



**NOTICE OF
ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS OF
PETROMINERALES LTD.**

AND

MANAGEMENT INFORMATION CIRCULAR

Meeting to be held at:
Millennium Meeting Room, Radisson Royal Bogotá Hotel
Calle 113 No. 7-65, Bogotá, Colombia
on Friday, May 25, 2007
at 10:00am

April 20, 2007



Notice of Annual and Special Meeting of Shareholders
of Petrominerales Ltd. to be held on Friday, May 25, 2007

The annual and special meeting (“Meeting”) of the shareholders of Petrominerales Ltd. (the “Corporation”) will be held on Friday, May 25, 2007, at 10:00 am in the Millennium Meeting Room at the Radisson Royal Bogotá Hotel, Calle 113 No. 7-65, Bogotá, Colombia, to:

1. receive and consider our financial statements for the year ended December 31, 2006, together with the report of the auditors thereon;
2. elect the directors of the Corporation for the ensuing year;
3. appoint the auditors and authorize the directors to fix their remuneration;
4. consider and, if thought fit, to pass a resolution of the shareholders to ratify, approve and adopt the Deferred Share Compensation Plan of the Corporation; and
5. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular accompanying this notice.

If you are unable to attend the Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

Only shareholders of record at the close of business on April 20, 2007 (the “Record Date”) will be entitled to vote at the Meeting, unless that shareholder has transferred any shares subsequent to the Record Date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee’s name be included on the list of shareholders.

DATED April 20, 2007.

By order of the Board of Directors

John D. Wright
President, Chief Executive Officer and
Director



Information Circular
for the Annual and Special Meeting to be held on Friday, May 25, 2007

PROXIES

Solicitation of Proxies

This management information circular ("information circular") is furnished in connection with the solicitation of proxies for use at our annual and special meeting ("Meeting") of the holders ("shareholders") of common shares ("common shares") of the Corporation to be held on Friday, May 25, 2007 at 10:00 am in the Millennium Meeting Room at the Radisson Royal Bogotá Hotel, Calle 113 No. 7-65, Bogotá, Colombia and at any adjournment thereof. Proxies must be addressed to and reach Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours before the time for holding the Meeting or any adjournment thereof (excluding Saturdays, Sundays, and holidays). Only shareholders of record at the close of business on April 20, 2007 (the "Record Date") will be entitled to vote at the Meeting, unless that shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders. References herein to "we", "our", the "Corporation" or "Petrominerales" refer to Petrominerales Ltd.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. As a shareholder you have the right to appoint another person, who need not be a shareholder, to represent you at the Meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in your account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your common shares.

There are two kinds of beneficial shareholders: those who object to their names being made known to the issuers of securities they own, called objecting beneficial owners, and those who do not object to the issuer of the securities they own knowing who they are, called non-objecting beneficial owners (“NOBOs”).

Pursuant to National Instrument 54-101, the Corporation may deliver proxy-related material directly to its NOBOs. If you are a beneficial shareholder and Computershare Trust Company of Canada, the Corporation’s transfer agent, has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities legislation from the intermediary holding Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. As a result, NOBOs can expect to receive a scannable voting instruction form (“VIF”) from our transfer agent, Computershare Trust Company of Canada. These VIFs are to be completed and returned to Computershare Trust Company of Canada in the envelope provided. Computershare Trust Company of Canada will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the meeting with respect to the Common Shares represented by the VIFs they receive. If you are a NOBO and wish to vote your common shares in person at the meeting, please insert your own name in the space provided on the VIF to appoint yourself as proxyholder. Do not complete the voting instructions, as your vote will be counted at the meeting. Please register with the transfer agent, Computershare Trust Company of Canada, when you arrive at the meeting. If you are a beneficial shareholder, you should contact your nominee to discuss whether revocation is possible and what procedure to follow.

Revocability of Proxy

You may revoke your proxy at any time prior to the Meeting. If you or the person you give your proxy to attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office at any time up to and including the last business day before the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in connection with such. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The common shares represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon the shares will be voted on any poll in accordance with the specification so made. If you do not provide instructions your shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this information circular, we know of no such amendment, variation or other matter.

Currency

Except as otherwise indicated, all dollar amounts in this information circular are expressed in Canadian dollars and references to \$ are to Canadian dollars.

Date of Information

Unless otherwise indicated, all information set forth in this information circular is given as at April 20, 2007.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue 200,000,000 common shares having a par value of \$1.00 per common share. As at April 20, 2007, there were 95,000,000 common shares issued and outstanding. Holders of shares are entitled to one vote for each common share held.

To the knowledge of our directors and executive officers, as at April 20, 2007, no person or company beneficially owns, directly or indirectly, or controls or directs, more than 10% of the voting shares of the Corporation, other than Petrobank Energy and Resources Ltd. ("Petrobank") which owns 76,693,827 common shares, representing 80.73% of the outstanding common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

ANNUAL BUSINESS

Election of Directors

The Articles of Association of the Corporation require the Corporation have not less than one and not more than fifteen directors, with the actual number of directors holding office from time to time to be determined by the board of directors of the Corporation (the "Board"). The Board has resolved that the number of directors be set at seven. Accordingly, it is proposed that seven directors be elected at the Meeting to serve until the next annual meeting or until their successors are duly elected or appointed.

The persons named below are nominees of management for election as directors. **Unless otherwise directed, the persons designated in the enclosed proxy form intend to vote FOR the election of these nominees at the Meeting.** Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that does occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

John D. Wright
Jerald L. Oaks
Kenneth R. McKinnon
Enrique Umaña-Valenzuela
Ernesto Sarpi
Geir Ytreland
Alastair MacDonald

The following table sets out the name of each of the persons proposed to be nominated for election as director; the principal occupations and offices in the Corporation presently held by him and for the previous five years; the period during which he has served as a director; and the number of voting shares of the Corporation that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him:

