



**NOTICE OF  
ANNUAL MEETING  
OF SHAREHOLDERS OF  
PETROMINERALES LTD.  
AND  
MANAGEMENT INFORMATION CIRCULAR**

Meeting to be held on Wednesday, May 21, 2008  
at 10:00am (Bogotá time) at:  
Millennium Meeting Room,  
Radisson Royal Bogotá Hotel  
Calle 113 No. 7-65,  
Bogotá, Colombia

April 1, 2008



Notice of Annual Meeting of Shareholders  
of Petrominerales Ltd. to be held on Wednesday, May 21, 2008

The annual meeting ("Meeting") of the shareholders of Petrominerales Ltd. (the "Corporation") will be held on Wednesday, May 21, 2008, 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, 2007, 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; and
4. 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 2, 2008 (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 1, 2008.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read "John D. Wright", is written over a faint, larger version of the same signature.

John D. Wright  
President, Chief Executive Officer and  
Director



Information Circular  
for the Annual Meeting to be held on Wednesday, May 21, 2008

## PROXIES

### Solicitation of Proxies

This management information circular (“information circular”) is furnished in connection with the solicitation of proxies for use at our annual meeting (“Meeting”) of the holders (“shareholders”) of common shares (“common shares”) of the Corporation to be held on Wednesday, May 21, 2008 at 10:00 am (Bogotá time) 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 2, 2008 (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”).

The Corporation has decided to take advantage of those provisions of National Instrument 54-101 that permit it to 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 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 1, 2008.

## **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 1, 2008, there were 100,353,525 common shares issued and outstanding. Holders of common shares are entitled to one vote for each common share held.

To the knowledge of our directors and executive officers, as at April 1, 2008, no person or company beneficially owns, directly or indirectly, or controls or directs, more than 10% of the common shares of the Corporation, other than Petrobank Energy and Resources Ltd. ("Petrobank") which owns 76,693,827 common shares, representing 76.4% of the outstanding common shares of Petrominerales.

## **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.

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

The following table sets out the name of each of the persons proposed to be nominated for election as a 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 common 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:

| <b>Name of Nominee,<br/>Location of Residence and<br/>Position</b>           | <b>Number of<br/>Common<br/>Shares<br/>Beneficially<br/>Owned or<br/>Controlled</b> | <b>Director<br/>Since</b> | <b>Present and Principal Occupation For Previous<br/>Five Years</b>  |
|--|---|---------------------------|--|
| <b>Alastair MacDonald</b><br>Pembroke, Bermuda                               | nil   | April 2006                | Chief Executive Officer of Triathlon Limited until October 2007 when he became President, Western Isles Ltd., a financial advisory company.  |
| <b>Kenneth R. McKinnon</b> <sup>(1) (2)</sup><br>Calgary, Alberta, Canada    | 80,000  | May 2006                  | Vice President Legal Affairs and General Counsel of Critical Mass Inc., a website design company.  |
| <b>Jerald L. Oaks</b> <sup>(1) (2)</sup><br>Greenwood Village, Colorado, USA | 70,000  | May 2006                  | Professional Engineer, President of Oaks Resources Management Inc. (a private petroleum engineering and management company).   |
| <b>Ernesto Sarpi</b> <sup>(3)</sup><br>Naples, Italy                         | 20,000  | May 2006                  | Self-employed Consultant from June 2004 to May 2006; Manager of New Ventures of ENI SpA. Agip Div. from November 1999 to May 2004.   |
| <b>Enrique Umaña-Valenzuela</b> <sup>(1)</sup><br>Bogotá, Colombia           | nil   | May 2006                  | Trade and investment consultant since May 2005, Director of Sociedades Bolivar since March 2006, President of Coinvertir - Invest in Colombia Corporation from July 1997 to April 2005.        |
| <b>John D. Wright</b> <sup>(3)</sup><br>Calgary, Alberta, Canada             | 150,000   | May 2006                  | President, Chief Executive Officer and Director of Petrobank Energy and Resources Ltd. since March 2000.   |
| <b>Geir Ytreland</b> <sup>(2) (3)</sup><br>Droebak, Norway                   | 20,000  | 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. |

