



PETROMINERALES

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

Meeting to be held on
Thursday, May 12, 2011
at 10:00 a.m. (Bogotá time)
at Radisson Royal Bogotá Hotel,
Millennium Meeting Room
Calle 113 No. 7-65,
Bogotá, Colombia

Meeting will be available to view by live webcast.

April 1, 2011

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PETROMINERALES

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting (“Meeting”) of the Shareholders of Petrominerales Ltd. (the “Corporation”) will be held on Thursday, May 12, 2011, at 10:00 a.m. in the Millennium Meeting Room at the Radisson Royal Bogotá Hotel, Calle 113 No. 7-65, Bogotá, Colombia and will also be available to view by live webcast, details to be made available on Petrominerales’ website at www.petrominerales.com, to:

1. receive and consider our financial statements for the year ended December 31, 2010, 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 forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

Only Shareholders of record at the close of business on April 7, 2011 (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 ten (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, 2011.

By order of the Board of Directors

Corey C. Ruttan
President and Chief Executive Officer

VOTING INFORMATION

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 Thursday, May 12, 2011 at 10:00 a.m. (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 forty-eight (48) hours before the Meeting or any adjournment thereof (excluding Saturdays, Sundays, and holidays). Only Shareholders of record at the close of business on April 7, 2011 (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 ten (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 in 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.

Beneficial Shareholder Voting

You are a beneficial shareholder if your Common Shares are held in the name of a nominee, that is, your Common Shares are represented by an account statement by your bank, trust company, securities broker, trustee or other nominee, while the original certificate is lodged with CDS&Co., the nominee of CDS Clearing and Depository Services Inc.

Voting Options

- In person at the meeting (see below);
- By voting instruction (see below and enclosed voting instruction form);
- By telephone; or
- By internet (see enclosed voting instruction form).

Voting In Person

If you plan to attend the Meeting and wish to vote your shares in person, insert your own name in the space provided on the enclosed voting instruction form. Then follow the signing and return instructions provided by your nominee. Your vote will be taken and counted at the meeting, so do not complete the voting instructions on the form. Please register with the transfer agent, Computershare, when you arrive.

Voting Instructions

Whether or not you attend the meeting you can appoint someone else to attend and vote as your proxyholder. Use the enclosed voting instruction form to do this. The persons named in the enclosed voting instruction form are officers of the Corporation. You can also choose another person to be your proxyholder by printing that person's name in the space provided. Then complete the rest of the voting instruction form, sign it and return it. Your votes can only be counted if the person you appoint attends the meeting and votes on your behalf. If you have sent in your voting instructions form, you may not vote again at the meeting unless you revoke your instructions.

Return your completed voting instruction form in the envelope provided or fax it to one of the numbers set out in the form so that it arrives by 9:00 am (Calgary time) on May 10, 2011.

Revoking Voting Instructions

Follow the procedure provided by your nominee. Your nominee must receive your request to revoke the instructions prior to 11:00 am (Calgary time) on May 10, 2011. This will give your nominee time to submit the revocation to us.

Registered Shareholding Voting

You are a Registered Shareholder if your Common Shares are held in your name and you have a share certificate.

Voting Options

- In person at the meeting (see below);
- By voting instruction (see below and instructions on form of proxy);
- By telephone (see enclosed proxy); or
- By internet (see enclosed proxy).

Voting in Person

If you plan to attend the meeting and wish to vote your shares in person, do not complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare, when you arrive.

Voting by Proxy

Whether or not you attend the meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The person named in the enclosed proxy are officers of the corporation. You can also choose another person to be your proxyholder by printing that person's name in the space provided. Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the meeting and votes on your behalf. If you have voted by proxy, you may not vote in person at the meeting, unless you revoke your proxy.

Return your completed proxy in the envelope provided or fax it so that it arrives by 11:00 am (Calgary time) on May 10, 2011, or if the meeting is adjourned at least 48 hours (excluding weekends and holidays) before the time set for the meeting to resume. As we do not typically accept late votes, we encourage you to vote on time.

Revoking Your 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: (i) our head office at any time up to and including the last business day before the day of the Meeting, or (ii) 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.

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, 2011.

Interest of Certain Persons or 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.

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.

Voting Shares and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares. As at April 1, 2011, there were 103,676,718 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, 2011, 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 Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisers Incorporated, and FIL Limited (affiliated companies, hereinafter collectively referred to as "Fidelity"). To the best of Petrominerales' knowledge, Fidelity owns approximately 17% of Petrominerales' Common Shares.

BUSINESS OF THE MEETING

Election of Directors

The Articles of Incorporation of the Corporation require the Corporation have not less than one (1) and not more than fifteen (15) 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 (7). Accordingly, it is proposed that seven (7) 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 of the Corporation. Additional information with respect to each of the seven proposed nominees for election as director can be found under the heading "*Nominees for Election to the Board of Directors and Compensation of Directors*", which sets forth each proposed director's place of residence, position, present principal occupation, prior occupations within the last five years, number of Common Shares of the Corporation beneficially owned or controlled, and a brief biography.

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.

Unless otherwise directed, the persons designated in the enclosed proxy form intend to vote FOR the election of these nominees at the Meeting.

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

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.

The audit fees paid to Deloitte & Touche LLP for the years ended December 31, 2010 and 2009, respectively, are set forth on page 70 of our Annual Information Form, which can be found on our website at www.petrominerales.com or on SEDAR at www.sedar.com.

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.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The following table sets out the name of each of the persons proposed to be nominated for election as a director; their location of residence; position; 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 as of the date of this Management Information Circular:

| 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 |
|--|---|-------------------|--|
| Alastair Macdonald ⁽¹⁾⁽²⁾⁽⁴⁾ Pembroke, Bermuda Director | 50,000 | April 2006 | Corporate Secretary and Director of Petrominerales since April 2006; Corporate Secretary of PCL and predecessor companies since September 1996; Chief Executive Officer of Western Isles Ltd., a financial advisory company from September 2007 to present; Chief Executive Officer of Triathlon Ltd., a financial advisory company from September 1996 to September 2007. |
| Kenneth R. McKinnon ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada Director | 207,998 | May 2006 | Vice President Legal Affairs and General Counsel of Critical Mass Inc., a website design company. |
| Jerald L. Oaks ⁽⁴⁾⁽⁵⁾ Greenwood Village, Colorado, USA Director | 380,850 | May 2006 | Professional Engineer; President of Oaks Resources Management Inc. (a private petroleum engineering and management company). |
| Ernesto Sarpi ⁽³⁾ Naples, Italy Director | 61,500 | May 2006 | Self-employed Consultant since June 2004; Manager of New Ventures of ENI SpA. Agip Div. from November 1999 to May 2004. |

| 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 |
|---|---|-------------------|--|
| Enrique Umaña-Valenzuela ⁽¹⁾⁽⁴⁾ Bogotá, Colombia Director | 40,000 | May 2006 | Independent business activities, mainly in family rural land developing since May 2005 and in private practice as a trade and investment consultant; Director of Sociedades Bolivar S.A. since March 2006; Member of the Overseeing Committee of the Colombian Hydrocarbons Investment Fund, Phase I, since July 2005, Phase II, since March 2008 and Phase III since August 2010, and of the Colombian Forestry Investment Fund since December, 2007; President of Coinvertir - Invest in Colombia Corporation from July 1997 to April 2005, and trade and investment consultant from May 2005 to December 2009. Member of the International Advisory Council of the Americas Society in New York City and of the Colombian American Chamber of Commerce. |
| John D. Wright ⁽³⁾⁽⁶⁾ Calgary, Alberta, Canada Chairman of the Board and Strategic Advisor | 2,388,345 | May 2006 | President, Chief Executive Officer and Director of Petrobank Energy and Resources Ltd. since March 2000. Chairman of the Board and Chief Executive Officer of PetroBakken Energy Ltd. since July 30, 2009. President and Chief Executive Officer of the Corporation from inception to May 6, 2010, when Mr. Wright was appointed the Chairman of the Board and Strategic Advisor. |
| Geir Ytreland ⁽²⁾⁽³⁾ Droebak, Norway Director | 40,000 | 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.
4. Member of the Nominating Committee.
5. Vice Chairman of the Board (Lead Independent Director).
6. Chairman of the Board.

