31, 2011, and its financial performance and its cash flows for the period from January 1, 2012 to December 11, 2012, and for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

October 28, 2013
Calgary, Canada

Alvorada

Carve-out Statements of Financial Position

(United States dollars)

As at,	Note	December 11, 2012	December 31, 2011
ASSETS			
Current assets			
Cash and cash equivalents		$ -	$ -
Trade and other receivables		34,796	226,858
Total current assets		**34,796**	**226,858**
Exploration and evaluation assets	3	26,201,445	22,543,612
Property, plant and equipment	4	5,506,986	6,611,800
Total non-current assets		**31,708,431**	**29,155,412**
Total assets		**$ 31,743,227**	**$ 29,382,270**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 34,898	$ 168,837
Decommissioning liability	5	986,962	1,077,444
Total liabilities		**1,021,860**	**1,246,281**
Net Investment			
Net investment in Alvorada Assets before reserves		35,151,690	29,330,513
Currency translation reserve		(4,430,323)	(1,194,524)
Net investment in Alvorada Assets		30,721,367	28,135,989
Total net investment and liabilities		**$ 31,743,227**	**$ 29,382,270**

Basis of presentation and subsequent event (Note 1)
Commitments (Note 8)

The accompanying notes are an integral part of these financial statements.

Alvorada

Carve-out Statements of Operations and Comprehensive Loss

(United States dollars)

	Note	Period from January 1, 2012 to December 11, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Oil sales		$ 1,925,000	$ 1,863,326	$ 1,140,203
Royalties		(100,533)	(108,912)	(76,383)
Revenue		**1,824,467**	**1,754,414**	**1,063,820**
Expenses				
Production		771,573	781,741	649,233
Transportation		75,751	63,394	48,114
General and administrative		2,409,485	2,441,711	2,569,213
Depletion and depreciation	4	478,381	650,214	366,567
Accretion of decommissioning liability	5	20,657	23,565	21,967
Total expenses		**3,755,847**	**3,960,625**	**3,655,094**
Loss before taxes		**1,931,380**	**2,206,211**	**2,591,274**
Deferred tax expense	6	-	-	-
Net loss		**1,931,380**	**2,206,211**	**2,591,274**
Foreign currency translation loss (gain)		3,235,799	3,407,136	(1,039,604)
Comprehensive Loss		**$ 5,167,179**	**$ 5,613,347**	**$ 1,551,670**

The accompanying notes are an integral part of these financial statements.

Alvorada

Carve-out Statements of Changes in Net Investment

(United States dollars)

	Net investment in Alvorada before reserves	Currency Translation Reserve	Net investment in Alvorada
Balance, as at January 1, 2010	**$ 18,679,034**	**$ 1,173,008**	**$ 19,852,042**
Net loss	(2,591,274)	-	(2,591,274)
Other comprehensive income	-	1,039,604	1,039,604
Contributions from Parent	3,352,465	-	3,352,465
Balance, as at December 31, 2010	**19,440,225**	**2,212,612**	**21,652,837**
Net loss	(2,206,211)	-	(2,206,211)
Other comprehensive income (loss)	-	(3,407,136)	(3,407,136)
Contributions from Parent	12,096,499	-	12,096,499
Balance, as at December 31, 2011	**29,330,513**	**(1,194,524)**	**28,135,989**
Net loss	(1,931,380)	-	(1,931,380)
Other comprehensive loss	-	(3,235,799)	(3,235,799)
Contributions from Parent	7,752,557	-	7,752,557
Balance, as at December 11, 2012	**$ 35,151,690**	**$ (4,430,323)**	**$ 30,721,367**

The accompanying notes are an integral part of these financial statements.

Alvorada

Carve-out Statements of Cash Flow

(United States dollars)

	Note	Period from January 1, 2012 to December 11, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Operating activities				
Net loss		$ (1,931,380)	$ (2,206,211)	$ (2,591,274)
Adjustments for non-cash items:				
Depletion and depreciation		478,381	650,214	366,567
Accretion of decommissioning liability		20,657	23,565	21,967
		(1,432,342)	(1,532,432)	(2,202,740)
Changes in non-cash working capital:				
Trade and other receivables		192,062	(105,022)	(118)
Foreign currency translation gain		(2,395)	(6,300)	(3,053)
Accounts payable and accrued liabilities		(133,939)	(7,076)	55,891
		(1,376,614)	(1,650,830)	(2,150,020)
Financing activities				
Net contributions from Alvorada		7,752,557	12,094,803	3,352,465
Investing activities				
Expenditures on E&E assets	3	(6,357,422)	(10,092,227)	(1,135,265)
Expenditures on PP&E assets	4	(18,521)	(351,746)	(67,180)
		(6,375,943)	(10,443,973)	(1,202,445)
Net change in cash and cash equivalents		**-**	**-**	**-**
Cash and cash equivalents, beginning of period		-	-	-
Cash and cash equivalents, end of period		**$ -**	**$ -**	**$ -**

The accompanying notes are an integral part of these financial statements.

Alvorada

Notes to Carve-out Financial Statements

As at December 11, 2012 and December 31, 2011 and for the period January 1, 2012 to December 11, 2012 and the years ended December 31, 2011 and 2010

1. BACKGROUND AND BASIS OF PRESENTATION

These financial statements have been prepared in connection with Petrominerales Ltd.'s ("Petrominerales" or "PMG") Information Circular ("Information Circular") dated October 29, 2013. On September 29, 2013 Petrominerales and Pacific Rubiales Energy Corp. ("Pacific Rubiales") entered into an arrangement agreement (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 PMG will be transferred to ResourceCo.

Under the Arrangement, a holder of PMG common shares will receive, in exchange for each PMG common share, cash consideration of Cdn$11.00 and one common share of ResourceCo.

Following the completion of the Arrangement, ResourceCo will own certain oil and gas assets and related liabilities in Brazil (the "Carve-out Assets") currently owned by PMG, plus approximately Cdn$100 million of cash.

The Carve-out Assets were acquired by PMG on December 11, 2012 and these financial statements do not include any adjustments as a result of the PMG purchase. Prior to PMG's acquisition, the Carve-out Assets were owned by Alvorada Petroleo S.A. ("Alvorada" or the "Company") and as a result, the statements of financial position, comprehensive loss, changes in net investment and cash flow present the historic results on a carve-out basis from the accounting records of Alvorada. The carve-out financial statements have been prepared by PMG's management in accordance with International Financial Reporting Standards ("IFRS") and have been approved by PMG's board of directors on October 28, 2013.