**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.**

## 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 years ended December 31, 2007, 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 <sup>(2)</sup> |
|---|------|---------------------|------------|--------------------------------|---|---------------------------------------|
|   |      | Salary (\$)         | Bonus (\$) | Other Annual Compensation (\$) | Securities Under Options/DCS <sup>(1)</sup> (#) |                                       |
| <b>MARK R. HOLLIDAY</b> <sup>(3)</sup><br>Vice President Operations   | 2007 | 115,202             | 42,045     | 199,412 <sup>(4)</sup>         | 70,400/Nil                                      | 8,721                                 |
|   | 2006 | 154,804             | 36,291     | 202,927 <sup>(4)</sup>         | 109,000/Nil                                     | 11,507                                |
|   | 2005 | 145,396             | 27,262     | 229,648 <sup>(4)</sup>         | Nil   | 10,359                                |
| <b>A. PAUL KROSHKO</b><br>Vice President<br>Exploration   | 2007 | 163,250             | 55,000     | Nil                            | 37,500/10,500                                   | 10,724                                |
|   | 2006 | 142,666             | 20,000     | Nil                            | 181,000/Nil                                     | 7,695                                 |
|   | 2005 | 93,567              | 27,500     | Nil                            | Nil   | 3,545                                 |
| <b>TANNYA E. MORALES</b> <sup>(3)</sup><br>Corporate Controller   | 2007 | 127,943             | 38,692     | 198,321 <sup>(5)</sup>         | 100,000/7,000                                   | 8,951                                 |
|   | 2006 | 121,764             | 13,609     | 193,650 <sup>(5)</sup>         | 102,500/Nil                                     | 7,966                                 |
|   | 2005 | 105,653             | 18,174     | 161,024 <sup>(5)</sup>         | Nil   | 7,110                                 |
| <b>COREY C. RUTTAN</b> <sup>(6)</sup><br>Chief Financial Officer  | 2007 | Nil                 | Nil        | Nil                            | Nil   | Nil                                   |
|   | 2006 | Nil                 | Nil        | Nil                            | 150,000/Nil                                     | Nil                                   |
|   | 2005 | Nil                 | Nil        | Nil                            | Nil   | Nil                                   |
| <b>JOHN (JACK) F. SCOTT</b> <sup>(3)(8)</sup><br>Executive Vice President<br>and Colombian Country<br>Manager | 2007 | 114,941             | 29,962     | 165,103 <sup>(7)</sup>         | 300,000/Nil                                     | 116                                   |
| <b>JOHN D. WRIGHT</b> <sup>(6)</sup><br>President and Chief<br>Executive Officer                              | 2007 | Nil                 | Nil        | Nil                            | Nil   | Nil                                   |
|   | 2006 | Nil                 | Nil        | Nil                            | 200,000/Nil                                     | Nil                                   |
|   | 2005 | 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) Messrs. Scott and Holliday and Ms. Morales’ annual salary, bonus and other compensation have been converted from US dollars to Canadian dollars.
- (4) Mr. Holliday’s apartment rental is paid by Petrominerales and totalled \$51,340 in 2007, or 25.7 percent of his perquisites in 2007; \$64,643 in 2006, or 31.9 percent of his perquisites in 2006; and \$66,536 in 2005, or 29.0 percent of his perquisites in 2005. In 2007, Petrominerales paid \$94,003, or 47.1 percent of his perquisites, for taxes owed in Colombia and the United States; \$47,841 in 2006, or 23.6 percent of his perquisites, for taxes owed in Colombia and the United States; and \$67,215 in 2005, or 29.3 percent of his perquisites, for taxes owed in Colombia and the United States.
- (5) Ms. Morales’ apartment rental is paid by Petrominerales and totalled \$66,421 in 2007, or 33.5 percent of her perquisites in 2007; \$62,900 in 2006, or 32.5 percent of her perquisites in 2006; and \$64,429 in 2005, or 40.0 percent of her perquisites in 2005. In 2007,

- Petrominerales paid \$86,494, or 43.6 percent of her perquisites, for taxes owed in Colombia; \$85,638 in 2006, or 44.2 percent of her perquisites, for taxes owed in Colombia; and \$49,603 in 2005, or 30.8 percent of her perquisites, for taxes owed in Colombia.
- (6) No salary is paid directly by Petrominerales to either Messrs. Wright or Ruttan. See “*Employment Contracts and Management Contracts – Management Services Agreement*”.
- (7) Mr. Scott’s apartment rental is paid by Petrominerales and totalled \$54,693 in 2007, or 33.1 percent of his perquisites in 2007. In 2007, Petrominerales paid \$78,780, or 47.7 percent of his perquisites, for taxes owed in Colombia.
- (8) Mr. Scott’s employment with the Corporation commenced on May 22, 2007.