Name of Nominee, Location of Residence and Position	Number of Common Shares Beneficially Owned or Controlled	Director Since	Present and Principal Occupation For Previous Five Years
John D. Wright ⁽³⁾ Calgary, Alberta Canada	150,000	May 2006	President, Chief Executive Officer and Director of Petrobank Energy and Resources Ltd. since March 2000.
Jerald L. Oaks ⁽²⁾ Greenwood Village, Colorado USA	50,000	May 2006	Director of Petrobank Energy and Resources Ltd since September 1993, Professional Engineer; President of Oaks Resources Management Inc; since June 1986.
Kenneth R. McKinnon ⁽¹⁾⁽²⁾ Calgary, Alberta Canada	80,000	May 2006	Director of Petrobank Energy and Resources Ltd since March 2000, Corporate Secretary of Petrobank Energy and Resources Ltd. from November 1997 to December 2004; Vice President Legal Affairs and General Counsel of Critical Mass Inc. since September 2000.
Enrique Umaña-Valenzuela ⁽¹⁾ Bogotá Colombia	Nil	May 2006	Trade and investment consultant since May 2005; Director of Sociudades Bolivar since March 2006; President of Coinvertir - Invest in Colombia Corporation from July 1997 to April 2005.
Ernesto Sarpi ⁽³⁾ Naples Italy	8,000	May 2006	Self-employed Consultant from June 2004 to March 2006; Manager of New Ventures of ENI SpA Agip Div. from November 1999 to May 2004.
Geir Ytreland ⁽²⁾⁽³⁾ Droebak Norway	80,000	May 2006	Self-employed Consultant since April 2000; General Manager Norsk Hydro from March 1993 to March 2000; Project Manager for development of the East Timor petroleum industry since January 2004.
Alastair MacDonald ⁽¹⁾ Pembroke Bermuda	Nil	April 2006	Corporate Secretary and Director of the Corporation since April 2006; Director of Petrominerales Colombia Ltd. and predecessor companies since September 1996; Chief Executive Officer of Triathlon Ltd., a financial advisory company since November 1996.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Reserves Committee.

The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to the Corporation by the nominees.

No director of the Corporation:

- (a) is, as at the date of this information circular, or has been, within 10 years before the date of this circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) 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 10 years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Deloitte & Touche LLP, Chartered Accountants, as our auditors, to hold office until the next annual Meeting of the shareholders and to authorize the directors to fix their remuneration. Deloitte & Touche LLP was first appointed on January 12, 2007.

Unless otherwise directed, the persons designated in the enclosed form of proxy intend to vote at the Meeting FOR the reappointment of Deloitte & Touche LLP as the Corporation's auditors and authorizing the Board to fix the auditors' remuneration.

SPECIAL BUSINESS

Approval of Deferred Share Compensation Plan

Background

The Board of Directors of the Corporation has adopted the Deferred Share Compensation Plan ("DCS Plan").

Terms of the Deferred Share Compensation Plan

The purpose of the DCS Plan is to provide effective incentives for the directors, officers and employees of the Corporation to promote the success and business of the Corporation and to reward such directors, officers and employees in relation to the long-term performance and growth of the Corporation by encouraging ownership of common shares.

There are two components to the DCS Plan: (i) a deferred grant to directors of the Corporation of such number of common shares per calendar year which is approved by the Board from time to time; and (ii) a deferred grant to officers and employees of the Corporation who are approved by the Board of such number of common shares per calendar year as is approved by the Board. Compensation is payable pursuant to the DCS Plan in the form of a deferred grant of common shares.

Common shares which a director, officer or employee is entitled to receive pursuant to the DCS Plan will not be issued until the director, officer or employee has delivered to the Corporation an election in writing that the common shares be issued together with payment to the Corporation in the amount of \$0.05 for each common share issued. A director, officer or employee will not be entitled to elect to be issued any of the common shares which he or she has been granted until a period of three years has passed since the date of grant of such common shares or until the director, officer or employee ceases to be a director, officer or employee of the Corporation, whichever is earlier. Upon a director, officer or employee ceasing to be a director, officer or employee of the Corporation, such director, officer or employee shall be required to elect whether he or she will be issued all or any portion of the common shares which have been granted to him or her (and to deliver payment for all of such common shares to be issued), such election and payment to be made within 30 days following the director, officer or employee ceasing to be such and delivery of such common shares to occur the earlier of three years after the date of grant of such common shares or one year after the director, officer or employee of the Corporation ceases to be such. A director, officer or employee shall have no right to receive common shares granted to him or her which have not been issued on the date that is ten years following the date of grant.

The DCS Plan provides that the number of common shares that are issuable to a director, officer or employee pursuant to the DCS Plan shall be increased on each date on which a cash dividend is paid to shareholders by an amount equal to the product of the number of the common shares which remain issuable and the fraction which has as its numerator the cash dividend paid, expressed as an amount per common share and which has as its denominator the weighted average trading price of common shares on the TSX for the ten trading days preceding the record date for such dividend. The total number of common shares issuable pursuant to the DCS Plan, subject to adjustment in accordance with the DCS Plan, including adjustments for cash dividends paid on the common shares, shall not exceed 500,000 common shares.

No common shares may be issued to a director, officer or employee under the DCS Plan if such issuance could result, at any time, in (i) the number of common shares reserved for issuance pursuant to issuances under the DCS Plan and all other established or proposed share compensation arrangements in respect of common shares granted to insiders exceeding 10% of the aggregate issued and outstanding common shares, (ii) the issuance to insiders of the Corporation pursuant to the DCS Plan and all other established or proposed share compensation arrangements, within a one year period, of a number of common shares exceeding 10% of the aggregate issued and outstanding common shares, or (iii) the issuance pursuant to the DCS Plan and all other established or proposed share compensation arrangements to any one insider of the Corporation, or such insider's associates, within a one year period, of a number of common shares exceeding 5% of the aggregate issued and outstanding common shares. The Board reserves the right to make amendments and modifications to the Plan or terminate the Plan and to amend or modify a DCS Agreement without shareholder approval.

“BE IT RESOLVED, as an ordinary resolution (the “DCS Plan Resolution”) of the shareholders of Petrominerales Ltd. (the “Corporation”), that:

1. The deferred share compensation plan (the “DCS Plan”), as more particularly described in the management information circular of the Corporation dated April 20, 2007, and substantially in the form as set forth in Schedule “A” to such information circular, and any deferred common shares issued pursuant to the DCS Plan, are hereby ratified, adopted and approved; and

2. Any one director or officer of the Corporation be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other instruments as may be required to give effect to the intent of these resolutions.”