The carve-out financial statements include PMG's interest in the Carve-out Assets and PMG's management estimates of general and administrative expenses and salaries directly related to the oil and gas operations in Brazil.

The preparation of carve-out financial statements requires the use of significant judgments made by management in the allocation of reported amounts related to the Carve-out Assets. General and administrative expenses have been allocated based on a review of invoices directly related to the assets. These estimates are considered by PMG's management to be the best available approximation of expenses that would have incurred had the Carve-out Assets operated on a stand-alone basis during the periods presented.

A deferred income tax asset has not been recorded as it is not probable that sufficient future income will be available to recognize the losses; therefore, no assurance can be given that a deferred tax asset could be realized in the future.

Alvorada's direct ownership of the net assets is shown as a net investment in place of shareholders' equity because separate share capital did not exist at December 11, 2012 or December 31, 2011. All excess cash flows are assumed to be distributed to Alvorada and all cash flow deficiencies are assumed to be funded by Alvorada, through the net investment.

The carve-out financial statements have been prepared on a going concern basis and do not necessarily reflect what the results of operations, financial position, and cash flows would have been, had the Carve-out Assets been a separate entity, or the future results of the business, as it will exist upon the completion of the Arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES

These carve-out financial statements have been prepared by management of PMG in accordance with International Financial Reporting Standards ("IFRS") including all IFRS issued and in effect as at September 30, 2013. The following describes the significant accounting policies applicable to these carve-out financial statements.

Use of Judgments, Estimates and Assumptions

The preparation of financial statements 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 statements of financial position 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 Cash Generating Units ("CGUs"). Depletion is based on estimates of reserves. Decommissioning liabilities are based on estimates of abandonment costs, timing of abandonment, forecast inflation and risk-free interest rates. 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 future reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material changes in the future.

Oil and Gas Accounting – Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, many factors and assumptions are considered including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes.

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 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 asset's or CGU's 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 CGU's carrying value.

Decommissioning Liabilities
The estimated fair value of future decommissioning liabilities associated with capital assets are recognized 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 determine the present value of 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.

Income Taxes
Deferred tax is recognized on estimates of temporary differences between the book and tax value of its assets and liabilities. 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 Company 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.

Revenue Recognition

Revenue is presented net of royalties. Revenues from the sale of crude oil are recognized when:

- the significant risks and rewards of ownership have transferred to the buyer (title transfer);
- Alvorada retains no continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to Alvorada; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Foreign Currency Translation

The functional currency of Alvorada is Brazilian reals. For the purpose of presenting financial statements, the assets and liabilities of Alvorada with the Brazilian real as their functional currency are expressed in United States dollars using exchange rates prevailing at the reporting period date. Income and expense items are translated at the average exchange rates for the period. Currency exchange differences arising on translation only, if any, are recognized in the foreign currency translation reserve in net investment.

Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting period date. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Exchange gains or losses are included in the determination of net income as foreign exchange gains or losses.

Exploration and Evaluation (E&E) Assets

Exploration and evaluation assets include all costs directly associated with the exploration and evaluation of crude oil and gas reserves. Such costs may include costs of license acquisition, technical services and studies, decommissioning liabilities and exploration drilling and testing.

E&E assets are initially capitalized on a block-by-block basis. When an E&E area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net income as exploration expense in the depletion and depreciation line item.

Property, Plant & Equipment (PP&E)

PP&E costs are classified as crude oil assets and inventory.

Crude oil assets include all costs directly associated with the development of crude oil and gas reserves. These expenditures include proved property acquisitions, development drilling and completions, gathering and infrastructure, decommissioning liabilities and transfers from exploration and evaluation assets where technical feasibility and commercial viability has been determined.

Crude oil assets are capitalized on an block-by-block ("component") basis. Costs accumulated within each crude oil assets component are depleted using the unit-of-production method based on proved plus probable reserves using estimated future prices and costs. Costs subject to depletion include estimated future costs to be incurred in developing proved and probable reserves.

Inventory includes tangible assets for future PP&E and E&E expenditures of crude oil assets that are valued at the lower of cost and net realizable value.

Impairment

E&E costs are accumulated on a block-by-block basis based on geographical area. When an E&E area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. E&E costs are tested for impairment at the time of transfer and or when indicators of impairment exist with the unrecoverable costs being charged to the statement of operations and comprehensive loss as exploration expense in the depletion and depreciation line item.

PP&E costs are accumulated on an block-by-block basis then grouped into CGU's on the basis of geographical area having regard to the operational infrastructure (such as pipelines, facilities and sales points) of the area, and are the lowest level at which there are identifiable cash inflows that are largely independent of the cash flows of other groups of assets.

At the end of each reporting period, the Company assesses the CGU's for circumstances that indicate that the assets may be impaired. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU's group exceeds its recoverable amount, the asset or CGU is considered impaired and is written-down.

For impairment losses identified based on a CGU, or group of CGU's, the loss is allocated on a pro rata basis to the assets within the CGU(s). This is first completed by reducing the carrying amount of any goodwill allocated to the CGU or group of CGU's and then, reducing the carrying amount of the other assets of the CGU, or group of CGU's, on a pro rata basis. The impairment loss is recognized as an expense in the statement of operations and comprehensive loss.

Where the circumstances that gave rise to an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of operations and comprehensive loss.

Decommissioning Liabilities

Decommissioning liabilities associated with PP&E and E&E assets are recognized at their estimated fair value as a liability in the period in which they are incurred, normally when the asset is purchased or developed. The fair value is capitalized and amortized over the same period as the underlying asset. The liability is based on the estimated costs to abandon and reclaim the wells and well sites that are required to be abandoned under the terms of oil and gas contracts. Wells and well sites that the Company has acquired, constructed, drilled, completed workovers on, or performed enhancements to, are included in the estimate. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. The liability is estimated by discounting expected future cash flows required to settle the liability using a risk-free rate. The liability accretes for the effect of time value of money until it is expected to settle. Actual decommissioning liabilities settled during the period reduce the decommissioning liability.

Liabilities for environmental costs are recognized in the period in which they are incurred, normally when the asset is developed and the associated costs can be reliably estimated. Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate.

Deferred Taxes

A deferred tax asset or liability is recorded to reflect any temporary difference between the accounting and tax bases of assets, liabilities, unused tax losses and unused tax credits, using substantively enacted income tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations and comprehensive loss in the period in which the change occurs. Deferred tax assets are only recognized to the extent it is probable that sufficient future taxable income will be available to allow the deferred tax asset to be realized.