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

Cease Trade Orders

Mr. John D. Wright is a director of Canadian Energy Exploration Inc. (“CEE”) (formerly TALON International Energy, Ltd.), a reporting issuer listed on the TSX Venture Exchange. A cease trade order (the “ASC Order”) was issued on May 7, 2008 against CEE by the ASC for the delayed filing of CEE’s audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2007 (“Annual Filings”). The Annual Filings were filed by CEE on SEDAR on May 8, 2008. As a result of the Order, the TSX Venture Exchange suspended trading in CEE’s shares on May 7, 2008. In addition, on June 4, 2009 the British Columbia Securities Commission (“BCSC”) issued a cease trade order (the “BCSC Order”) against CEE for the failure of CEE to file its audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2008 and its unaudited interim financial statements and management’s discussion and analysis for the three months ended March 31, 2009.

CEE made application to the ASC and BCSC for revocation of the ASC Order and BCSC Order. The ASC and BCSC have issued revocation orders dated October 14, 2009 and November 30, 2009, respectively, granting full revocation of compliance-related cease trade orders issued by the ASC and the BCSC in respect of CEE.

Except as disclosed herein, to the knowledge of management of the Corporation, no proposed director of the Corporation is, or within the ten (10) years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

- a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies and Insolvencies

To the knowledge of management of the Corporation, no proposed director of the Corporation:

- a) is, at the date of this Information Circular or has been within the ten (10) years before the date of this information Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Penalties and Sanctions

To the knowledge of management of the Corporation, no proposed director of the Corporation has:

- a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

COMPENSATION DISCUSSION AND ANALYSIS

General

This discussion describes the Corporation's compensation program for the President and Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers (collectively, referred to herein as the "Named Executive Officers" or the "Executives" or the "NEOs"). This section will also address the Corporation's philosophy and objectives and provide a review of the process the Compensation Committee follows in determining the compensation of the Corporation's executives. This section will also provide discussion and analysis of the Compensation Committee's specific decisions about the compensation of the NEOs for the financial year ended December 31, 2010.

Composition and Mandate of the Compensation Committee

The members of the Compensation Committee of the Board are Kenneth R. McKinnon (Chairman of the Compensation Committee), Geir Ytreland and Alastair Macdonald. All of the members of the Compensation Committee are independent directors of Petrominerales and none of the members of the Compensation Committee are Chief Executive Officers of any publicly traded entity.

The Compensation Committee is charged with the establishment, execution and periodic review of our compensation program and the compensation and performance standards for the Executives. The Board of Directors believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.

The mandate of the Compensation Committee requires that the majority of the members of the Compensation Committee be comprised of independent directors, that the Chairman and that less than one third of the members of the Committee shall be serving Chief Executive Officers of any reporting issuer. Generally, the mandate of the Compensation Committee is to formulate and make recommendations to the Board in respect of compensation issues relating to directors, executives and employees of Petrominerales.

Compensation Philosophy and Objectives

The Corporation's executive compensation philosophy is intended to provide competitive levels of compensation in order to attract, motivate and retain talented executives, which is critical to our success. The program is intended to create an alignment of interest between the Corporation's executives and Shareholders so that a significant portion of each executive's compensation is linked to maximizing shareholder value. In support of these philosophies, the executive compensation program is designed to reward performance that is directly relevant to the Corporation's short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that varies based on corporate and individual executive performance.

The Corporation's executive compensation program has been designed to accomplish the following objectives:

- Ensure the compensation program rewards individual executive contributions in the context of overall corporate results;
- Create a proper balance between building shareholder value and competitive executive compensation, while maintaining good corporate governance;
- Produce long-term, positive results for Petrominerales' Shareholders;
- Align executive compensation with corporate and individual performance and appropriate peer group comparisons; and
- Provide competitive compensation and benefits that will enable Petrominerales to recruit, retain and motivate the executive talent necessary to be successful.

The Corporation's executive compensation program is structured into three main components: base salary, bonus, and long term incentives. Long-term incentives include stock options ("Stock Options") granted pursuant

to the Corporation's Stock Option Plan, deferred Common Shares ("DCS") granted pursuant to the Corporation's deferred common share plan ("DCS Plan") and incentive shares ("Incentive Shares") granted pursuant to the Incentive Share Plan.

The following discussion describes the component of compensation and discusses how each component relates to the Corporation's overall executive compensation objective.

- **Base salaries.** Base salaries provide an immediate cash incentive for the Corporation's executives and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent;
- **Annual bonuses.** Annual bonuses encourage and reward performance over the financial year and reflect progress toward Corporation-wide performance objectives and individual Executive objectives; and
- **Stock Options, DCS and Incentive Shares.** Stock Options, DCS and Incentive Shares are generally longer-term incentives that are intended to balance Executive focus between short and long term goals and provide capital accumulation linked directly to shareholder value.

The Compensation Committee has reviewed the relative merits of its compensation practice which embraces a relatively non-formulaic approach to the compensation of our Executives and has concluded that the current approach is appropriate and has resulted in an effective, focused executive team. The approach provides the necessary flexibility to appropriately incentivize Petrominerales' executive team in changing market and industry conditions. This methodology is continuously evaluated to ensure executive compensation is linked with the performance of the Corporation.

Base Salaries

The base salaries of the Executives are commensurate with salaries of peers in the Compensation Peer Group and reviewed annually to ensure they reflect a balance of market conditions, levels of responsibility and accountability of each role, the skill and competencies of the individual, retention considerations and the level of demonstrated performance.

Annual Bonuses (Variable Cash Incentive Awards)

The Compensation Committee's philosophy with respect to executive bonuses is to align the issuance of bonuses with the performance of the Corporation and the performance of each individual executive. For 2010, bonuses were determined by the Compensation Committee on the basis of a combination of factors. Quantitative factors were based on the factors under the heading "*Goals and Annual Performance*". Qualitative factors included growth, staff development and mentorship, environmental, health and safety and leadership.

Bonus amounts are typically evaluated and paid in the first quarter of each financial year. For the 2010 service year, Executive bonuses ranged between 10% and 48% of base salary, depending upon the performance by the Corporation and the Executive's individual performance and contribution to the Corporation's performance. In addition, when determining bonus amounts, the Compensation Committee takes into account the weighting placed on share based compensation awards granted as part of each Executive's total compensation. For the year ended December 31, 2010, the Compensation Committee approved the payment of an aggregate of \$410,635 in cash bonuses for the NEOs of the Corporation.

Long Term Incentive Plans

The Corporation uses its Stock Option Plan, DCS Plan and Incentive Share Plan as a part of its compensation strategy for its Executives. In addition, the Corporation's Executives are eligible to participate in the Corporation's Employee Share Ownership Plan.

Stock Options, DCS and Incentive Shares 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 Common Shares. DCS are typically awarded to Executives based on performance in the

prior fiscal year, however, as DCS vest over a three year period, their grant is considered part of performance based compensation as well as a long-term incentive. Incentive Share awards are also used to provide increased alignment between Executives and Shareholders. Additional grants of Stock Options, DCS and Incentive Shares may be made periodically to recognize the exemplary performance of certain Executives. An annual grant of Stock Options and Incentive Shares is typically made to Executives based on individual performance and the performance of the Corporation during the most recently completed financial year in relation to corporate goals and objectives as well as in comparison to performance achieved by the Compensation Peer Group during the comparable period.