In order to be approved, the DCS Plan Resolution must be approved by an ordinary resolution of the shareholders, being a majority of the votes cast by shareholders present in person or by proxy at the Meeting who voted in respect of the DCS Resolution. The Board recommends that shareholders vote in favour of the DCS Resolution. **Unless otherwise directed, the management representatives named in the accompanying form of proxy intend to vote FOR the DCS Resolution at the Meeting.**

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth all annual and long-term compensation paid in respect of the individuals who, as at the three most recently completed financial year ended December 31, 2006, meet the requirements to be classified as “Named Executive Officers” of the Corporation as defined in Form 51-102F6 – *Statement of Executive Compensation to National Instrument 51-102 – Continuous Disclosure Obligations*.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation ⁽²⁾
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options/DCS ⁽¹⁾ (#)	
JOHN D. WRIGHT ⁽³⁾ President and Chief Executive Officer	2006	Nil	Nil	Nil	200,000/Nil	Nil
	2005	Nil	Nil	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil
COREY C. RUTTAN ⁽³⁾ Chief Financial Officer	2006	Nil	Nil	Nil	150,000/Nil	Nil
	2005	Nil	Nil	Nil	Nil	Nil
	2004	Nil	Nil	Nil	Nil	Nil
STEVEN J. BENEDETTI ⁽⁴⁾ Senior Vice President and Colombian Country Manager	2006	144,880	45,364	217,829 ⁽⁵⁾	206,250/Nil	14,396
	2005	138,122	36,349	227,096 ⁽⁵⁾	Nil	11,617
	2004	148,320	20,824	129,177 ⁽⁵⁾	Nil	12,267
MARK R. HOLLIDAY ⁽⁴⁾ Vice President Operations	2006	154,804	36,291	202,927 ⁽⁶⁾	109,000/Nil	11,507
	2005	145,396	27,262	229,648 ⁽⁶⁾	Nil	10,359
	2004	156,182	15,618	138,959 ⁽⁶⁾	Nil	9,478
A. PAUL KROSHKO Vice President Exploration	2006	142,666	20,000	Nil	181,000/Nil	7,695
	2005	93,567	27,500	Nil	Nil	3,545
	2004	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Deferred Common Shares (“DCS”).
- (2) All Other Compensation comprises premiums paid by Petrobank or subsidiaries of Petrobank for term life insurance and, if applicable, Petrobank’s contribution to the Employee’s Share Ownership Plan for each Named Executive Officer.
- (3) No salary is paid directly by Petrominerales to either Messrs. Wright or Ruttan. See “*Employment Contracts and Management Contracts – Management Services Agreement*”.
- (4) Messrs. Benedetti and Holliday’s annual salary, bonus and other compensation have been converted from US dollars to Canadian dollars.
- (5) Mr. Benedetti’s apartment rental is paid by Petrominerales and totalled \$56,321 in 2006, or 25.9 percent of his perquisites in 2006; \$58,437 in 2005, or 25.7 percent of his perquisites in 2005; and \$57,396, or 44.4 percent of his perquisites in 2004. In 2005, Petrominerales paid \$63,240, or 27.8 percent of his perquisites, for taxes owed in Colombia.
- (6) Mr. Holliday’s apartment rental is paid by Petrominerales and totalled \$64,643 in 2006, or 31.9 percent of his perquisites in 2006; \$66,536 in 2005, or 29.0 percent of his perquisites in 2005; and \$70,381, or 50.6 percent of his perquisites in 2004. In 2005, Petrominerales paid \$67,215, or 29.3 percent of his perquisites, for taxes owed in Colombia.

No long-term compensation was paid to the “Named Executive Officers” in the form of restricted share awards or long-term incentive plan payouts during the years ended December 31, 2006, 2005 and 2004.

Option/DCS Grants During the Year Ended December 31, 2006

The following table sets forth, with respect to each of the Named Executive Officers, details regarding stock options and DCS granted during the year ended December 31, 2006.

Name	Securities Under Options/DCS Granted (#)	% of Total Options/DCS Granted to Employees in Financial Year	Exercise or Base Price for Options/DCS (\$/Security)	Market Value of Securities Underlying Options/DCS on the Date of Grant (\$/Security)	Expiration Date Options/DCS
John D. Wright	100,000 / Nil	3.3 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2011 / n/a
	100,000 / Nil	3.3 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2016 / n/a
Corey C. Ruttan	50,000 / Nil	1.6 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2011 / n/a
	100,000 / Nil	3.3 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2016 / n/a
Steven J. Benedetti	93,750 / Nil	3.1 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2011 / n/a
	112,500 / Nil	3.7 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2016 / n/a
Mark R. Holliday	9,000 / Nil	0.3 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2011 / n/a
	100,000 / Nil	3.3 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2016 / n/a
A. Paul Kroshko	46,000 / Nil	1.5 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2011 / n/a
	135,000 / Nil	4.4 / n/a	3.75 / n/a	3.75 / n/a	June 29, 2016 / n/a

Aggregated Option Exercises During the Year Ended December 31, 2006 and Year-End Option Values

The following table sets forth, with respect to each of the Named Executive Officers, the number of stock options exercised and the aggregate value realized on exercise during 2006 and the number of unexercised stock options and the value of in-the-money stock options at December 31, 2006.

Name	Securities Acquired on Exercise (#)	Aggregated Value Realized ⁽¹⁾ (\$)	Unexercised Options at Year-End Exercisable/Unexercisable (#)	Value of Unexercised in- the-Money Options at Year-End ⁽²⁾ Exercisable/Unexercisable (\$)
John D. Wright	Nil	Nil	100,000/100,000	5,000/5,000
Corey C. Ruttan	Nil	Nil	50,000/100,000	2,500/5,000
Steven J. Benedetti	Nil	Nil	Nil/206,250	Nil/10,313
Mark R. Holliday	Nil	Nil	Nil/109,000	Nil/5,450
A. Paul Kroshko	Nil	Nil	Nil/181,000	Nil/9,050

Notes:

(1) Based upon market value of the common shares on the date of exercise, less the exercise price.

(2) Based on the closing price of the Corporation's common shares on December 29, 2006 of \$3.80, less the exercise price.

Aggregated Deferred Common Share Exercises During the Year Ended December 31, 2006 and Year-End Deferred Common Share Values

There were no deferred common shares exercised pursuant to the Corporation's DCS Plan during the year ended December 31, 2006.