Financial Instruments

Financial instruments include trade and other receivables and accounts payable and accrued liabilities. Financial instruments are recognized initially at fair value 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 to the initial recognition, trade and other receivables and accounts payable and accrued liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

Interest, dividends, losses and gains relating to financial assets and liabilities are recognized in net loss and within operating activities in the statements of cash flow.

Earnings per Share

The current structure is not indicative of its prospective capital structure since no direct ownership relationship existed over the Carve-out Assets. Accordingly, historical earnings per share have not been presented in the financial statements.

Changes in and New Accounting Policies

The Company has reviewed new and revised accounting pronouncements that have been issued and determined the following impacts on the Company:

Standard and Description	Date of Adoption	Impact
IFRS 10: "Consolidated Financial Statements" - The standard provides a single model to be applied in control analysis for all investees including special purpose entities.	January 1, 2013	No material impact.
IFRS 11: "Joint Arrangements" - presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method.	January 1, 2013	No material impact.
IFRS 12: "Disclosure of Interests in Other Entities" - requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013	No material impact.
IFRS 13: "Fair Value Measurement" - provides comprehensive guidance for instances where IFRS requires fair value to be used and on determining fair value and required measurement disclosures.	January 1, 2013	No material impact.
IAS 27: "Separate Financial Statements" - establishes the accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements and replaces the current IAS 27 "Consolidated and Separate Financial Statements" as the consolidation guidance is included in IFRS 10 "Consolidated Financial Statements".	January 1, 2013	No material impact.
IAS 28, "Investments in Associates and Joint Ventures" - establishes the accounting for investments in associates and defines how the equity method is applied when accounting for associates and joint ventures.	January 1, 2013	No material impact.
IFRS 7, "Financial Instruments: Disclosures" - relates to the requirements of the offsetting of a financial asset and financial liability when offsetting is permitted under IFRS.	January 1, 2013	No material impact.

3. EXPLORATION AND EVALUATION ("E&E") ASSETS

	December 11, 2012	December 31, 2011
Balance, beginning of period	$ 22,543,612	$ 15,165,245
Foreign currency loss	(2,699,589)	(2,713,860)
Additions	6,357,422	10,092,227
Change in decommissioning liabilities	-	-
Unsuccessful E&E costs derecognized	-	-
Transfers to PP&E	-	-
Balance, end of period	$ 26,201,445	$ 22,543,612

Exploration and evaluation assets consist of undeveloped land and exploration projects which are pending the determination of technical feasibility.

4. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

	December 11, 2012	December 31, 2011
Cost, beginning of period	$ 7,785,926	$ 8,394,681
Foreign currency loss	(794,857)	(960,501)
Additions	18,521	351,746
Change in decommissioning liabilities	-	-
Transfers from E&E	-	-
Cost, end of period	7,009,590	7,785,926
Accumulated depletion, beginning	(1,174,126)	(664,334)
Foreign currency gain	149,903	140,422
Depreciation and depletion for the period	(478,381)	(650,214)
Accumulated depletion, end of period	(1,502,604)	(1,174,126)
Net balance, end of period	$ 5,506,986	$ 6,611,800

5. DECOMMISIONING 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 facilities and the estimated timing of the costs to be incurred in the future periods. As at December 11, 2012, the estimated future undiscounted cash flows of $1.2 million (December 31, 2011 - $1.6 million) have been discounted using an average risk free rate of 1.78 percent (2011 – 1.89 percent) and an in-country inflation rate of 5.84 percent (2011 – 6.5 percent), the following table reconciles the decommissioning liability:

	December 11, 2012	December 31, 2011
Balance, beginning of period	$ 1,077,444	$ 1,186,983
Foreign currency gain	(111,138)	(133,104)
Liabilities incurred	-	-
Changes in estimate	-	-
Accretion expense in the period	20,656	23,565
Balance, end of period	$ 986,962	$ 1,077,444

6. INCOME TAXES

The following table reconciles the income tax expense (recovery) computed by applying the Brazilian statutory rate to the net loss before tax per the carve-out statements of comprehensive loss with the actual income tax expense (recovery) recorded:

	Period from January 1, 2012 to December 11, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Net loss before income tax	$ 1,931,380	$ 2,206,211	$ 2,591,274
Statutory income tax rate	34%	34%	34%
Expected income tax recovery	**656,670**	**750,112**	**881,033**
Add (deduct):			
Non-deductibles	-	-	-
Unrecognized deferred tax asset	656,670	750,112	881,033
Deferred income tax expense (recovery)	**$ -**	**$ -**	**$ -**

A deferred tax asset was not recognized as it is not probable that sufficient future taxable income will be available to realize the asset and thus no asset is recognized on the statement of financial position.

7. FINANCIAL INSTRUMENTS

Alvorada's financial instruments consist of trade and other receivables and accounts payable and accrued liabilities on the statement of financial position.

Risks Associated with Financial Assets and Liabilities

Alvorada has exposure to the following risks related to its financial instruments: commodity price risk, credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that Alvorada will not be able to collect amounts owed as they are due. Alvorada has credit risk on trade and other receivables.

Crude oil production is sold, as determined by market based prices adjusted for quality differentials, to three main counterparties, of which one counterparty represents greater than 90 percent of the Company's total revenue for the period. Typically, the Company's maximum credit exposure to customers is up to two months' sales revenue. The Company does not anticipate non-performance by any of the counterparties. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. The Company historically has not experienced any collection issues with its crude oil customers.

The carrying amount of trade and other receivable represent the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Alvorada will not be able to meet its financial obligations as they are due. Alvorada's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing business objectives.

ResourceCo will have approximately Cdn$100 million at its inception (as described in Note 1) to meet its exploration commitments. Crude oil production is monitored daily to provide current cash flow estimates and Alvorada utilized authorizations for expenditures on projects to manage capital expenditures.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also reduce Alvorada's ability to raise capital. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand. From time to time Alvorada may attempt to mitigate commodity price risk through the use of financial derivatives.

Fair Value of Financial Instruments

The fair value of the financial instruments approximates their carrying amounts due to their short terms to maturity.

Alvorada classifies the fair value of financial instruments measured at fair value 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.

Alvorada's financial instruments have been assessed on the fair value hierarchy described above.

- The fair values of cash and cash equivalents, trade and other accounts receivables, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of maturity of those instruments.
- There are no financial instruments classified as Level 2 or Level 3.