Stock Options are awarded to employees of the Corporation by the Compensation Committee based upon the recommendation of the NEOs and other senior management, who base their decisions upon the level of responsibility and contribution of the individuals toward the Corporation's objectives and goals. Also, the Compensation Committee considers the overall number of Stock Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Stock Options and the size of such grants. The granting of these Stock Options in the aggregate is reviewed and approved by the Compensation Committee.

As a result of the use of share based compensation arrangements, a significant part of Executive compensation is dependent upon the performance of the Corporation. If the Corporation does not perform within expected parameters in the short or long term, then the Executives may receive only a fraction of their total possible amount of remuneration.

The Corporation's Stock Option Plan, DCS Plan, Incentive Share Plan, and Employee Share Ownership Plan are described in detail in this Circular under the headings "*Stock Option Plan*", "*Deferred Common Share Plan*", "*Incentive Share Plan*" and "*Employee Share Ownership Plan*".

Compensation Process

The Executive compensation program is administered by the Corporation's Compensation Committee. During 2010, the Compensation Committee held two (2) meetings, and a number of informal meetings via teleconference, with certain matters relating to compensation being approved by unanimous written resolution of the Compensation Committee or the Board of Directors, where applicable.

In addition, the Compensation Committee held two (2) meetings in early 2011 with respect to bonus amounts and long term incentive compensation of the Executives of the Corporation relating to the performance of the Corporation and individual Executives for the 2010 year. In addition, the Compensation Committee discussed and reviewed the engagement of Towers Watson, an independent compensation consultant, in order to engage Towers Watson to provide recommendations relating to director compensation.

The Compensation Committee, in consultation with the President and Chief Executive Officer, establishes base salaries, cash bonuses, share based compensation and benefits for the Executives. Each component of compensation is determined on an individual Executive basis. The President and Chief Executive Officer of Petrominerales typically attends meetings of the Compensation Committee, but does not have the right to vote on any matter before the Compensation Committee.

For executives, the Compensation Committee uses a compensation program based on an assessment of the overall performance of Petrominerales (see "*Performance Graph*"), an assessment of overall performance of Petrominerales relative to the performance of the Compensation Peer Group (set forth below) and the achievements and overall contribution of each individual Executive. The evaluation of each executive also includes a review of the executive's execution of on-going projects and progress on growth and other initiatives.

The Compensation Committee reports to the Board of the Corporation on the major items covered at each Compensation Committee meeting. While the Compensation Committee does not have scheduled *in camera* sessions, the Committee meets *in camera* without any members of management of the Corporation present.

Goals and Annual Performance

Petrominerales' goals for 2010 focused on enhancing corporate and operational performance. These goals included, but were not limited to, (i) increasing production; (ii) increasing reserves; and (iii) increasing funds flow from operations. The 2010 goals stated in the preceding sentence were met, as highlighted below.

- Petrominerales increased average crude oil production to 37,027 bopd, a 66 percent gain over 2009.
- Petrominerales grew our reserves base, increasing proved developed producing reserves by 46 percent to 27.1 million barrels of oil, total proved reserves by 22 percent to 44.0 million barrels of oil and proved plus probable reserves by 13 percent to 60.2 million barrels of oil.
- Petrominerales generated record funds flow from operations of \$597.8 million and net income of \$239.7 million, 111 and 139 percent increases over 2009, respectively.

In addition, Petrominerales set additional goals relating to land strategies, exploration and other corporate goals. The majority of these additional goals were met. Generally, the Compensation Committee reviewed the Corporation's performance in 2010 as exceeding expectations and determined that the majority of the goals the Company set for 2010 were met. Although these findings did not trigger specific compensation for Executives, they served to: (i) provide the general context for the Compensation Committee's review of the performance of each individual Executive in determining bonus amounts and the award of share based compensation and (ii) were used a factor used to determine the high and low range of annual bonuses to be considered to award to all levels of employees, including Executives.

Although the Corporation sets goals on a yearly basis, the Compensation Committee will consider changing industry and operational circumstances, opportunities and unanticipated challenges as they arise that may require a modification of the goals and objectives, and a desired shift in the focus of the executives to these changed goals and objectives. Should these situations arise; the Compensation Committee will have regard to the changing landscape of our operations when determining whether the Corporation and the individual executive has met the goals set and what factor the goals set will have in determining executive compensation.

Compensation Peer Group

The Compensation Committee considers comparable compensation data from companies that are generally of similar size and scope and that may represent the market in which the corporation competes for executive talent.

The composition of the Compensation Peer Group is reviewed annually by the Compensation Committee for its ongoing business relevance to Petrominerales. For the year ended December 31, 2010, the Compensation Peer Group surveyed was as follows: Pacific Rubiales Energy Corp., Gran Tierra Energy Inc., Parex Resources Inc., C&C Energia Ltd., Bankers Petroleum Ltd. and Niko Resources Ltd. In addition, given the limited number of companies operating internationally that are of similar size and scope to the Corporation, the Compensation Committee will, when appropriate, consider compensation data from comparable companies that are based in Canada with Canadian operations.

The factors assessed by the Compensation Committee in determining the Compensation Peer Group included operational focus, level of international operations, total revenue, total assets, cash flow, number of employees and daily production levels. In some cases, the companies included in the Compensation Peer Group have larger or smaller operations than the Corporation, however, given their international focus, the compensation data from these companies was considered useful. The compensation data from the Compensation Peer Group provides a reference point for the Compensation Committee for individual Executive compensation. In addition, the Compensation Committee considers the overall performance of Petrominerales relative to the Compensation Peer Group when assessing overall performance of Petrominerales.

In addition, the Compensation Committee may consider compensation surveys completed by independent third parties when making certain decisions with respect to executive compensation. While the Compensation Committee may rely on external information and advice, all of the decisions with respect to executive compensation are made by the Compensation Committee alone and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided in independent third party surveys or any compensation consultant that may be engaged by the Corporation.

Share Ownership Guidelines for Officers and Directors

Although the Directors and Officers of Petrominerales have always been encouraged to invest in the Corporation and have historically maintained high levels of equity ownership, on March 2, 2011, the Board approved formal share ownership guidelines (the "Ownership Guidelines") for Directors and Officers. The Board is of the view that Officers and Directors can more effectively represent the interests of Shareholders if they have a significant investment in the Common Shares of Petrominerales. The Ownership Guidelines require Directors and Officers to achieve and maintain an ownership level in the Corporation that the Compensation Committee views as significant in relation to each Officer's annual salary and each Director's board retainer, as more particularly set forth in the table below. Each Director or Officer is required to comply with the Ownership Guidelines on the later of two years from their date of appointment as a Director or Officer or March 2, 2012. In the event that a Director or Officer ceases to comply with the Ownership Guidelines due to share price fluctuations in the Corporation's Common Shares, the Director or Officer has a period of twelve (12) months to return to compliance with the Ownership Guidelines. The following table sets forth the Ownership Guidelines and each director's and officer's ownership compared to the Ownership Guidelines.