Option Repricing During the Year Ended December 31, 2006

The Corporation did not make any downward repricing of stock options during the fiscal year ended December 31, 2006.

Pension and Retirement Plans and Payments Made Upon Termination of Employment

The Corporation does not have any pension or retirement plan which is applicable to the Named Executive Officers. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now or previously has acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of change of control of the Corporation, its subsidiaries or affiliates. Other than as described below under the heading "Employment Contracts and Management Contracts", the Corporation is not party to any compensation plan or arrangement with the Named Executive Officers resulting from the resignation, retirement or termination of employment of such persons.

Employment Contracts and Management Contracts

Management Services Agreement

The Corporation and Petrobank Energy and Resources Ltd. (“Petrobank”) entered into a management services agreement (the “Management Services Agreement”) dated June 9, 2006, and effective May 1, 2006 which provides that Petrobank will provide the Corporation with the services of John D. Wright and Corey C. Ruttan, as President and Chief Executive Officer and Chief Financial Officer, respectively, and that Petrobank shall manage and administer the business of the Corporation on an as needed basis from time to time. It is the intention of the parties that Messrs. Wright and Ruttan allocate their time equally between providing services in their respective roles with Petrobank and the Corporation. The Management Services Agreement expires on April 30, 2007, but is automatically renewed annually unless one month’s notice is given by either party prior to the commencement of the next term. The Corporation will pay Petrobank a monthly fee of \$75,000 for the services provided under the Management Services Agreement. The Management Services Agreement may be terminated by either party upon 30 days’ notice and payment by the Corporation of all fees and expenses owing under the Management Services Agreement.

Employment Contracts

Petrobank and the Corporation are parties to employment agreements with the Corporation’s Senior Vice President and Colombian Country Manager, Steven Benedetti, and its Vice President, Operations, Mark Holliday. The Corporation has agreed in the Management Services Agreement to pay to Petrobank any amounts that become payable by Petrobank to each of the above officers under the terms of such employment agreements.

Senior VP Agreement

The terms of Mr. Benedetti’s employment agreement with Petrobank (the “Senior VP Agreement”) include that Petrobank will be required to pay Mr. Benedetti a cash amount equal to one month of base compensation per completed year of service with a minimum of three months of base compensation if Petrobank terminates the Senior VP Agreement at anytime other than for cause. In the event of a change of control, if Petrobank does not provide Mr. Benedetti any offer in writing within six weeks of a change of control, or if Mr. Benedetti is offered an equivalent position but elects to decline such position, Mr. Benedetti shall have the right to terminate his employment with Petrobank, in which case he shall be entitled to the same severance payment as would be payable by Petrobank in the event that Petrobank terminated Mr. Benedetti’s employment without cause. If Mr. Benedetti is offered a position with Petrobank or one of its affiliates that is an equivalent position (except with regard to location), he may elect to terminate the Senior VP Agreement, in which case Petrobank must provide payment of half of a month of base compensation per completed year of service, with a minimum of one and a half months of base compensation. The Senior VP Agreement generally defines a “change of control” to include: the sale of all or substantially all of Petrobank’s assets, except in the case of a swap of assets; the acquisition hereafter, directly or indirectly, by any person or group of persons acting jointly or in concert, of that number of Petrobank’s voting shares which is equal to or greater than 50 percent of Petrobank’s issued and outstanding voting shares immediately after such acquisition, but excluding any issue or sale of voting shares in connection with a distribution to the public either by way of prospectus or private placement, or any issue or sale of voting shares to a person or group of persons for purposes of effecting an acquisition of assets, directly or indirectly, by Petrobank; or the election at a Meeting of Petrobank’s shareholders of that number of persons which would represent a majority of the Board of Directors, as Petrobank’s directors who are not included in the slate for election as directors proposed to Petrobank’s shareholders by management of Petrobank.

VP Operations Agreement

The terms of Mr. Holliday's employment agreement (the "VP Operations Agreement") include that if Petrobank terminates the VP Operations Agreement at anytime otherwise then for cause, Petrobank will become obligated to pay Mr. Holliday a cash amount equal to one month base compensation per completed year of service with a minimum of three months of base compensation. In the event of a "change of control", if Petrobank does not provide Mr. Holliday any offer in writing within six weeks of a change of control event, or if Mr. Holliday is offered an equivalent position but elects to decline such position, he shall have the right to terminate his employment with Petrobank, in which case he shall be entitled to the same severance payment as would be payable by Petrobank in the event that it terminated Mr. Holliday's employment without cause. If Mr. Holliday is offered a position with Petrobank or one of its affiliates that is an equivalent position (except with regard to location), he may elect to terminate the VP Operations Agreement, in which case Petrobank must provide payment of one half of a month of base compensation per completed year of service, with a minimum of one and a half of a month of base compensation. The VP Operations Agreement generally defines a "change of control" to include: the sale of all or substantially all of Petrobank's assets except in the case of a swap of assets; the acquisition hereafter, directly or indirectly, by any person or group of persons acting jointly or in concert, of that number of voting shares of Petrobank which is equal to or greater than 50 percent of the total issued and outstanding voting shares of Petrobank immediately after such acquisition, but excluding any issue or sale of voting shares of Petrobank in connection with a distribution to the public either by way of prospectus or private placement, or any issue or sale of voting shares to a person or group of persons for purposes of effecting an acquisition of assets, directly or indirectly, by Petrobank; or the election at a meeting of Petrobank's shareholders of that number of persons which would represent a majority of the Board of Directors, as directors of Petrobank who are not included in the slate for election as directors proposed to Petrobank's shareholders by management of Petrobank.

Stock Option Plan

The Corporation has adopted a stock option plan (the "Plan") pursuant to which the Corporation may grant stock options to employees or insiders of the Corporation or to any other person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation (collectively, "Service Providers").