8. COMMITMENTS

Pursuant to exploration contracts, as at December 11, 2012, Alvorada had work commitments totaling $7.3 million (R$15.2 million) to be completed during the next three years. The work commitments are normal course of business activities that include acquisition and processing of seismic data and drilling exploration wells. Alvorada issued performance bonds totaling $7.3 million to guarantee the obligations under these exploration contracts. These commitments were assumed by PMG as described in Note 1.

1774501 Alberta Ltd. (“ResourceCo”)

Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2013 and for the period from January 1, 2013 to September 30, 2013 and the year ended December 31, 2012

1774501 Alberta Ltd. ("ResourceCo")

Unaudited Pro Forma Consolidated Statement of Financial Position
As at September 30, 2013
(United States dollars)

As at,	ResourceCo (1774501 Alberta Ltd.)	ResourceCo Carve-out Financials	Pro Forma Adjustments	Note 3	ResourceCo Pro Forma Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 100	$ 776,370	$ 88,479,300	A, B	$ 89,255,770
Trade and other receivables	-	51,420	-		51,420
Total current assets	**100**	**827,790**	**88,479,300**		**89,307,190**
Other assets	-	6,847,341	-		6,847,341
Exploration and evaluation assets	-	29,832,409	-		29,832,409
Property, plant and equipment	-	4,883,063	-		4,883,063
Goodwill	-	3,283,333	369,298	B	3,652,631
Total non-current assets	**-**	**44,846,146**	**369,298**		**45,215,444**
Total assets	**$ 100**	**$ 45,673,936**	**$ 88,848,598**		**$134,522,634**
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	$ -	$ 883,516	$ -		$ 883,516
Decommissioning liability	-	2,702,433	-		2,702,433
Total liabilities	**-**	**3,585,949**	**-**		**3,585,949**
Share capital	100	-	132,080,818	A,D	132,080,918
Currency translation reserve	-	(1,144,233)	-		(1,144,233)
Net investment in ResourceCo Assets	-	34,850,818	(34,850,818)	D	-
Non-controlling interest ("NCI")	-	8,381,402	(8,381,402)	B	-
Total liabilities and equity	**$ 100**	**$ 45,673,936**	**$ 88,848,598**		**$134,522,634**

See accompanying notes to the consolidated pro forma financial statements.

1774501 Alberta Ltd. ("ResourceCo")

Unaudited Pro Forma Consolidated Statement of Operations
For the nine months ended September 30, 2013
(United States dollars)

	ResourceCo (1774501 Alberta Ltd.)	ResourceCo Carve-out Financials	Pro Forma Adjustments	Note 3	ResourceCo Pro Forma Consolidated
Oil sales	$ -	$ 905,677	$ -		$ 905,677
Royalties	-	48,374	-		48,374
Revenue	**-**	**857,303**	**-**		**857,303**
Expenses					
Production	-	1,069,962	-		1,069,962
Transportation	-	26,447	-		26,447
General and administrative	-	2,901,422	-		2,901,422
Depletion and depreciation	-	234,217	-		234,217
Impairment	-	6,267,076	-		6,267,076
Accretion of decommissioning liability	-	55,420	-		55,420
Share-based compensation	-	301,353	-		301,353
Foreign exchange loss (gain)	-	(15,030)	-		(15,030)
Total expenses	**-**	**10,840,867**	**-**		**10,840,867**
Loss before taxes	-	**9,983,564**	-		**9,983,564**
Current tax expense	-	19,814	-		19,814
Net loss	**-**	**10,003,378**	**-**		**10,003,378**
Foreign currency translation effects	-	1,839,438	-		1,839,438
Comprehensive (loss) attributable to NCI	-	(2,667,853)	2,667,853	B	-
Comprehensive loss attributable to PMG	**$ -**	**$ 9,174,963**	**$ 2,667,853**		**$ 11,842,816**
Pro forma common shares outstanding				C	85,098,833
Loss per share – basic and diluted					$ (0.12)

See accompanying notes to the consolidated pro forma financial statements.

1774501 Alberta Ltd. ("ResourceCo")

Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2012
(United States dollars)

	ResourceCo (1774501 Alberta Ltd.)	Alvorada Carve-out Financials	ResourceCo Carve-out Financials	Pro Forma Adjustments	Note 3	ResourceCo Pro Forma Consolidated
Oil sales	$ -	$ 1,925,000	$ 73,326	$ -		$ 1,998,326
Royalties	-	(100,533)	(5,181)	-		(105,714)
Revenue	**-**	**1,824,467**	**68,145**	**-**		**1,892,612**
Expenses						
Production	-	771,573	37,550	-		809,123
Transportation	-	75,751	1,896	-		77,647
General and administrative	-	2,409,485	262,668	-		2,672,153
Depletion and depreciation	-	478,381	25,996	-		504,377
Accretion of decommissioning liability	-	20,657	-	-		20,657
Share-based compensation	-	-	21,602	-		21,602
Foreign exchange loss (gains)	-	-	-	-		-
Total expenses	**-**	**3,755,847**	**349,712**	**-**		**4,105,559**
Loss before taxes	-	1,931,380	281,567	-		2,212,947
Deferred tax expense	-	-	-	-		-
Net loss before NCI	**-**	**1,931,380**	**281,567**	**-**		**2,212,947**
Foreign currency translation loss (gain)	-	3,235,799	(313,794)	-		2,922,005
Net loss attributable to NCI	-	-	42,456	(42,456)	B	-
Comprehensive loss (income) attributable to PMG	**$ -**	**$ 5,167,179**	**$ 10,229**	**$ (42,456)**		**$ 5,134,952**
Pro forma common shares outstanding					C	85,098,833
Loss per share – basic and diluted						$ (0.03)

See accompanying notes to the consolidated pro forma financial statements.

1774501 Alberta Ltd. (“ResourceCo”)

Notes to the unaudited Pro Forma Consolidated Financial Statements

1. BASIS OF PRESENTATION

This pro forma statement of financial position has been prepared for Petrominerales Ltd.'s ("PMG") Information Circular ("Information Circular") dated October 29, 2013. On September 29, 2013, PMG 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 PMG’s Brazilian assets and liabilities (the “Carve-out Assets”) will be transferred to the 1774501 Alberta Ltd. (“ResourceCo” or the "Corporation") in connection with the Arrangement.