The following table sets forth the Common Share Value, Equity Value and Total Equity Value of each director and executive officer as at April 8, 2011 and indicates whether the ownership level of each Director and Executive Officer is in compliance with the Ownership Guidelines as at April 8, 2011.

| Name | Base Retainer ⁽¹⁾ or Base Salary ⁽²⁾ (Officers) (\$) | Ownership Value as at April 8, 2011 | | | | Comparison to Guideline as at April 8, 2011 | | | | | |
|----------------------------------|---|---|-------------------------------------|---|---------------------------------------|---|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|--|
| | | Common Share Value ⁽³⁾ (\$) | Equity Value ⁽⁴⁾ (\$) | Total Equity Value ⁽⁵⁾ (\$) | Common Share Value ⁽³⁾ | | Equity Value ⁽⁴⁾ | | Total Equity Value ⁽⁵⁾ | | |
| | | | | | Required Multiple of Salary/ Retainer | Guideline Met (Deficiency Amount) | Required Multiple of Salary/ Retainer | Guideline Met (Deficiency Amount) | Required Multiple of Salary/ Retainer | Guideline Met (Deficiency Amount) | |
| Directors | | | | | | | | | | | |
| Alastair Macdonald | 50,000 | 1,726,847 | 1,726,847 | 1,726,847 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Kenneth R. McKinnon | 50,000 | 7,183,614 | 7,183,614 | 9,646,569 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Jerald L. Oaks | 50,000 | 13,153,392 | 13,153,392 | 13,153,392 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Ernesto Sarpi | 50,000 | 2,124,022 | 2,124,022 | 2,124,022 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Enrique Umaña-Valenzuela | 50,000 | 1,381,477 | 1,381,477 | 1,381,477 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Geir Ytreland | 50,000 | 1,381,477 | 1,381,477 | 1,997,216 | 1x | Yes | 2x | Yes | 3x | Yes | |
| John D. Wright | 75,000 | 82,486,119 | 82,486,119 | 82,486,119 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Officers | | | | | | | | | | | |
| Ruben Cano ⁽⁷⁾ | 172,332 | 54,430 | 132,371 | 522,836 | 0.5x | No (31,736) | 1x | No (39,961) | 2x | Yes | |
| Jeff Chant | 112,000 | 572,381 | 641,355 | 1,035,463 | 0.5x | Yes | 1x | Yes | 2x | Yes | |
| Allen Knight | 220,000 | 357,008 | 1,222,941 | 1,222,941 | 0.5x | Yes | 1x | Yes | 2x | Yes | |
| Erik Lyngberg | 280,000 | 566,371 | 4,537,576 | 5,311,319 | 1x | Yes | 2x | Yes | 3x | Yes | |
| Tannya E. Morales ⁽⁷⁾ | 172,332 | 2,633,027 | 2,874,436 | 5,958,799 | 0.5x | Yes | 1x | Yes | 2x | Yes | |
| Jack Scott ⁽⁷⁾ | 268,072 | 117,149 | 117,149 | 4,259,603 | 1x | No (150,923) | 2x | No (418,995) | 3x | Yes | |
| Corey C. Ruttan | 350,000 | 16,448,250 | 16,821,123 | 17,373,586 | 2x | Yes | 4x | Yes | 5x | Yes | |
| Kelly Sledz | 230,000 | 494,569 | 572,509 | 656,036 | 1x | Yes | 2x | Yes | 3x | No (33,964) | |

Notes:

1. Base Retainer is the annual base cash retainer received by a director, including any retainer paid for serving on a Committee of the Board and including the Fair Market Value of any DCS issued to the director.
2. Base Salary is the annual base salary paid by the Corporation to an executive, exclusive of any bonus amounts.
3. Common Share Value means the Fair Market Value of all Common Shares of the Corporation held by the director or executive.
4. Equity Value is the Fair Market Value of all Common Shares, vested incentive shares and vested DCS held by the director or executive.
5. Total Equity Value is the Fair Market Value of all Common Shares, vested stock options, vested incentive shares and vested DCS held by the Director or Officer.

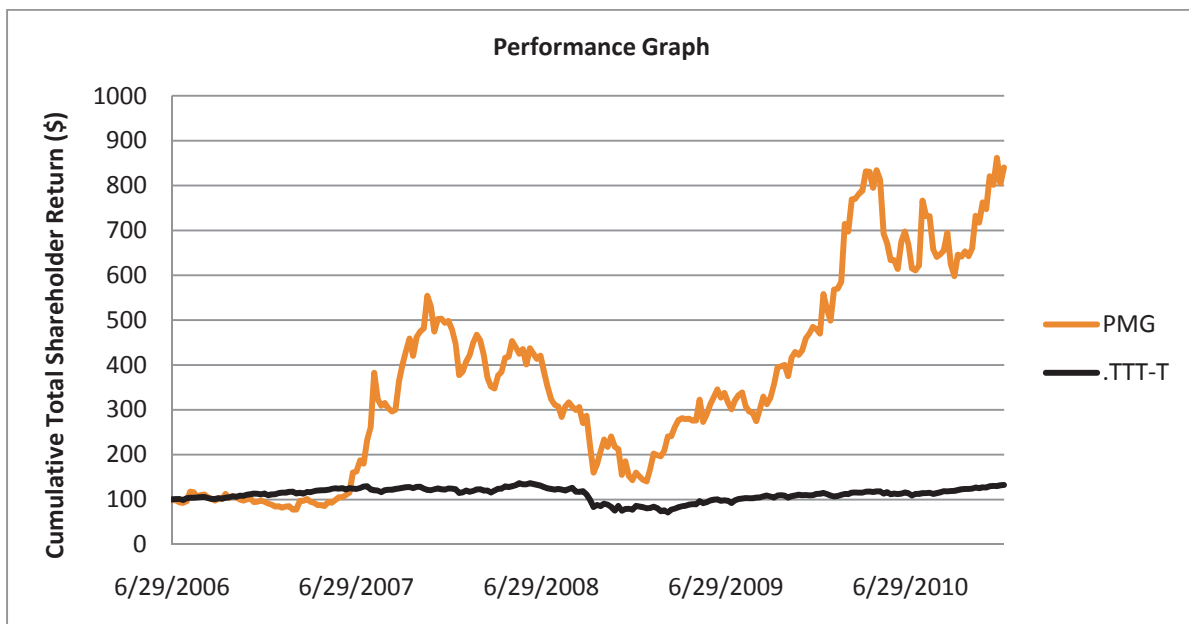
6. Fair Market Value is (a) in respect of the Common Shares of the Corporation, the weighted average trading price of the Common Shares of the Corporation on the Toronto Stock Exchange for the five trading days immediately prior to April 8, 2011 (the "Trading Price"), and (b) in respect of vested stock options, incentive shares or DCS of the Corporation, the Trading Price less the exercise price of such stock option, incentive share or DCS.
7. Base salary converted from USD to CAD using the April 8, 2011 closing exchange rate of USD 0.9574.

Group Benefits/Perquisites

The Compensation Committee believes that the perquisites for Executives should be limited in scope and value and be commensurate with perquisites offered by the Compensation Peer Group. The Corporation provides its NEOs living in Colombia with additional foreign assignment benefits, the cost of which is disclosed under the heading "Summary Compensation Table" under the column titled "All Other Compensation".

Performance Graph

The following graph illustrates the Petrominerales' (PMG) cumulative shareholder return from the commencement of its listing on the Toronto Stock Exchange on June 29, 2006 to the year ending December 31, 2010, as measured by the closing price of the Corporation's 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 assuming the reinvestment of dividends where applicable.