The purpose of the Plan is to provide the Corporation and its shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board, will be largely responsible for its future growth and success. The Plan contains provisions that limit issuances to insiders so that the maximum number of common shares that may be reserved for issuance to insiders pursuant to options granted under the Plan and any other share compensation arrangement is 10 percent of the aggregate number of common shares issued and outstanding. The maximum number of common shares that may be issued to insiders under the Plan and any other share compensation arrangement within a one year period is 10 percent of the aggregate common shares issued and outstanding; provided that, the maximum number of common shares that may be issued to any one insider or such insider's associates under the Plan within a one year period is 5 percent of the aggregate number of common shares issued and outstanding. In addition, not greater than 5 percent of the issued and outstanding common shares may be available for issuance to any one person under the Plan. For the purposes of the Plan, a "share compensation arrangement" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism the issuance or potential issuance of common shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.

The exercise price of options granted under the Plan will be fixed by the Board at the time of grant; provided that, such exercise price may not be less than the market price of the common shares on the date of the grant. For the purposes of the Plan, the market price means the volume weighted average trading price of the common shares on the Toronto Stock Exchange (the "TSX") for the five trading days prior to the date of the grant

(or such other stock exchange in Canada if not then listed and posted for trading on the TSX) and if the common shares are not listed and posted for trading on any stock exchange in Canada, the Board will determine the market price. No common shares will be issued upon the exercise of options until the full purchase price is received.

Options granted under the Plan will vest as determined by the Board and will be exercisable for a period generally not exceeding five years, as determined by the Board, but in any event the option period shall not exceed ten years from the date of grant. The Plan provides that subject to the rules and regulations of the TSX and any other applicable laws, the Board may at any time authorize the Corporation to loan money to a Service Provider on such terms and conditions as the Board in its sole discretion may determine, to assist such Service Provider to exercise an option held.

The Plan also includes provision for a cashless option exercise right (the "Put Right"). Under the Put Right, optionholders can request that the Corporation purchase for cash all or any part of their options at a price being the difference between the current market price of the common shares, or a lower price as the Board may determine, and the exercise price of each option. Upon acceptance of the Put Right by the Corporation, the Corporation will deliver a cheque to the exercising optionholder within three business days of receipt of notice exercising this Put Right.

All benefits, rights and options accruing to any participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided in the Plan. During the lifetime of a Service Provider, all benefits, rights and options may only be exercised by the Service Provider.

If the event of the death of a participant, all vested and unvested options held by such participant at the date of death shall be exercisable for six (6) months after the date of death or prior to the expiration of the period during which the option may be exercised, whichever is sooner. If a participant ceases to be employed by or to be a director or officer of the Corporation for cause, no options may be exercised following the date on which such participant ceases to be so employed or ceases to be a director or officer, as the case may be. If a participant voluntarily ceases employment with the Corporation or voluntarily ceases to be a director or officer of the Corporation, then any vested option held by such participant at the effective date thereof shall be exercisable only for seven (7) days after such date, or prior to the expiration of the period during which the option may be exercised, whichever is sooner. If a participant ceases to be employed by or to be a director or officer of the Corporation by way of termination without cause, then any vested option held by such participant at the effective date thereof shall be exercisable for three (3) months after such date or prior to the expiration of the period during which the option may be exercised, whichever is sooner.

As of December 31, 2006, no options have been exercised since inception of the Plan, there are 3,091,126 options outstanding (representing 3.25% of the issued and outstanding common shares) and the Corporation may grant 6,408,874 options (representing 6.75% of the issued and outstanding common shares).

EQUITY SECURITIES FOR ISSUANCE

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2006, aggregated for all compensation plans previously approved by the shareholders and all compensation plans not previously approved by the shareholders.

Plan Category	Number of securities to be issued upon exercise of options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders:			
- Stock Option Plan	3,091,126	\$3.77/share	6,408,874
Equity compensation plans not approved by shareholders:			
- DCS Plan	n/a	n/a	500,000
Total	3,091,126	\$3.77/share	6,908,874

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Executive and Employee Compensation Policy

The Corporation's compensation philosophy is aimed at attracting and retaining quality and experienced people, which is critical to our success. All compensation is based upon the performance of both the Corporation and the individual employee and is comprised of three elements: base salary, short-term incentive compensation (being cash bonuses) and long-term incentive compensation (being stock based compensation). Each element of compensation is determined on an individual basis.

The Corporation may, based upon individual and corporate performance, award cash bonuses to its employees and executive officers to supplement annual salaries. The award of bonuses is determined, in the case of non-executive employees, by the senior management of the Corporation and approved in the aggregate by the Compensation Committee. The Compensation Committee in consultation with the Chief Executive Officer establishes base salaries and cash bonuses for Vice Presidents.

Stock options will typically be awarded by the Compensation Committee upon commencement of employment with the Corporation based on the level of responsibility within the Corporation and are intended to

align executive and shareholder interests by attempting to create a direct link between compensation and shareholder return as measured through the price of the Corporation's shares. Additional grants may be made periodically to recognize the exemplary performance of, or the special contribution by, certain individuals. An annual grant may be made to certain individuals based on individual performance and the performance of the Corporation during the most recently completed financial year in relation to corporate goals and objectives and in comparison to performance achieved by industry peer corporations during the comparable period.