PMG’s management has prepared these unaudited pro forma consolidated financial statements for the Arrangement and are expressed in United States dollars. The unaudited pro forma consolidated financial statements have been derived from (i) ResourceCo unaudited carve-out financial statements for the nine months ended September 30, 2013 and audited carve-out financial statements for the period from December 12, 2012 to December 31, 2012, (ii) Alvorada audited carve out financial statements for the period January 1, 2012 to December 11, 2012, (iii) the audited statement of financial position of the Corporation as at September 30, 2013, (iv) the Arrangement (Note 2) and (v) other information available to PMG’s management. These unaudited pro forma consolidated financial statements should be read in conjunction with Petrominerales’ audited consolidated financial statements for the year ended December 31, 2012 and the financial statements mentioned above in items (i), (ii) and (iii).

In the opinion of PMG’s management, these unaudited pro forma consolidated financial statements contain all the necessary adjustments for a fair presentation in accordance with International Financial Reporting Standards ("IFRS").

These unaudited pro forma consolidated financial statements are for illustrative and information purposes only and may not be indicative of the results that actually would have occurred if the Arrangement had been in effect on the dates indicated or of the results that may be obtained in the future. In addition to the pro forma adjustments to the historical carve-out financial statements, various other factors will have an effect on the financial condition and results of operations after the completion of the Arrangement.

The unaudited pro forma consolidated statement of financial position gives effect to the Arrangement as if it had taken place on September 30, 2013. The unaudited statements of operations give effect to the Arrangement as if it had taken place on January 1, 2012. Note 3 outlines the pro forma assumptions and adjustments that have been made.

2. THE ARRANGEMENT

Under the Arrangement, a holder of PMG common shares will receive, in exchange for each PMG common share, cash consideration of Cdn$11.00 and one common share of ResourceCo.

Following the completion of the Arrangement, ResourceCo will own certain oil and gas assets in Brazil (the “Carve-out Assets”) currently owned by PMG, plus approximately Cdn$100 million of cash that will be contributed by PMG under the Arrangement. PMG initially acquired a 75 percent interest in the Carve-out Assets on December 11, 2012. ResourceCo will be owned by the shareholders of PMG at the record date of the shareholders’ meeting called to vote on the Arrangement. Assuming all in-the-money PMG stock options, incentive shares and deferred common shares are exchanged for cash consideration, ResourceCo will have approximately 85,098,833 common shares outstanding after the Arrangement. A detailed description of the Arrangement is set out in the Information Circular.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following adjustments reflect the expected changes to ResourceCo's historical results which would arise from the Arrangement.

A. Cash and cash equivalents and share capital increased by $97,230,000 (Cdn$100 million). The unaudited pro forma consolidated statement of financial position does not reflect any excess cash that may be on hand in ResourceCo at the closing date of the Arrangement due to the difference between the US$18 million capital budget limit for the period from September 29, 2013 to closing as specified in the Arrangement Agreement and actual capital, operating and administrative costs.

B. On September 27, 2013, PMG entered into a share purchase agreement to acquire the remaining 25% working interest in the Carve-out Assets for $8.8 million (Cdn$9 million) plus closing date adjustments. This acquisition is expected to close in mid-November 2013 and reduces cash by $8.8 million, eliminates the non-controlling interest of $8.4 million and increases goodwill by $0.4 million.

C. As a result of the Arrangement described in Note 2, the pro forma net loss per common share is calculated using 85,098,833 of pro forma shares outstanding. The value of stated capital (common share capital) will be determined at the time of the Arrangement.

D. The amount of PMG's net investment in ResourceCo, which was recorded in ResourceCo as net investment in the Carve-out Assets in its carve-out financial statements, is reclassified to Share capital.

E. ResourceCo's tax pools will be determined at the time of the Arrangement. As at September 30, 2013, there were approximately $40 million in tax pools and an unrecorded deferred tax asset in ResourceCo. However, based on no assurance of profitable operations, no deferred tax asset has been recognized at September 30, 2013.

F. Transactions costs to be incurred on the above transactions have not been considered in these pro forma consolidated financial statements.

SCHEDULE B - BOARD OF DIRECTORS MANDATE

These terms of reference define the role of the Board of Directors of 1774501 Alberta Ltd. (the "**Corporation**"). The fundamental responsibilities of the Board of Directors of the Corporation are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls. The following are the key guidelines governing how the Board will operate to carry out its duties.

1. **Duty of Oversight**

   The Board is responsible for overseeing and supervising management's conduct of the business of the Corporation to ensure that such business is being conducted in the best interests of the Corporation and its shareholders.

2. **Formulation of Corporate Strategy**

   Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board shall ensure there is a formal strategic planning process in place and shall review and, if it sees fit, endorse the corporate strategy presented by management. The Board shall monitor the implementation and execution of the corporate strategy.

3. **Principal Risks**

   The Board should have a continuing understanding of the principal risks associated with the business of the Corporation. It is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are the Audit Committee and the Reserves Committee and the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

4. **Internal Controls and Communication Systems**

   The Board ensures that sufficient internal controls and communication systems are in place to allow it to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

5. **Financial Reporting, Operational Reporting and Review**

   The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosure of the Corporation.

   The Board reviews and approves the financial statements, related MD&A and reserves evaluations of the Corporation.

   The Board reviews annual operating and capital budgets and reviews and considers all amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business.

   The Board reviews operating and financial performance results relative to established strategy, budgets and objectives.

6. **Succession Planning and Management Development**

The Board considers succession planning and management recruitment and development. The Chief Executive Officer and the Compensation Committee shall periodically review succession planning and management recruitment and development.

7. **Disclosure and Communication Policy**

The Board will adopt a policy governing disclosure and communication concerning the affairs of the Corporation.

8. **The Chair of the Board**

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee execution by the Board of this written mandate.

9. **Committees**

The Board may appoint such committees as it sees fit. Each committee operates according to terms of reference approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board reviews and re-assesses the adequacy of the terms of reference of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

10. **Committee Chairs and Committee Members**

The Chair shall annually propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and terms of reference. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

11. **Board Meetings and Agendas**

The Board will meet a minimum of 4 times per year.

The Chair, in consultation with the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two business days before the meeting. All directors are free to suggest additions to the agenda.

12. **Information for Board Meetings**

Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

13. **Non-Directors at Board Meetings**

The Board appreciates the value of having management team members attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair, can determine management attendees at Board meetings.

14. **Board Relations with Management**

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the President and Chief Executive Officer or through Board and committee meetings.

While the Board establishes limits of authority delegated to management, directors must respect the organizational structure of management. A director has no authority to direct any staff member.

15. **New Director Orientation**

New directors will be provided with an orientation which will include written information about the duties and obligations of directors and the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors.

16. **Assessing the Board's Performance**

The Board is responsible for annually assessing its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where the directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation.