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, 2010, 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 | Salary ⁽¹⁾ (\$) | Share-Based Awards ⁽⁷⁾ (\$) | Option-Based Awards ⁽⁸⁾ (\$) | Non-Equity Incentive Plan Compensation (\$) | | Total Compensation (\$) |
|--|------|-------------------------------|---|--|---|--|-------------------------|
| | | | | | Annual Incentive Plans ⁽⁹⁾ | All other Compensation ⁽¹⁰⁾ | |
| COREY C. RUTTAN ⁽²⁾⁽¹⁵⁾ ⁽¹⁶⁾ President and Chief Executive Officer | 2010 | 236,797 | 480,653 | 2,410,765 | 71,750 | 3,927 | 3,203,892 |
| | 2009 | 128,807 | nil | nil | 45,000 | 2,403 | 176,210 |
| | 2008 | 119,244 | nil | nil | 40,000 | 2,635 | 161,879 |
| KELLY SLEDZ ⁽³⁾ Chief Financial Officer | 2010 | 201,128 | 237,854 | 543,857 | 100,000 | nil | 1,082,839 |
| | 2009 | 158,632 | nil | 203,193 | 72,500 | nil | 434,325 |
| J. ERIK LYNGBERG ⁽⁴⁾⁽¹⁴⁾ Senior Vice President Exploration | 2010 | 256,170 | 525,221 | 699,552 | 100,000 | 2,610 | 1,583,553 |
| | 2009 | 217,575 | 124,983 | 230,869 | 100,000 | nil | 673,427 |
| | 2008 | 179,347 | 48,383 | 405,844 | 60,000 | nil | 693,574 |
| ALLEN KNIGHT ⁽¹²⁾⁽¹⁵⁾⁽¹⁶⁾ Vice President New Ventures | 2010 | 225,295 | 307,208 | 1,081,974 | 50,000 | 4,152 | 1,668,629 |
| | 2009 | 216,181 | 46,685 | 351,897 | 100,000 | 4,152 | 718,915 |
| JOHN (JACK) F. SCOTT ⁽⁵⁾⁽⁶⁾ Chief Operating Officer | 2010 | 243,877 | 410,267 | 376,682 | 77,285 | 236,546 | 1,344,657 |
| | 2009 | 227,444 | 161,822 | 230,545 | 114,198 | 219,409 | 953,418 |
| | 2008 | 201,210 | 96,765 | nil | 69,291 | 223,785 | 591,051 |
| JOHN D. WRIGHT ⁽¹¹⁾⁽¹³⁾ President and Chief Executive Officer | 2010 | 124,933 | 317,942 | 573,992 | 11,600 | 2,544 | 1,032,513 |
| | 2009 | 150,909 | nil | nil | 45,000 | 6,218 | 202,127 |
| | 2008 | 136,740 | nil | nil | 40,000 | 6,716 | 183,456 |

Notes:

- Salary, for the purposes of the above Summary Compensation Table, includes certain taxable benefits paid by Petrominerales on behalf of the NEOs, including but not limited to, parking and contributions to the Corporation's employee share purchase plan.
- Mr. Ruttan was appointed the President and Chief Executive Officer of Petrominerales on May 6, 2010. For the most recently completed three financial years, Mr. Ruttan was compensated by Petrobank with a portion of his compensation each year attributable to Executive services he provided to Petrominerales pursuant to the Management Services Agreement, see “Management Services Agreement”. In the above table, Mr. Ruttan's Salary, Bonus, and All Other Compensation reported is that amount attributable to services he provided to Petrominerales, and represents the percentage of his total Salary, Bonus, and All Other Compensation received from Petrobank as follows: (i) In 2008, 50%; (ii) In 2009, averaged 45%, and (iii) In 2010, averaged 71.75%. In 2011, it is anticipated that Mr. Ruttan will receive 100% of his compensation from Petrominerales.
- Mr. Sledz commenced employment with the Corporation on January 12, 2009.
- Mr. Lyngberg commenced employment with the Corporation on August 25, 2008.
- Mr. Scott commenced employment with the Corporation on May 22, 2007.
- Mr. Scott's Salary, Bonus and All Other Compensation have been converted from U.S. dollars to Canadian dollars, using an average (January 1, 2010 to December 31, 2010) exchange rate of US\$1.03 to CAD\$1.00.
- Share-Based Awards consist of DCS and Incentive Shares granted pursuant to the DCS and Incentive Share Plan. The fair value of DCS and Incentive Shares is calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of DCS and Incentive Share Plan see “DCS Plan” and “Incentive Share Plan”.
- Option-Based Awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options is calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Stock Option Plan see “Stock Option Plan”.
- The amount shown as ‘Annual Incentive Plan’ is the cash bonus award to each of the Named Executive Officer for individual and corporate performance during the covered financial year, paid in the following financial year.
- The value in the column titled ‘All Other Compensation’ includes all other compensation not reported in any other column of the table for each of the Named Executive Officers. Mr. Scott's apartment rental is paid by Petrominerales and totalled \$84,209 in 2010, or 35.6 percent of his perquisites in 2010. In 2010, Petrominerales paid \$121,300, or 51.3 percent of his perquisites, for taxes owed in Colombia.

11. Mr. Wright does not receive a salary directly from Petrominerales; see "Management Services Agreement". Mr. Wright is compensated by Petrobank with a portion of his compensation each year attributable to Executive services provided to Petrominerales pursuant to the Management Services Agreement. In the above table, Mr. Wright's Salary, Bonus, and All Other Compensation is reported as that amount attributable to services provided by him to Petrominerales, and represents the percentage of his total Salary, Bonus, and All Other Compensation received from Petrobank as follows: (i) In 2008, 50%; (ii) In 2009, averaged 45%, and (iii) In 2010, averaged 29%. Mr. Wright was the President and Chief Executive Officer and a director of Petrominerales, until May 6, 2010 when he was appointed Chairman of the Board and Strategic Advisor.
12. Mr. Knight was appointed Vice President, New Ventures of Petrominerales on May 6, 2010. Prior to this appointment, Mr. Knight served in the capacity of Vice President, New Ventures for Petrobank since November 6, 2008, and provided executive services to Petrominerales pursuant to the Management Services Agreement.
13. Mr. Wright's Option Based Awards reported in the above Summary Compensation Table are comprised entirely of Stock Options awarded in connection with his position as the Chairman of the Board, to which he was appointed on May 6, 2010.
14. The Summary Compensation Table does not include DCS and Incentive Shares granted to Mr. Lyngberg upon the conversion of certain of his Petrobank share based compensation which Mr. Lyngberg had received in connection with services provided to Petrominerales pursuant to the Management Services Agreement.
15. The Summary Compensation Table does not include DCS and Incentive Shares granted to Messrs. Ruttan and Knight upon the conversion of certain of their Petrobank share based compensation which occurred as a result of the year end reorganization pursuant to which Petrobank distributed its 65% ownership of Petrominerales to Petrobank's Shareholders and Executive appointments announced by Petrominerales on May 6, 2010. Effective December 31, 2010, Messrs. Ruttan and Knight discontinued providing Executive services pursuant to the Management Services Agreement and, going forward, it is expected that they will devote 100% of their time to their respective roles as officers of Petrominerales.
16. Options Based Awards granted to Messrs. Ruttan and Knight in 2010 include an initial grant of Stock Options vesting over four (4) years granted in connection with Executive appointments announced by Petrominerales on May 6, 2010.

Incentive Plan Awards

Outstanding Share and Option Based Awards for the Year Ending December 31, 2010

The following table sets forth, with respect to each of the Named Executive Officers, details regarding Stock Options, DCS, and Incentive Shares outstanding at December 31, 2010.

| Name | Option-Based Awards | | | Share-Based Awards | | |
|-------------------------------|---|----------------------------|------------------------|---|---|---|
| | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-the-Money Options ⁽¹⁾ (\$) | Number of Incentives that have not vested (#) | Market or Payout Value of Incentives that have not vested ⁽²⁾ (\$) |
| Corey C. Ruttan | 336,000 | 27.96 | 22-Jun-17 | 1,747,200 | 73,154 | 2,422,129 |
| Kelly Sledz | 75,000 | 6.39 | 18-Dec-15 | 2,007,750 | 9,040 | 299,314 |
| | 75,800 | 27.96 | 22-Jun-17 | 394,160 | --- | --- |
| J. Erik Lyngberg | 95,000 | 12.43 | 18-Aug-18 | 1,969,350 | 33,586 | 1,112,032 |
| | 45,000 | 15.80 | 14-Oct-19 | 781,200 | --- | --- |
| | 97,500 | 27.96 | 22-Jun-17 | 507,000 | --- | --- |
| Allen Knight | 150,800 | 27.96 | 22-Jun-17 | 784,160 | 67,483 | 2,234,362 |
| John (Jack) F. Scott | 250,000 | 4.41 | 25-May-17 | 7,187,500 | 30,173 | 999,028 |
| | 50,000 | 14.20 | 30-Sep-19 | 948,000 | --- | --- |
| | 52,500 | 27.96 | 22-Jun-17 | 273,000 | --- | --- |
| John D. Wright ⁽³⁾ | 80,000 | 27.96 | 22-Jun-17 | 416,000 | 10,709 | 354,575 |