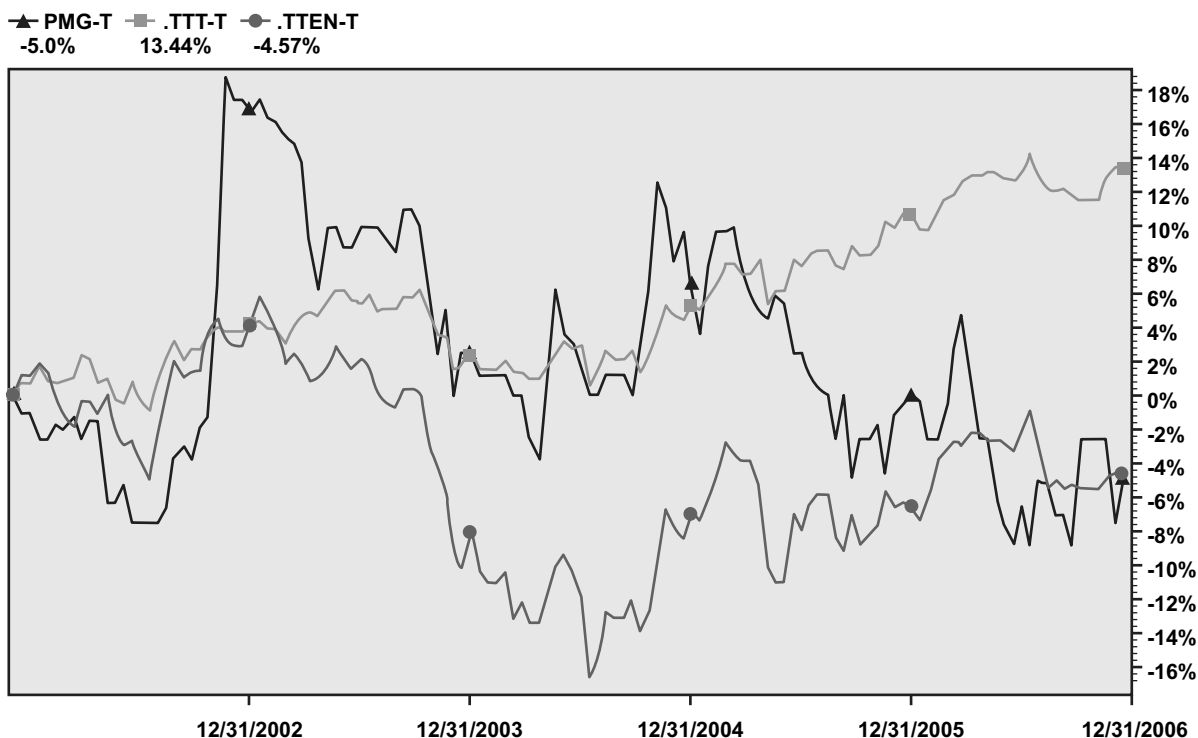
The Corporation's compensation policies are aimed at allowing the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee reviews compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the Corporation's performance.

Composition of the Compensation Committee

The Compensation Committee of the Board is comprised of Messrs. Kenneth R. McKinnon (Chairman), Jerald L. Oaks and Geir Ytreland. The Corporation's compensation committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's executive officers and key employees which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, stock options and share purchase plan, the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required. The Compensation Committee is comprised of non-management members of the Board and is required to convene at least annually.

Performance Graph

The following graph illustrates the Corporation's cumulative shareholder return since inception, as measured by the closing price of the common shares at the end of each financial year, assuming an initial investment of \$100, compared to the S&P/TSX Composite Index (.TTT-T) and the S&P/TSX Energy Index (.TTEN-T), assuming the reinvestment of dividends where applicable.



Compensation of Directors

The Corporation's directors do not have service contracts. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or any committee of the Board. In addition, the Corporation has a director's compensation program that includes a combination of stock options and cash compensation that is reflective of required time commitments to the Board and its various committees. Each of the non-management directors received 80,000 stock options in addition to their annual retainer, that vest evenly over a four-year period upon re-election at each annual meeting of the shareholders starting in 2007. If a director is not re-elected, all unvested options will be cancelled.

The following table sets out the cash compensation that is in effect and will be paid at the end of the service period following each year's annual meeting of the shareholders.

Position	Annual Retainer
Chairman	\$16,000
Non-management director	\$12,000
Committee chair	\$2,000
Audit Committee member	\$5,000
Reserve Committee member	\$2,000
Compensation Committee member	\$2,000

The Board approved the following stock option grants, DCS grants and cash payments to non-management directors in 2006.

Director	Stock Options Granted	Deferred Common Shares Granted	Cash Remuneration
Alastair MacDonald	80,000	Nil	Nil
Kenneth R. McKinnon	80,000	Nil	Nil
Jerald L. Oaks	80,000	Nil	Nil
Ernesto Sarpi	80,000	Nil	Nil
Enrique Umaña-Valenzuela	80,000	Nil	Nil
Geir Ytreland	80,000	Nil	Nil

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No director, executive officer or proposed nominee for election as a director, any of their associates or affiliates, or any employee, is or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation 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 the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interest, direct or indirect, of any Director, any proposed nominee for director or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of any such person in any transaction which was commenced in the last completed financial year of the Corporation or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

AUDIT COMMITTEE

Reference is made to pages 40 to 43 of the Corporation's Annual Information Form ("AIF") dated March 30, 2007, which information is hereby incorporated by reference. The AIF can be found on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE

The Board and senior management consider sound corporate governance to be a key component in the effective and efficient operation of the Corporation.

Board of Directors

The Board has full plenary powers and the statutory responsibility to oversee the conduct of the business of the Corporation and to supervise management who is responsible for the day-to-day conduct of the business of the Corporation. The Board's fundamental objectives are to enhance and preserve long-term shareholder value and to ensure the Corporation meets its obligations on an ongoing basis. While the Board has delegated the responsibility for day-to-day management of the Corporation to management, the Board has implicitly and explicitly acknowledged its responsibility for the stewardship of the Corporation, including the responsibility for:

- (a) approving and monitoring the Corporation's strategic planning through a regular reporting and review process;
- (b) the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) the appointment of the senior executive officers and for succession planning;
- (d) ensuring timely and accurate communications to shareholders of financial and other matters in accordance with applicable law; and
- (e) ensuring the implementation and integrity of the Corporation's internal control and management information systems.

Meetings

The Board is scheduled to meet quarterly, with additional meetings held as appropriate. A portion of each meeting is held with independent directors where members of management are not in attendance.

Composition of the Board

The Board is currently comprised of seven members, a majority (five) of whom are considered independent. Messrs. McKinnon, Oaks (Chairman), Umaña-Valenzuela, Sarpi, and Ytreland are independent directors.

Mr. Wright would not be considered an independent director because he would be considered to have a “material relationship”, as defined in Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”), with the Corporation, as he is a current executive officer of the Corporation. Mr. MacDonald is not considered independent within the meaning of MI 52-110 since he has been employed by and received compensation from Petrominerales Colombia Ltd., a wholly-owned subsidiary of the Corporation.

During 2006, the Board held four meetings, the Audit Committee held two meetings, the Compensation Committee held no meetings, and the Reserves Committee held two meetings. All Board members were present at all Board meetings held during 2006 and all committee members were present at all committee meetings held during 2006.

At the Corporation’s expense, individual directors may engage outside advisors on any matter, when it considers it necessary or desirable. The Board or any committee of the Board has the sole authority to retain and terminate any such advisors, including sole authority to review an advisor’s fees and other retention terms.