17. **Board Compensation**

The Compensation and Nominating Committee will review director compensation annually in accordance with the terms of reference of the Compensation and Nominating Committee and will recommend changes in compensation to the Board when warranted and in light of the responsibilities and risks involved in being a director.

18. **Annual Evaluation of the President and Chief Executive Officer**

The Compensation Committee will conduct an annual performance review of President and Chief Executive Officer in accordance with the terms of reference of the Compensation Committee. The results of this performance review will be communicated to the President and Chief Executive Officer by the Chair of the Compensation Committee.

19. **Outside Advisors for Individual Directors**

Occasionally, a director may need the services of an advisor to assist with matters involving responsibilities as a director. A director who wishes to engage an outside advisor at the expense of the Corporation may do so with the authorization of the Chair of the Board.

20. **Conflict of Interest**

(a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

(b) Directors shall not allow personal interests to conflict with their duties to the Corporation and shall avoid and refrain from involvement in situations of conflict of interest.

(c) A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict with that director's duty to the Corporation.

(d) A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Corporation.

(e) The disclosures contemplated in paragraphs (c) & (d) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur at the first Board meeting after the director becomes aware of the potential conflict of interest.

(f) A director's disclosure to the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board.

(g) A director with a conflict of interest or who is capable of being perceived as being in conflict of interest *vis-a-vis* the Corporation shall abstain from discussion and voting by the Board or committee of the Board on any motion to recommend or approve the relevant contract of transaction unless the contract or transaction is an arrangement by way of security for obligations undertaken by the director for the benefit of the Corporation or one relating primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.

(h) Without limiting the generality of "conflict of interest" it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Corporation.

(i) Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.

(j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

21. **Corporate Governance**

The Board retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board shall establish and maintain such corporate governance policies and procedures as are necessary to ensure that the Corporation is fully compliant with applicable securities laws and prevailing governance standards. Such policies and procedures shall contain clear reporting, oversight and enforcement provisions that reserve the right to the Board to take appropriate remedial action in the event of a breach thereof. The Board shall mandate the Corporation's professional advisors to keep it apprised of developing corporate governance issues and shall, each year after the annual shareholder meeting of the Corporation, review the sufficiency of the Corporation's corporate governance policies and procedures.

22. **Terms of Reference Review**

These Terms of Reference shall be reviewed and approved by the Board each year after the annual general shareholder meeting of the Corporation.

SCHEDULE C - PROPOSED AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (or the "**Committee**") is a committee of the Board of Directors of 1774501 Alberta Ltd. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited consolidated financial statements and other mandatory disclosure releases containing financial information of the Corporation. The objectives of the Audit Committee are as follows:

1. to assist directors in fulfilling their legal and fiduciary obligations (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;

2. to oversee the audit efforts of the external auditors of the Corporation;

3. to maintain free and open means of communication among the directors, the external auditors, the financial and senior management of the Corporation;

4. to satisfy itself that the external auditors are independent of the Corporation; and

5. to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

The function of the Committee is one of oversight of management and the external auditors in the execution of their responsibilities. Management is responsible for the preparation, presentation and integrity of the financial statements of the Corporation, maintaining appropriate accounting and financial reporting principles and policies and implementing appropriate internal controls and procedures. The external auditors are responsible for planning and carrying out a proper audit of the annual financial statements of the Corporation and reviewing the financial statements of the Corporation prior to their filing with securities regulatory authorities and other procedures.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.

2. Each director appointed to the Audit Committee by the Board must be independent. A director is independent if the director has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. In determining whether a director is independent of management, the Board shall make reference to National Instrument 52-110 – *Audit Committees* or the then current legislation, rules, policies and instruments of applicable regulatory authorities.

3. Each member of the Audit Committee shall be "financially literate". In order to be financially literate, a director must be, at a minimum, able to read and understand financial statements that present a breadth and complexity of accounting issues generally comparable to the breadth and complexity of issues expected to be raised by the Corporation's financial statements.

4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

Meetings of the Committee

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit

Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis of the Corporation.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee. The auditors shall be given notice of each meeting of the Audit Committee at which financial statements of the Corporation are to be considered and such other meetings as determined by the Chair and shall be entitled to attend each such meeting of the Audit Committee.

3. Notice of a meeting of the Audit Committee shall:

   (a) be in writing, including by email;

   (b) state the nature of the business to be transacted at the meeting in reasonable detail;

   (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

   (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.

4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee.

5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.

7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee: (i) shall meet in camera with the external auditors independent of management as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

1. It is the responsibility of the Audit Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors shall report directly to the Audit Committee.

2. The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board or the legislation, policies or regulations governing the Corporation and its business.

3. It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that the Corporation's system of internal controls over financial reporting and disclosure controls and procedures are satisfactory for the purpose of:

   (a) identifying, monitoring and mitigating the principal risks intended to be addressed by such controls and procedures;

   (b) complying with the legal and regulatory requirements related to such controls and procedures;

and to review with the external auditors their assessment of the internal controls over financial reporting and the disclosure controls of the Corporation, their written reports containing recommendations for improvement, and management's response and any follow-up to any identified weaknesses.

4. It is the responsibility of the Audit Committee to review the annual financial statements of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should include but be not to be limited to:

   (a) reviewing and accepting, if appropriate, the annual audit plan of the external auditors of the Corporation, including the scope of audit activities, and monitor such plan's progress and results during the year;

   (b) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

   (c) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

   (d) reviewing the methods used to account for significant unusual or non-recurring transactions;

   (e) reviewing compliance with covenants under loan agreements;

   (f) reviewing disclosure requirements for commitments and contingencies;

   (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

   (h) reviewing unresolved differences between management and the external auditors;

   (i) obtain explanations of significant variances with comparative reporting periods;

   (j) review of business systems changes and implications;

   (k) review of authority and approval limits;

   (l) review the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors and management;

   (m) confirm through private discussion with the external auditors and the management that no management restrictions are being placed on the scope of the external auditors' work;

   (n) review of tax policy issues; and

   (o) review of emerging accounting issues that could have an impact on the Corporation.

5. It is the responsibility of the Audit Committee to review the interim financial statements of the Corporation and, if deemed appropriate, to recommend the financial statements to the Board for approval and to review all prospectuses, management discussion and analysis, annual information forms and all other public disclosure containing significant audited or unaudited financial information, prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.

6. The Audit Committee shall have the authority to:

   (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;

(c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(d) to set and pay the compensation for any advisors employed by the Audit Committee.