Notes:

1. Option-Based awards consist of Stock Options granted pursuant to the Stock Option Plan. The value of unexercised in-the-money options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the grant and the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.
2. Share-Based awards consist of DCS and Incentive Shares granted pursuant to the DCS and Incentive Share Plan. The value of incentives that have not yet vested is calculated for unvested DCS and Incentive Shares based on the difference between \$0.05 and the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.
3. Mr. Wright's Option Based Awards reported in the above table are comprised of Stock Options awarded for his services as the Chairman of the Board of Petrominerales.

Incentive Plan Awards – Value Vested or Earned for the Year Ended December 31, 2010

| Name | Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$) | Share-Based Awards – Value Vested During the Year ⁽¹⁾ (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾ (\$) |
|----------------------|---|--|--|
| Corey C. Ruttan | 537,500 | nil | 71,750 |
| Kelly Sledz | 387,750 | nil | 100,000 |
| J. Erik Lyngberg | 251,400 | 2,879,049 | 100,000 |
| Allen Knight | nil | 745,747 | 50,000 |
| John D. Wright | 537,500 | nil | 11,600 |
| John (Jack) F. Scott | 1,291,250 | nil | 77,285 |

Notes:

1. These columns shows the aggregate net benefit the Named Executive Officer would have received had the Named Executive Officer exercised their Stock Options or elected to receive the Common Shares underlying their DCS and Incentive Shares, as applicable, on date of vesting, for the year ending December 31, 2010.
2. The amount showing as Non-Equity Incentive Plan Compensation represents the cash bonus award to each of the Named Executive Officer for individual and corporate performance during the year. Mr. Scott's cash bonus amount has been converted from US dollars to Canadian dollars.

Pension and Retirement Plans

The Corporation does not have any pension or retirement plan for employees or Executives.

Management Services Agreement

The Corporation and Petrobank Energy and Resources Ltd. (“Petrobank”) entered into a management services agreement (the “Management Services Agreement”) effective May 1, 2006, pursuant to which Petrobank provides Petrominerales with certain services, including, but not limited to, some Executive services. As such, certain Executives have been compensated directly by Petrobank with the portion of their compensation attributable to Executive services provided to Petrominerales reported in this Information Circular. The Management Services Agreement automatically renews annually unless one months’ notice is given by either party prior to the commencement of the next term. Costs under the Management Services Agreement totalled \$1.6 million for the year ended December 31, 2010 (2009 - \$1.3 million). The Management Services Agreement may be terminated by either party upon thirty days’ notice and payment by Petrominerales to Petrobank of all outstanding fees and expenses owing under the Management Services Agreement. It is anticipated that certain Executive services previously provided by Petrobank to Petrominerales pursuant to the Management Services Agreement will not be provided in 2011.

Termination and Change of Control Benefits

Employment Agreements

It is anticipated that in the second quarter of 2011, Petrominerales will enter into employment agreements with all of its Executives. Currently, one of the Executives, Mr. Jack Scott, is party to an employment agreement with the Corporation, which outlines the terms and conditions of his employment. The employment agreement provides for confidentiality requirements, base salary amounts, vacation entitlements, change of control provisions, and termination payments. The employment agreement is for an indefinite term but may be terminated earlier by the Corporation for cause.

A change of control for the purposes of the Corporation’s employment agreement generally means: the sale of all or substantially all of Petrominerales’ assets, except in the case of a swap of assets; the acquisition, 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% 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.

Chief Operating Officer

The terms of Mr. Jack Scott's employment agreement with the Corporation (the "COO 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 COO 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 a payment of the cash equivalent of six (6) months of his base salary.

Estimated Payment Made to Named Executive Officers upon Termination of Employment Agreements

The following table provides a calculation of the payments that would have to be made to Mr. Jack Scott pursuant to his employment agreement under the noted events with and without a deemed change of control. All payments are calculated assuming the date of the termination event was, and if applicable, a change of control occurred, on December 31, 2010. The disclosed values represent payments made pursuant to the terms of the employment agreements.

| Name | WITHOUT A CHANGE OF CONTROL | | WITH A CHANGE OF CONTROL | |
|----------------------|--|---|---|--|
| | Payment made in the Event of Termination With Cause (\$) | Payment made in the Event of Termination Without Cause (\$) | Payment made in the Event of Retirement or Death (\$) | Payment made Following a Change of Control ⁽¹⁾ (\$) |
| John (Jack) F. Scott | nil | 243,877 | nil | 121,938 |

Note:

- The calculations in this table are based on the assumption that upon a change of control, the NEO would elect to terminate his employment with the Corporation.

Summary Termination and Change of Control Benefits pursuant to Employment Agreements and Incentive Plans

Upon an executive's employment with the Corporation ceasing for any reason, the executive shall be required to elect whether he or she will be issued all or any portion of the DCS which have been granted to him or her and to deliver payment for all such DCS to be issued. The election, payment and delivery of the applicable Common Shares to the executive is to occur the earlier of: (i) three (3) years after the date of grant of the applicable DCS; (ii) six (6) months after the executive's employment is terminated; or (iii) the fiscal year end of the Corporation in the year in which the executive's employment is terminated, or such other date as otherwise may be set forth in the terms and conditions of the DCS Agreement entered into between the Corporation and the executive. Additional details can be found under the heading "*Deferred Common Share Plan*".

Depending on the conditions of termination, a summary of the impact of such termination event on the executive's salary, benefit and incentive programs is summarized below.

| Termination Event | Description |
|----------------------------------|---|
| <i>Resignation</i> | All salary, perquisites, and benefit programs cease as at the effective date of resignation. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding as at effective date of resignation are cancelled. Vested Stock Options and vested Incentive Shares outstanding as at effective date of resignation must be exercised within seven (7) days from effective date of resignation. |
| <i>Retirement</i> | All salary, perquisites, and benefit programs cease as at effective date of retirement. Annual cash and share bonuses are no longer paid. Unvested Stock Options and Unvested Incentive Shares outstanding as at effective date of retirement are cancelled. Vested Stock Options and vested Incentive Shares outstanding as at effective date of retirement must be exercised within seven (7) days from effective date of retirement. |
| <i>Death</i> | All salary, perquisites, and benefit programs cease as at date of death except for payout of any applicable insurance benefits. Annual cash and share bonuses are not paid. All unvested Stock Options immediately vest. All vested Stock Options and vested Incentive Shares outstanding as at date of death must be exercised within six (6) months from the date of death. |
| <i>Termination without cause</i> | All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding on effective date of termination are cancelled. Vested Stock Options and vested Incentive Shares outstanding on the effective date of termination must be exercised within three (3) months. Severance is provided on an individual basis reflecting service, experience and salary level and in accordance with the individual's employment agreement, if applicable. |
| <i>Termination for cause</i> | All salary, perquisites, and benefit programs cease on effective date of termination. Annual cash and share bonuses are no longer paid. Unvested Stock Options outstanding as at the effective date of termination are cancelled. Vested Stock Options and vested Incentive Shares outstanding as at the effective date of termination must be exercised prior to the effective date of termination. |

Note:

Additional details with respect to the Corporation's Stock Option Plan, and the treatment of termination events under the Stock Option Plan, can be found herein under the heading "Stock Option Plan".