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, 2007, 2006 and 2005.

### Option/DCS Grants During the Year Ended December 31, 2007

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, 2007.

| 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                           |
|----------------------|--|---|--|--|---|
| Mark R. Holliday     | 33,000/Nil<br>37,400/Nil                 | 1.43/Nil<br>1.63/Nil  | 4.41/ n/a<br>19.56/ n/a                              | 4.20/ n/a<br>20.03/ n/a  | May 25, 2017/ n/a<br>December 31, 2017/ n/a           |
| A. Paul Kroshko      | 37,500/10,500                            | 1.63/28.00  | 15.88/0.05   | 16.05/3.85   | September 28, 2017/March 13, 2017                     |
| Tannya E. Morales    | 80,000/7,000<br>20,000/Nil               | 3.47/18.67<br>0.87/Nil  | 4.41/0.05<br>19.56/ n/a                              | 4.20/3.85<br>20.03/ n/a  | May 25, 2017/March 13, 2017<br>December 31, 2017/ n/a |
| Corey C. Ruttan      | Nil/Nil                                  | Nil/Nil   | n/a / n/a  | n/a / n/a  | n/a / n/a   |
| John (Jack) F. Scott | 300,000/Nil                              | 13.00/Nil   | 4.41/ n/a  | 4.20/ n/a  | May 25, 2017/ n/a                                     |
| John D. Wright       | Nil/Nil                                  | Nil/Nil   | n/a / n/a  | n/a / n/a  | n/a / n/a   |

### Aggregated Option Exercises During the Year Ended December 31, 2007 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 2007 and the number of unexercised stock options and the value of in-the-money stock options at December 31, 2007.

| Name                 | Securities Acquired on Exercise (#) | Aggregated Value Realized <sup>(1)</sup> (\$) | Unexercised Options at Year-End Exercisable/Unexercisable (#) | Value of Unexercised in-the-Money Options at Year-End <sup>(2)</sup> Exercisable/Unexercisable (\$) |
|----------------------|-------------------------------------|---|---|---|
| Mark R. Holliday     | Nil                                 | Nil   | 34,350/145,050  | 411,395/1,896,164   |
| A. Paul Kroshko      | Nil                                 | Nil   | 43,125/186,875  | 588,356/2,701,169   |
| Tannya E. Morales    | Nil                                 | Nil   | 18,750/183,750  | 226,200/2,701,500   |
| Corey C. Ruttan      | Nil                                 | Nil   | 75,000/75,000   | 1,221,000/1,221,000   |
| John (Jack) F. Scott | Nil                                 | Nil   | Nil/300,000   | Nil/4,686,000   |
| John D. Wright       | Nil                                 | Nil   | 125,000/75,000  | 2,035,000/1,221,000   |

**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 31, 2007 of \$20.03, less the exercise price.

### Aggregated Deferred Common Share Exercises During the Year Ended December 31, 2007 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, 2007.

| Name                 | Securities Acquired on Exercise (#) | Aggregated Value Realized <sup>(1)</sup> (\$) | Unexercised DCS at Year-End Exercisable/Unexercisable (#) | Value of Unexercised in-the-Money DCS at Year-End <sup>(2)</sup> Exercisable/Unexercisable (\$) |
|----------------------|-------------------------------------|---|---|---|
| Mark R. Holliday     | Nil                                 | Nil   | Nil   | Nil   |
| A. Paul Kroshko      | Nil                                 | Nil   | Nil/10,500  | Nil/209,790   |
| Tannya E. Morales    | Nil                                 | Nil   | Nil/7,000   | Nil/139,860   |
| Corey C. Ruttan      | Nil                                 | Nil   | Nil   | Nil   |
| John (Jack) F. Scott | Nil                                 | Nil   | Nil   | Nil   |
| John D. Wright       | Nil                                 | Nil   | Nil   | Nil   |

**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 31, 2007 of \$20.03, less the exercise price.

## **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 Vice President Finance and Chief Financial Officer, respectively, and other employees of Petrobank from time to time, 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, 2008, 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

#### *Senior VP Agreement*

The terms of Mr. Scott’s employment agreement with Petrobank (the “Senior VP Agreement”) include that the Corporation will be required to pay Mr. Scott a cash amount equal to one year of base compensation if the Corporation terminates the Senior VP Agreement at anytime other than for cause. In the event of a change of control, if Mr. Scott is offered an equivalent position but elects to decline such position, Mr. Scott shall have the right to terminate his employment contract with Petrominerales, in which case he shall be entitled to a severance payment consisting of six months of his base compensation. The Senior VP Agreement generally defines a “change of control” to include: the sale of all or substantially all of Petrominerales’ 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 Petrominerales’ voting shares which is equal to or greater than 50 percent of Petrominerales’ 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 Petrominerales; or the election at a Meeting of Petrominerales’ shareholders of that number of persons which would represent a majority of the Board of Directors, as

Petrominerales' directors who are not included in the slate for election as directors proposed to Petrominerales' shareholders by management of Petrominerales.