7. With respect to the appointment of external auditors by the Board, the Audit Committee shall:

(a) recommend to the Board the appointment of the external auditors;

(b) review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;

(c) oversee the independence of the external auditors by, among other things, if determined necessary, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;

(d) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee; and

(e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

8. The Audit Committee shall review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

9. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Audit Committee may delegate, to one or more members, the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting and such pre-approval and the member comply with such other procedures as may be established by the Audit Committee form time to time.

10. The Audit Committee shall review adherence to the risk management policies and procedures of the Corporation (i.e. hedging, litigation and insurance), including an annual review of insurance coverage, and make appropriate recommendations to the Board with respect thereto.

11. The Audit Committee shall establish and maintain procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

12. The Audit Committee shall review and approve the Corporation’s hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.

13. The Audit Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board.

14. The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.

APPENDIX H - SECTION 191 OF THE ABCA

191 Shareholder's right to dissent

(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.

(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.

(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.

(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.

(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.

(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.

(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.

(8) 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.

(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.

(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.

(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.

(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.

(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.

(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 Petrominerales 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.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(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.

(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.

(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.

(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.

(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.

APPENDIX I – RESOURCECO OPTION PLAN

1774501 ALBERTA LTD.

STOCK OPTION PLAN

ARTICLE 1 - PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and to benefit from the appreciation thereof. This will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

ARTICLE 2 - DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

(a) **"Board"** means the board of directors of the Corporation;

(b) **"Change of Control"** means the occurrence of any one or more of the following:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its Subsidiaries;

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iv) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

(v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Subsidiaries and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or

(vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means Common Shares and any other shares entitled to vote for the election of directors of the Corporation and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the

election of directors of the Corporation but are convertible into or exchangeable for shares which are entitled to vote for the election of directors of the Corporation including any options or rights to purchase such shares or securities;

(c) **"Common Shares"** means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 7 hereof, such other shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

(d) "**Consultant**" has the meaning ascribed thereto in the Exchange Policies;

(e) **"Corporation"** means 1774501 Alberta Ltd. and includes any successor corporation thereof;

(f) **"Exchange"** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on TSX Venture Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;

(g) "**Exchange Policies**" means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;

(h) **"Holding Company"** means a holding company wholly-owned and controlled by a Participant;

(i) **"Insider"** has the meaning ascribed thereto in the Exchange Policies;

(j) **"Market Price per Share"** shall mean the volume weighted average trading price per share for the Common Shares on the Exchange for the five (5) consecutive trading days ending on the last trading day preceding the date that the applicable Option is granted;

(k) **"Option"** means an option to purchase Common Shares granted by the Board to a Participant, subject to the provisions contained herein;

(l) **"Option Price"** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted in accordance with Articles 4 and 7 hereof,

(m) **"Participants"** means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries;

(n) **"Plan"** means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;

(o) **"RRSP"** means a registered retirement savings plan;

(p) **"Subsidiaries"** means any corporation that is a subsidiary of the Corporation, as such term is defined under subsection 2(4) of the Business Corporations Act (Alberta), as such provision is from time to time amended, varied or re-enacted;

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Toronto Stock Exchange Company Manual.

ARTICLE 3 - ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three (3) directors.

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board.

ARTICLE 4 - GRANTING OF OPTIONS

4.1 The Board may, from time to time, grant Options to such Participants as it chooses and, subject to the restrictions herein, in such numbers as it chooses. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2 The aggregate number of Common Shares that may be reserved for issuance under the Plan, together with any Common Shares reserved for issuance under any other share compensation arrangement implemented by the Corporation after the date of the adoption of this Plan, shall be equal to 10% of outstanding Common Shares (on a non-diluted basis) outstanding at that time. This prescribed maximum may be subsequently increased to any other specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without having been exercised in full, any unpurchased Common Shares to which such Options relate shall be available for the purposes of granting of further Options under this Plan. No fractional shares may be purchased or issued hereunder.

4.3 Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one person, when combined with any other share compensation arrangement, may not exceed 5% of the outstanding Common Shares (on a non-diluted basis);

(b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders pursuant to the Plan, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and

(c) the aggregate number of Common Shares issued within any one year period to Insiders pursuant to Options, when combined with any other share compensation arrangement, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis);

(d) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one person who is a Consultant in any twelve (12) month period, may not exceed 2% of the issued and outstanding Common Shares (on a non-diluted basis); and

(e) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to individuals conducting Investor Relations Activities (as defined in Exchange Policies) in any twelve (12) month period, may not exceed 2% of the issued and outstanding Common Shares (on a non-diluted basis).

The aforementioned limits of Common Shares reserved for issuance may be formulated on a diluted basis with the consent of the Exchange.

4.4 The Option Price shall be fixed by the Board when the Option is granted, provided that such price shall not be less than the Market Price per Share.

4.5 An Option must be exercised within a term set by the Board at the time of grant, such term not to exceed ten years from the date of the granting of the Option. The vesting period or periods within this term during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted.

4.6 Upon written notice from a Participant, any Option that might otherwise be granted to that Participant, may be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Participant.

ARTICLE 5 - EXERCISE OR DISPOSITION OF OPTIONS

Subject to the provisions of the Plan and the terms of the granting of the Option, an Option or a portion thereof may be exercised from time to time by delivery to the Corporation's principal office in Calgary, Alberta of a notice in writing signed by the Participant or the Participant's legal personal representative and addressed to the Corporation (the "Exercise Notice"). The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, the number of Common Shares in respect of which the Option is then being exercised and must be accompanied by payment in full of the Option Price for the Common Shares which are the subject of the exercise. Alternatively, a Participant may offer to dispose of his or her vested, unexercised Options or any of them to the Corporation for cash in an amount not to exceed the fair market value thereof, as determined by the Board, and the Corporation has the right, but not the obligation, to accept the Participant's offer. The Participant shall make an offer to dispose of his or her Options by providing a written notice to the Corporation at its head office in Calgary, Alberta or such other place as may be specified by the Corporation, specifying the number of vested and unexercised options the Participant is proposing to dispose of.

ARTICLE 6 - NET SHARE EXERCISE RIGHT

At the election of the Participant (the "Net Share Exercise Right"), the Corporation shall satisfy any obligations to the Participant in respect of any Options exercised by the Participant by issuing such number of Common Shares to the Participant that is equal in value to the difference between: (a) the closing trading price of the Common Shares on the Exchange on the day prior to the date on which the Option is exercised or, in the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the market price as determined by the Board; and (b) the Option Price. Participants are entitled to the Net Share Exercise Right in respect of all or a portion of unexercised Options which they are entitled to exercise. Upon issuance as aforesaid, such Options shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof.