The following Board members are directors of other reporting issuers: Mr. McKinnon for Savaria Corporation, Quorum Information Technologies Inc. and Petrobank Energy and Resources Ltd.; Mr. Oaks for VX Technologies Inc. and Petrobank Energy and Resources Ltd. and Mr. Wright for Hawk Energy Corp., Talon International Energy Ltd. and Petrobank Energy and Resources Ltd.

Mandate of the Board of Directors

The Board and each of its committees have written mandates. The mandate of the Board is attached as Schedule “B” to this information circular.

The Board, in consultation with the President and Chief Executive Officer of the Corporation, will periodically approve the general business strategy of the Corporation, supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation’s general business strategy as approved by the Board; discharge the duties imposed on the Board by applicable laws; and for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Committees of the Board of Directors

The Board has three committees: the Audit Committee, the Reserves Committee, and the Compensation Committee.

Position Descriptions

The Board has adopted a formal written position description for the Chief Executive Officer of the Corporation and for the Chairman of the Board, which sets out the duties and responsibilities of such positions. The Chief Executive Officer is charged with the general oversight and management of the Corporation. The Board sets objectives for the Chief Executive Officer and assesses his performance based on whether he and the Corporation are able to meet the objectives. The Chair of each committee of the Board is charged with leading and assessing each committee to ensure it fulfills its mandate as set out in the committee terms of reference.

Orientation and Continuing Education

The Board provides an informal orientation program for new directors. Educational programs are provided for directors on an as requested basis and the Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Board, the size of the Corporation, the nature and scope of the Corporation's business and operations and the experience and expertise of the members of the Board.

Code of Ethics

The Board has not adopted a written code of ethics for its directors, officers and employees, but it has adopted an extensive Disclosure, Confidentiality and Trading Policy to which all such persons are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of the Corporation's activities and restricts trading in the securities of the Corporation at times when individuals may be in possession of material non-public information. In addition, the Corporation has written policies in place in respect of conduct, privacy, harassment and whistle-blowing.

Nomination of Board Members

The full Board performs the function of a nominating committee of the Corporation with the responsibility for the appointment and assessment of directors. All directors are encouraged to identify and put forth potential nominees. The Board believes that these procedures are practical and effective in light of the Corporation's particular circumstances, including the size of the Board and the size of the Corporation.

Compensation of Board Members

The Compensation Committee periodically reviews the compensation of the directors, which is discussed under the heading Compensation of Directors. Please refer to the sections titled "*Composition of the Compensation Committee*", "*Compensation Committee Report on Executive Compensation*", and "*Compensation of Directors*" for further information.

Other Board of Directors Committees

There are no other committees of the Board other than the Audit Committee, Reserves Committee, and Compensation Committee.

Board of Directors Assessments

The Board will periodically review the effectiveness of the Board, its committees, and the contributions of individual Board of Directors members. It is anticipated that this assessment will be conducted through informal discussion and evaluation of members' contributions.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

The Corporation's management is not aware of any material interest, direct or indirect, of any director, any proposed nominee for election as director, executive officer or anyone who has held office as such since the beginning of our last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting, except as is disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year. Copies of the documents incorporated herein by reference may be obtained on SEDAR or on request without charge from the Chief Financial Officer of the Corporation by e-mail: ir@petrominerales.com, by telephone: 011 571 629 2701 or by facsimile: 011 571 629 4723 or by submitting a written request to the Corporation, Teleport Business Center - Torre B, Calle 113 No. 7-45 Piso 15, Bogotá D.C., Colombia.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the notice of annual and special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

SCHEDULE "A"

PETROMINERALES LTD.

DEFERRED SHARE COMPENSATION PLAN

1. Purpose of Plan

The deferred share compensation plan for directors, officers and employees (the "Plan") of Petrominerales Ltd. (the "Corporation") is intended to provide effective incentives for the directors, officers and employees of the Corporation to promote the success and business of the Corporation and to reward such directors and officers in relation to the long-term performance and growth of the Corporation by encouraging ownership of common shares ("Common Shares") of the Corporation.

2. Components of Plan

The Plan consists of two components as follows:

- (a) a deferred grant to each director of the Corporation of such number of Common Shares per calendar year which is approved by the Board of Directors of the Corporation (the "Board of Directors") from time to time; and
- (b) a deferred grant to such officers or employees of the Corporation whom are approved by the Board of Directors of such number of Common Shares per calendar year as is approved by the Board of Directors.

3. Form of Payment

Compensation payable pursuant to the Plan will be payable in the form of a deferred grant of Common Shares.

4. Issue of Common Shares

Common Shares which a director, officer or employee is entitled to receive pursuant to the Plan will not be issued until the director, officer or employee has delivered to the Corporation an exercise election in writing that the Common Shares be issued together with payment to the Corporation in the amount of \$0.05 for each Common Share issued together with any applicable statutory withholdings required to be remitted by the Corporation in respect of the subject issuance.

A director, officer or employee will not be entitled to elect to be issued any of the Common Shares which he or she has been granted until a period of three years has passed since the date of grant of such Common Shares or until the director, officer or employee ceases to be a director, officer or employee of the Corporation, whichever is earlier. Upon a director, officer or employee ceasing to be a director, officer or employee of the Corporation, such director, officer or employee shall be required to elect whether he or she will be issued all or any portion of the Common Shares which have been granted to him or her (and to deliver payment for all of such Common Shares to be issued), such election and payment to be made within 30 days following the director, officer or employee ceasing to be such and delivery of such Common Shares to occur the earlier of three years after the date of grant of such Common Shares or one year after the director, officer or employee of the Corporation ceases to be such.

A director, officer or employee shall have no right to receive Common Shares granted to him or her which have not been issued on or prior to the date that is ten years following the date of grant.

5. Adjustment of Number of Common Shares

The number of Common Shares which are issuable to a director, officer or employee pursuant to a deferred grant of Common Shares shall be increased on the second business day following each date on which cash dividends are paid to holders of Common Shares of the Corporation by an amount equal to the product of the number of the Common Shares which remain issuable and the fraction which has as its numerator the cash distribution paid, expressed as an amount per Common Share and which has as its denominator the weighted average trading price of Common Shares on the Toronto Stock Exchange for the 5 consecutive trading days preceding the record date for such distribution.