#### *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 than 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 maximum number of common shares that may be reserved for issuance 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 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, 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.

The Board has the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. Such right of the Board includes the ability to amend, modify or terminate the following provisions without shareholder or optionee approvals: (a) those persons

to whom stock options may be granted; (b) general terms of the stock options including but not limited to vesting, change to the option period and the manner of exercising stock options; (c) exercise of stock options upon termination of employment or death; (d) exercise of stock options in the event of a takeover bid, amalgamation, consolidation, merger or similar transaction and adjustment in common shares as a result of such events; (e) financial assistance to optionees; (f) general limits on the size of stock options grants to certain individuals, including *insiders*; (f) transferability or assignability of stock options; and (g) the terms, conditions and exercise of the Put Right.

As of this information circular, 293,525 options have been exercised since inception of the Plan, there are 4,997,909 options outstanding (representing 4.98% of the issued and outstanding common shares) and the Corporation may grant 4,537,444 options (representing 4.52% of the issued and outstanding common shares).

#### *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.

### EQUITY SECURITIES AUTHORIZED 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, 2007, 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                                    | 4,870,784   | \$4.99/share  | 4,658,093  |
| - DCS Plan   | 37,500  | \$0.05/share  | 462,500  |
| Equity compensation plans not approved by shareholders | n/a   | n/a   | n/a  |
| Total  | 4,908,284   | \$4.95/share  | 5,120,593  |

## **COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

### **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.

### **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.

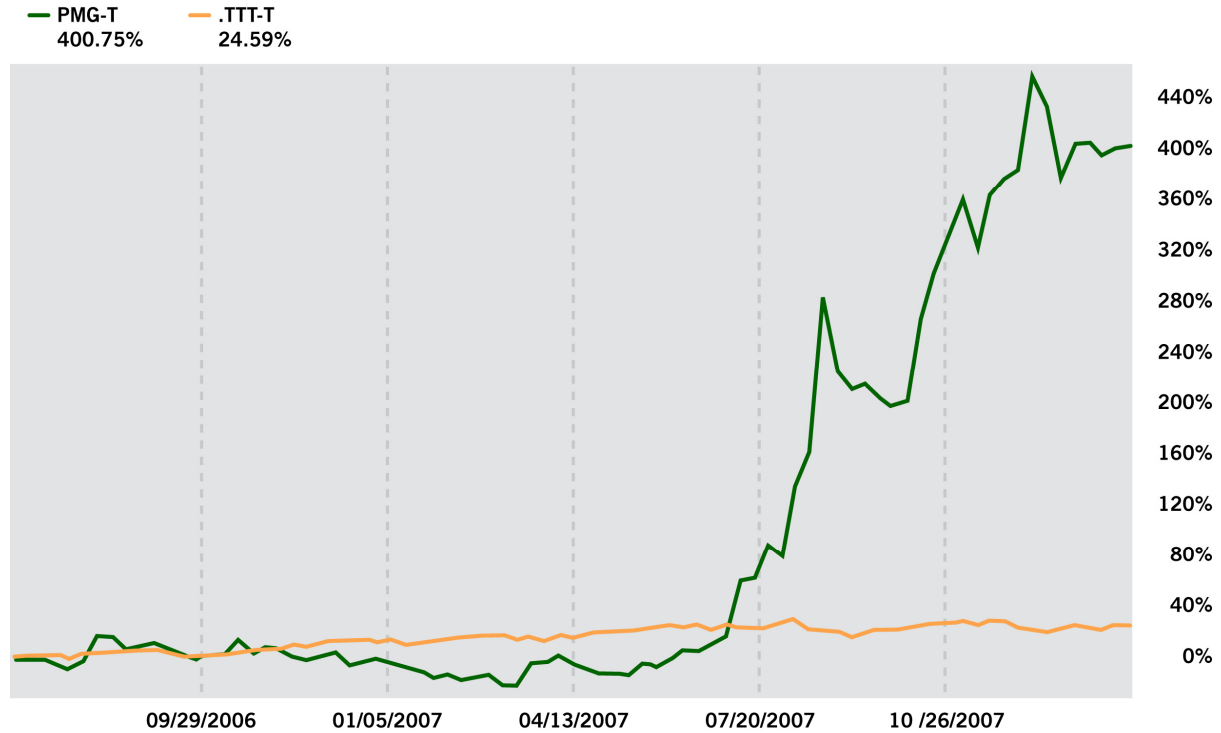
The Corporation may, based upon individual and corporate performance, award cash bonuses to its employees and executive officers to supplement annual salaries. The award of bonuses is determined, in the case of non-executive employees, by the senior management of the Corporation and approved in the aggregate 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 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.