ARTICLE 7 - ADJUSTMENTS IN SHARES

7.1 Appropriate adjustments in the number of Common Shares subject to the Plan and, as regards Options, granted or to be granted, in the number of Common Shares optioned and in the Option 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, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board.

7.2 Options granted to Participants hereunder are non-assignable unless the prior written consent of the Corporation and the Exchange has been obtained and, except in the case of the death of a Participant (which is provided for in Article 9), are exercisable only by the Participant to whom the Options have been granted.

ARTICLE 8 - DECISIONS OF THE BOARD

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

ARTICLE 9 - TERMINATION OF EMPLOYMENT/DEATH

9.1 In the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death or termination for cause (including the resignation or retirement of the Participant as a director, officer or employee of the Corporation or the termination by the Corporation of the employment of the Participant or the termination by the Corporation or the Participant of the consulting arrangement with the Participant):

(a) all unvested Options held by such Participant shall immediately cease and terminate on the on the earlier of: (i) the effective date of such resignation or retirement, (ii) the date on which notice of termination of employment is given by the Corporation, or (iii) the date on which notice of

termination of the consulting arrangement is given by the Corporation or the Participant, as the case may be;

(b) all vested Options held by such Participant shall cease and terminate on the on the earlier of: (i) the thirtieth (30th) day following the effective date of such resignation or retirement, (ii) the thirtieth (30th) day following the date on which notice of termination of employment is given by the Corporation, (iii) the thirtieth (30th) day following the date on which notice of termination of the consulting arrangement is given by the Corporation or the Participant, or (iv) the expiry date of the Option;

and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised. In no circumstances shall the operation of this section extend the expiry date of such Option beyond the term prescribed by Section 4.5.

9.2 In the event of the termination of the employment of a Participant for cause, all Options held by such Participant shall cease and terminate immediately upon the date notice of termination of employment for cause is given by the Corporation and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

9.3 In the event of the death of a Participant on or prior to the expiry time of an Option, the legal representatives of the Participant may exercise the vested Options held by the Participant at the time of death within a period after the date of the Participant's death as determined by the Board, provided that, such period shall not extend beyond 6 months following the death of the Participant with respect to any Option held by the Participant. For greater certainty, such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding beyond 6 months following the date of death or such other period as determined by the Board, provided that, in any event, no Option shall remain outstanding for any period that exceeds the expiry date of such Option.

9.4 The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any of its Subsidiaries, nor does it interfere in any way with the right of the Participant or the Corporation to terminate the Participant's employment at any time.

9.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

ARTICLE 10 - CHANGE OF CONTROL

10.1 In the event of a Change of Control is contemplated or has occurred, all Options which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board, notwithstanding the other terms of the Options.

10.2 If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Common Shares in respect of which such Option has not previously been exercised (including in respect of Common Shares not otherwise vested at such time) by the Participant (the "Take-over Acceleration Right"). The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right, but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

10.3 If the Participant elects to exercise its option to purchase Common Shares following the merger or consolidation of the Corporation with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares of the Corporation to which he was theretofore entitled upon such exercise, either, at the discretion of the Board: (i) the kind and amount of shares and other securities or property which such holder could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, he had been the registered holder of the number of Common Shares of the Corporation to which he was theretofore entitled to purchase

upon exercise; or (ii) a cash amount determined by the Board to be equal to the fair value of the shares, securities or property referred to in (i) on the effective date of the merger or consolidation.

ARTICLE 11 - AMENDMENT OR DISCONTINUANCE OF PLAN

11.1 The Board may amend the Plan and any securities granted thereunder in any manner, or discontinue it at any time, without the approval of the holders of a majority of the Common Shares, provided that:

(a) the consent of the applicable Participants must be obtained for any amendment that would adversely affect any outstanding Options;

(b) the approval of the holders of a majority of the Common Shares present and voting in person or by proxy at a meeting of holders of Common Shares (including approval of the disinterested holders of Common Shares if required by Exchange Policies) must be obtained for any amendment that would have the effect of:

(i) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan;

(ii) increasing the maximum percentage of Common Shares that may be reserved for issuance under the Plan to Insiders or any one person;

(iii) increasing the maximum percentage of Common Shares that may be issued under the Plan within any one year period to Insiders, Consultants or individuals conducting Investor Relations Activities;

(iv) changing the amendment provisions of the Plan;

(v) changing the terms of any Options held by Insiders;

(vi) reducing the Option Price of any outstanding Options held by Insiders (including the reissue of an Option within 90 days of cancellation which constitutes a reduction in the Option Price);

(vii) amending the definition of Participants to expand the categories of individuals eligible for participation in the Plan;

(viii) extending the expiry date of an outstanding Option or amending the Plan to allow for the grant of an Option with an expiry date of more than ten years from the grant date; or

(ix) amending Section 7.2 to permit the transferability of Options, except to permit a transfer to a family member, an entity controlled by the Participant or a family member, a charity or for estate planning or estate settlement purposes.

ARTICLE 12 - EXTENSION OF EXPIRY TIME DURING BLACKOUT PERIODS

Notwithstanding the provisions contained herein for the expiry of Options, in the event that the expiry date of an Option falls during or within two business days following the end of a black out period that is self imposed by the Corporation pursuant to its policies (a “Black Out Period”), the expiry date of such Option shall be extended for a period of ten (10) business days following the end of the Black Out Period (the “Black Out Expiration Term”).

ARTICLE 13 - GOVERNMENT REGULATION

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

(a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection therewith;

(b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and

(c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations 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 stock exchange on which such Common Shares are then listed.

ARTICLE 14 - PARTICIPANTS' RIGHTS

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

ARTICLE 15 - APPROVALS

15.1 The Plan shall be subject to:

(a) the approval of the shareholders of the Corporation to be given by a resolution at a meeting of the Shareholders of the Corporation; and

(b) acceptance by the Exchange.

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 such approval and acceptance is given.

ARTICLE 16 - OPTION AGREEMENT

The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the Option Price, the number of Common Shares subject to option, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 17 - WITHHOLDINGS

If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by a Participant, then the Participant shall, concurrently with the exercise or disposition:

(a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;

(b) authorize the Corporation, on behalf of the Participant, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Common Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or

(c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

Any questions and requests for assistance may be directed to the
Proxy Solicitation Agent:

KINGSDALE
Shareholder Services Inc.

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:

1-888-518-6812

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

MERRILL
CORPORATION CANADA
Printed in Canada
13-22535-0