6. Grant of Common Shares

Compensation paid to a director, officer or employee pursuant to the Plan in the form of a deferred grant of Common Shares will be evidenced by an agreement ("**DCS Agreement**") between the Corporation and the director, officer or employee in a form which is approved by the Board of Directors from time to time.

7. Common Shares Subject to the Plan and Other Restrictions

The total number of Common Shares issuable pursuant to the Plan shall not exceed 500,000. No Common Shares may be issued to a director, officer or employee under the Plan if such issuance could result, at any time, in (i) the number of Common Shares reserved for issuance pursuant to issuances under the Plan and all other established or proposed share compensation arrangements in respect of Common Shares granted to insiders exceeding 10% of the aggregate issued and outstanding Common Shares, (ii) the issuance to insiders of the Corporation pursuant to the Plan and all other established or proposed share compensation arrangements, within a one year period, of a number of Common Shares exceeding 10% of the aggregate issued and outstanding Common Shares, or (iii) the issuance pursuant to the Plan and all other established or proposed share compensation arrangements to any one insider of the Corporation, or such insider's associates, within a one year period, of a number of Common Shares exceeding 5% of the aggregate issued and outstanding Common Shares.

8. Eligibility and Determination

The Common Shares issuable under the Plan pursuant to deferred grants of Common Shares are reserved for directors, officers or employees of the Corporation.

In the event that a director qualifies for the payment of compensation under the Plan for services provided as a director for a period of less than twelve months in any calendar year then the entitlement of such director will be calculated on a pro rata basis.

9. No Fractional Shares

No fractional Common Shares may be issued under the Plan and any entitlement hereunder to a fractional Common Share will be rounded down and no amount of money will be payable by the Corporation in respect of such fractional interest.

10. Transferability and Assignability

All benefits, rights and deferred Common Shares issuable under the Plan pursuant to deferred grants of Common Shares shall not be transferable or assignable, unless specifically provided herein.

11. Administration

The Plan shall be administered by the Compensation Committee of the Board of Directors of the Corporation. The Corporation shall effect the deferred grant of Common Shares from time to time under the Plan in accordance with the determinations made as to the number of Common Shares to be granted and the date of grant as provided for under the Plan.

12. Amendments to the Plan and DCS Agreement

The Board reserves the right, without shareholder approval, to amend, modify or terminate the Plan and to amend or modify the DCS Agreement at any time if and when it is advisable in the absolute discretion of the Board. Any amendment to any provision of the Plan or the DCS Agreement shall be subject to the approval, if required, of the Exchange or any regulatory body having jurisdiction over the securities of the Corporation.

13. Regulation

The Corporation's obligation to issue and deliver Common Shares under the Plan is subject to compliance with all government and stock exchange regulations and requirements.

14. Capital Reorganizations

If and whenever there shall be a capital reorganization of the Corporation such as a share subdivision, consolidation, reclassification, change or exchange of the Common Shares, including as a result of any merger, arrangement, amalgamation or business combination with any other corporation or entity, the entitlement to Common Shares of any director, officer or employee for any applicable year, or portion thereof, shall be adjusted to take into account such capital reorganization.

15. Effective Date

Subject to the receipt of all regulatory approvals including, without limitation, the approval of the Toronto Stock Exchange, the Plan will be effective on June 13, 2006, as provided by a resolution of the Board of Directors of the Corporation passed on August 15, 2006, and shall remain in effect until such time as the Board of Directors amends or cancels the Plan which may occur at any time but not with retroactive effect. Any amendment to the Plan will be subject to the receipt of all necessary regulatory approvals.

SCHEDULE “B”

PETROMINERALES LTD.

MANDATE OF THE BOARD OF DIRECTORS

The board of directors (the “**Board**”) of Petrominerales Ltd. (the “**Corporation**”) is responsible for the stewardship of the Corporation. In general terms, the Board will:

1. in consultation with the chief executive officer of the Corporation (the “**CEO**”), periodically approve the general business strategy of the Corporation;
2. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation’s general business strategy as approved by the Board;
3. discharge the duties imposed on the Board by applicable laws; and
4. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

- (a) require the CEO to periodically present to the Board a strategic plan for the Corporation’s business, which plan must:
 - (i) be designed to implement the Corporation’s general business strategy,
 - (ii) identify the principal strategic and operational opportunities and risks of the Corporation’s business, and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plans;
- (b) review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- (c) identify the principal risks of the Corporation’s business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- (d) approve the annual operating and capital plans;
- (e) approve issuances of additional common shares or other securities to the public;
- (f) monitor the Corporation’s progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;

Management and Organization

- (g) appoint the CEO and determine the terms of the CEO's employment with the Corporation;
- (h) evaluate the performance of the CEO;
- (i) in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;
- (j) in consultation with the CEO, appoint all officers of the Corporation and approve the terms of any unique or long-term compensation arrangements or severance terms agreed to with senior management;
- (k) develop a succession plan for senior management positions;
- (l) generally provide advice and guidance to management;

Finances and Controls

- (m) use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;
- (n) monitor the appropriateness of the Corporation's capital structure;
- (o) in consultation with the CEO, establish and confirm that appropriate ethical standards are observed by all officers and employees of the Corporation;
- (p) require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;
- (q) recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;
- (r) take all necessary actions to gain reasonable assurance that all material financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) represents fairly the Corporation's financial position and performance in accordance with Canadian generally accepted accounting principles;

Governance

- (s) facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
 - (i) selecting nominees for election to the Board,
 - (ii) appointing a Chairman of the Board who is not a member of management;
 - (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
 - (iv) defining the mandate of each committee of the Board,
 - (v) assessing the size and effectiveness of the Board as a whole, each committee of the Board and each director individually,

(vi) providing an appropriate opportunity for any director to engage an outside adviser at the expense of the Corporation; and

(t) periodically review the adequacy and form of the compensation of directors.

Delegation

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

Meetings

(a) the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;

(b) minutes of each meeting shall be prepared;

(c) the CEO or his designate(s) may be present at all meetings of the Board;

(d) Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board; and

(e) the Board may call meetings without members of management, including members of management who are also directors of the Corporation, in attendance for purposes of discussing and evaluating management's performance and addressing other material issues at the Board's discretion.