## 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), 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. If a director is not re-elected, all unvested options will be cancelled.

The following table sets out the cash compensation that was in effect as at December 31, 2007 and will be paid at the end of the service period following this year's annual meeting of shareholders of the Corporation.

| 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 directors in 2007.

| Director                 | Stock Options<br>Granted | Deferred Common<br>Shares Granted | Cash Remuneration |
|--------------------------|--------------------------|-----------------------------------|-------------------|
| Alastair MacDonald       | 20,000                   | Nil                               | \$17,000          |
| Kenneth R. McKinnon      | 20,000                   | Nil                               | \$23,000          |
| Jerald L. Oaks           | 20,000                   | Nil                               | \$18,000          |
| Ernesto Sarpi            | 20,000                   | Nil                               | \$14,000          |
| Enrique Umaña-Valenzuela | 20,000                   | Nil                               | \$17,000          |
| Geir Ytreland            | 20,000                   | Nil                               | \$18,000          |

## **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 45 to 48 of the Corporation's Annual Information Form ("AIF") dated March 31, 2008, which information is hereby incorporated by reference. The AIF can be found on SEDAR at [www.sedar.com](http://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 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.

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.

### **Meetings**

The Board is scheduled to meet quarterly, with additional meetings held as appropriate or required. While the Board does not hold regularly scheduled meetings comprised solely of independent directors, a portion of most Board meetings consist of an *'in camera'* session of the independent directors, where non-independent directors and members of management of the Corporation 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 of the Board), 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 2007, the Board held five (5) meetings, the Audit Committee held four (4) meetings, the Compensation Committee held one (1) meeting, and the Reserves Committee held one (1) meeting. All Board members at the time of such meetings were present at all Board meetings held during 2007, with the exception of Messrs. MacDonald, Ytreland and Oaks who each attended four (4) out of a total of five (5) Board meetings. All committee members at the time of such meetings were present at all committee meetings held during 2007, with the exception of Mr. MacDonald who attended three (3) out of a total four (4) Audit Committee meetings.

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 Petrobank Energy and Resources Ltd., Mr. Umaña-Valenzuela for Sociedades Bolivar S.A. listed on Bolsa de Valores de Colombia (The Colombian Stock Exchange) and Mr. Wright for 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 "A" to this information circular.

The Board has the statutory responsibility to oversee the conduct of the business of the Corporation and has delegated the responsibility for the day-to-day conduct of the business to the President and Chief Executive Officer and other members of management, subject to compliance with plans and objectives approved from time to time by the Board. The President and Chief Executive Officer is assessed based on corporate objectives established by the Corporation's strategic plan, which is regularly reviewed by the Board.

### **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 all new directors. In addition, all directors, both current and new directors, are encouraged to attend, at the expense of the Corporation, applicable educational programs so as to ensure that they are familiar with aspects of the Corporation's operations and assets. Educational programs are also provided for directors on an 'as requested' basis. 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 Board members.

### **Code of Ethics**

The Board 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. The Corporation also has written policies in place in respect of conduct, privacy, harassment and whistleblowing.

In addition, the Corporation has in place a written "Vision and Values" statement, which outlines the Corporation's commitment to safety, shareholder value, its employees, the environment and integrity. Management of the Corporation and the Board are of the view that the "Vision and Values" statement encourages and promotes a culture of ethical business conduct within the Corporation.

In light of the foregoing, the Corporation has not adopted a formal written code of ethics.

## **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 of the Board 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.

## **Board Assessments**

The Board will periodically review the effectiveness of the Board, its committees, and the contributions of individual Board of Directors members. Assessments are 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](http://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](mailto: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, Attention: Chief Financial Officer.

## **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.**

#### **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.