Incentive Plans

The following table outlines the estimated incremental payments the Named Executive Officers would have received upon a change of control (or upon death of the Executive), as defined in the respective share based compensation plans of the Corporation, as if such change of control occurred effective December 31, 2010.

| Name | Accelerated option vesting ⁽¹⁾ (\$) | Accelerated Incentive Share and DCS vesting ⁽²⁾ (\$) |
|----------------------|---|--|
| Corey C. Ruttan | 1,747,200 | 2,422,129 |
| Kelly Sledz | 2,401,910 | 299,314 |
| J. Erik Lyngberg | 2,532,000 | 1,112,032 |
| Allen Knight | 784,160 | 2,234,362 |
| John (Jack) F. Scott | 4,455,375 | 999,028 |
| John D. Wright | 416,000 | 354,575 |

Notes:

1. This is the incremental aggregate net benefit relating to Stock Options that the NEO would have received upon the triggering event, based on the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.
2. This is the incremental aggregate net benefit relating to DCS and Incentive Shares that the NEO would have received upon the triggering event, based on the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.

COMPENSATION OF DIRECTORS

General

Each of the non-management directors received 80,000 Stock Options upon appointment (in addition to their annual retainer) that vest evenly over a four-year period upon re-election at each annual meeting. Annually, each non-management director receives 20,000 Stock Options to vest upon re-election at the annual meeting in the fourth year from the date of grant. If a director is not re-elected, all unvested Stock Options will be cancelled. The following table sets out the retainer compensation that is paid to directors, such compensation paid following each year's annual meeting of the Corporation's Shareholders, in respect of services provided and to be provided in the current calendar year.

| Position | Annual Retainer |
|--|-----------------|
| Board Retainer | \$50,000 |
| Chairman | \$15,000 |
| Committee Chair – Audit | \$12,500 |
| Committee Chair – Reserve and Compensation | \$7,500 |
| Audit Committee Member | \$10,000 |
| Reserve Committee Member | \$5,000 |
| Compensation Committee Member | \$5,000 |

Note:

1. Only non-management directors receive compensation from the Corporation in respect of their services as directors. At the discretion of Petrominerales, certain of the retainer compensation for our directors may be made by the grant of deferred Common Shares in accordance with our DCS Plan.

The Board approved the following compensation to non-management directors in 2010.

| Name | Fees Earned ⁽¹⁾ (\$) | Share-Based Awards ⁽²⁾ (\$) | Option-Based Awards ⁽³⁾ (\$) | Non-Equity Incentive Plan Compensation (\$) | Total (\$) |
|--------------------------|------------------------------------|---|--|--|---------------|
| Alastair Macdonald | 27,500 | 49,357 | 143,498 | nil | 220,355 |
| Kenneth R. McKinnon | 42,500 | 76,270 | 143,498 | nil | 262,268 |
| Jerald L. Oaks | 65,000 | nil | 143,498 | nil | 208,498 |
| Ernesto Sarpi | 27,500 | 49,357 | 143,498 | nil | 220,355 |
| Enrique Umaña-Valenzuela | 30,000 | 53,827 | 143,498 | nil | 227,325 |
| Geir Ytreland | 33,750 | 60,579 | 143,498 | nil | 237,827 |

Notes:

1. Fees earned include each board member's annual retainer and committee of the Board fees.
2. Share-based awards consist of DCS granted pursuant to the DCS Plan. The fair value of DCS are calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the DCS Plan see "DCS Plan" herein.
3. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. The fair value of Stock Options are calculated based on the grant date using the Black-Scholes option-pricing model. For a description of the terms of the Stock Option Plan see "Stock Option Plan".
4. See "Summary Compensation Table" which reports the compensation received by Mr. John Wright for his services as the President and Chief Executive Officer (until May 6, 2010) and as Chairman of the Board of Directors.

In early 2011, the Compensation Committee of the Board engaged Towers Watson & Co., an independent compensation consultant, to conduct an evaluation of Petrominerales' director compensation program. As a result of this review and the recommendations of Towers Watson, the Board resolved, effective upon each directors' re-election at the Meeting, to change the method of share based compensation for directors by basing future grants on a pre-determined grant date fair value of the awards rather than on a fixed number of awards, resulting in a lower overall value of share based compensation for each director. Based on the recommendations of Towers Watson, the retainer fees for the Board and the Committees of the Board remained similar to the compensation of our directors in 2010.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each non-management director of the Corporation the value of option-based awards and share-based awards which vested during the year ended December 31, 2010 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010.

| Name | Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$) | Share-Based Awards – Value Vested During the Year ⁽²⁾ (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|--------------------------|---|--|---|
| Alastair Macdonald | \$511,200 | nil | nil |
| Kenneth R. McKinnon | \$511,200 | nil | nil |
| Jerald L. Oaks | \$511,200 | nil | nil |
| Ernesto Sarpi | \$511,200 | nil | nil |
| Enrique Umaña-Valenzuela | \$511,200 | nil | nil |
| Geir Ytreland | \$511,200 | nil | nil |

Notes:

1. Option-based awards consist of Stock Options granted pursuant to the Stock Option Plan. This column represents the aggregate net benefit the director would have received had the director exercised their vested Stock Options in 2010, on the date of vesting.
2. Share based awards consist of DCS granted pursuant to the DCS Plan. This column shows the aggregate net benefit the director would have received had the director elected to receive those Common Shares underlying their vested DCS on the date of vesting.
3. See "Summary Compensation Table" which reports the compensation received by Mr. Wright for his services as the President and Chief Executive Officer (until May 6, 2010) and as Chairman of the Board of Directors and Strategic Advisor.

Directors' Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each of the directors of the Corporation all option-based and share-based awards outstanding at the end of the year ended December 31, 2010.

| Name | Option-Based Awards | | | Share-Based Awards | | |
|--------------------------|---|----------------------------|------------------------|---|---|---|
| | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-the-Money Options ⁽¹⁾ (\$) | Number of Incentives that have not Vested (#) | Market or Payout Value of Incentives that have not Vested ⁽²⁾ (\$) |
| Alastair Macdonald | 20,000 | 4.41 | 25-May-2017 | 575,000 | 4,892 | 161,974 |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |
| Kenneth R. McKinnon | 80,000 | 3.75 | 29-Jun-2016 | 2,352,800 | 14,643 | 484,830 |
| | 20,000 | 4.41 | 25-May-2017 | 575,000 | | |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |
| Jerald L. Oaks | 20,000 | 4.41 | 25-May-2017 | 575,000 | nil | nil |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |
| Ernesto Sarpi | 20,000 | 4.41 | 25-May-2017 | 575,000 | 4,892 | 161,974 |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |
| Enrique Umaña-Valenzuela | 20,000 | 4.41 | 25-May-2017 | 575,000 | 5,336 | 176,675 |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |
| John D. Wright | 80,000 | 27.96 | 22-Jun-2017 | 416,000 | nil | nil |
| Geir Ytreland | 20,000 | 3.75 | 29-Jun-2016 | 588,200 | 6,004 | 198,792 |
| | 20,000 | 4.41 | 25-May-2017 | 575,000 | | |
| | 20,000 | 17.20 | 29-May-2018 | 319,200 | | |
| | 20,000 | 11.59 | 15-May-2019 | 431,400 | | |
| | 20,000 | 27.96 | 22-Jun-2017 | 104,000 | | |

Notes:

1. The value of unexercised in-the-money Stock Options is calculated for outstanding vested and unvested Stock Options based on the difference between the noted exercise price for the applicable grant and the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.
2. The market value of incentives that have not yet vested is calculated for unvested DCS and unvested Incentive Shares based on the difference \$0.05 and the closing price of the Corporation's Common Shares on the TSX on December 31, 2010, being \$33.16.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2010, 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, deferred Common Shares and incentive shares as at December 31, 2010 | Weighted-average exercise price of outstanding options, deferred Common Shares and incentive shares | Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2010 |
|---|---|---|--|
| Equity compensation plans approved by Shareholders: | | | |
| • Stock Option Plan | 6,765,152 | \$16.47/share | 3,574,036 |
| • DCS Plan | 131,390 | \$0.05/share | 329,360 |
| • Incentive Share Plan | 852,619 | \$0.05/share | 2,144,434 |
| Total | 7,749,161 | \$14.38/share | 6,047,830 |

Stock Option Plan

The Corporation adopted the Stock Option 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 Stock Options granted under the Stock Option Plan is 10% of the aggregate number of Common Shares issued and outstanding. The purpose of the Stock Option 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 Stock Option 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 Stock Options granted under the Stock Option Plan and any other share compensation arrangement is 10% of the aggregate number of Common Shares issued and outstanding. The maximum number of Common Shares that may be issued to *insiders* under the Stock Option Plan and any other share compensation arrangement within a one (1) year period is 10% 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 Stock Option Plan within a one (1) year period is 5% of the aggregate number of Common Shares issued and outstanding. In addition, not greater than 5% of the issued and outstanding Common Shares may be available for issuance to any one person under the Stock Option Plan. For the purposes of the Stock Option Plan, a "*share compensation arrangement*" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism which provides for 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 Stock Options granted under the Stock Option 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 Stock Option Plan, market price means the volume weighted average trading price of the Common Shares on the TSX for the five (5) 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 Stock Options until the full purchase price is received.

Stock Options granted under the Stock Option Plan will vest as determined by the Board and will be exercisable for a period generally not exceeding five (5) years, as determined by the Board, but in any event the option period shall not exceed ten (10) years from the date of grant. The Stock Option 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 Stock Option 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 Stock 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 (3) 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 Stock Option Plan shall not be transferable or assignable unless specifically provided in the Stock Option 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 Stock 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 Stock 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 Stock Option 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*; (g) transferability or assignability of Stock Options; and (h) the terms, conditions and exercise of the Put Right.

As of the date of this Information Circular, 3,922,182 Stock Options have been exercised since inception of the Stock Option Plan, there are 6,396,916 Stock Options outstanding, representing 6.2% of the issued and outstanding Common Shares of the Corporation, and the Corporation may grant 3,970,902 Stock Options, representing 3.83% of the issued and outstanding Common Shares of the Corporation.

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 Compensation Committee from time to time; and (ii) a deferred grant to officers and employees of the Corporation who are approved by the Compensation Committee of such number of Common Shares per calendar year as is approved by the Compensation Committee. 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 (3) 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, payment and delivery of such Common Shares to the director, officer or employee to occur the earlier of (i) three (3) years after the date of grant of such Common Shares; (ii) six (6) months after the director, officer or employee ceases to be such; or (iii) the fiscal year end of the Corporation in the year in which the director, officer or employee ceases to be such, or such other date as otherwise may be set forth in the terms and conditions of the DCS Agreement entered into with such director, officer or employee. 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 (10) 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 (10) trading days preceding the record date for such dividend.

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 (1) 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 (1) 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 Stock Option Plan or terminate the Stock Option Plan and to amend or modify a DCS Agreement without shareholder approval.

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.

As of the date of this Information Circular, 39,250 DCS have been exercised since inception of the DCS Plan, there are 131,390 DCS outstanding, representing 0.13% of the issued and outstanding Common Shares of the Corporation, and the Corporation may grant 329,360 DCS, representing 0.31% of the issued and outstanding Common Shares of the Corporation.

Incentive Share Plan

The Board of Directors of the Corporation adopted an Incentive Share Plan (the "Incentive Share Plan") effective November 27, 2009, for the purpose of providing effective incentives for the directors, officers, service providers and employees (collectively, the "Incentive Plan Participants") of Petrominerales and its affiliates, to promote the success and business of Petrominerales and to reward such Incentive Plan Participants in relation to the long-term performance and growth by encouraging ownership of the Corporation's Shares. Compensation is payable pursuant to the Incentive Share Plan in the form of incentive shares ("Incentives"). Under the Incentive Share Plan, the Board may grant Incentives to such Incentive Plan Participants as it chooses in such numbers as it chooses. The Incentives vest over time and, upon vesting, each one (1) Incentive is entitled to be redeemed for one (1) common share of the Corporation.

Common Shares of the Corporation, which an Incentive Plan Participant is entitled to receive pursuant to the Incentive Share Plan, will not be issued until such Incentives have vested and the Incentive Plan Participant has

delivered to Petrominerales an election in writing that the Common Shares underlying the Incentives be issued together with payment to Petrominerales in the amount of \$0.05 for each common share issued. An Incentive Plan Participant shall have no right to receive Common Shares underlying Incentives granted to him or her which have not been issued on the date that is ten (10) years following the date of grant.

The Incentive Share Plan provides that the number of Common Shares issuable to a Incentive Plan Participant with respect to the vested Incentives held by such Incentive Plan Participant shall be increased on each date on which a cash dividend, if applicable, is paid to Shareholders by an amount equal to the product of the number of the vested Incentives held by the Incentive Plan Participant and the fraction which has as its numerator the cash dividend paid, expressed as an amount per share and which has as its denominator the weighted average trading price of the Corporation's shares on the TSX for the ten (10) trading days preceding the record date for such dividend.

No common shares may be issued to an Incentive Plan Participant under the Incentive Share Plan if such issuance could result, at any time, in (i) the number of shares of the Corporation reserved for issuance pursuant to issuances under the Incentive Share Plan and all other established or proposed share compensation arrangements in respect of shares granted to Insiders exceeding 10% of the aggregate issued and outstanding shares of the Corporation, (ii) the issuance to *insiders* of Petrominerales pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements, within a one (1) year period, of a number of shares exceeding 10% of the aggregate issued and outstanding common shares of the Corporation, or (iii) the issuance pursuant to the Incentive Share Plan and all other established or proposed share compensation arrangements to any one *insider* of Petrominerales, or such Insider's associates, within a one (1) year period, of a number of shares exceeding 5% of the aggregate issued and outstanding Common Shares of the Corporation. The Board reserves the right to make amendments and modifications to the Incentive Share Plan or terminate the Incentive Share Plan and to amend or modify an Incentive Agreement between Petrominerales and the Incentive Plan Participant without shareholder approval.

Incentive granted to Incentive Plan Participants under the Incentive Share Plan are non-assignable unless the prior written consent of Petrominerales has been obtained. An Incentive Plan Participant may offer to dispose of his or her unvested Incentives to Petrominerales for cash in an amount not to exceed the fair market value and Petrominerales has the right, but not the obligation, to accept the Incentive Plan Participant's offer. Fair market value is to be determined by the Board in such case, but cannot exceed the five day weighted average trading price of the Shares on the TSX.

In the event of the resignation, retirement or death of a Incentive Plan Participant, or the termination of the employment of a Incentive Plan Participant, whether with or without cause or reasonable notice, prior to the vesting of an Incentive, such Incentive shall immediately cease and terminate and thereafter shall be of no further force or effect whatsoever.

The Board may amend the Incentive Share Plan or any outstanding Incentives in any manner or discontinue it at any time without the approval of the Shareholders of Petrominerales except that: (i) the consent of the applicable Incentive Plan Participants must be obtained for any amendment that would adversely affect such Incentive Plan Participant's outstanding Incentives, and (ii) the approval of the Shareholders of Petrominerales must be obtained for any amendment that would have the effect of increasing the number of Incentives that may be granted under the Incentive Share Plan, increasing the number of Common Shares of the Corporation that may be reserved for issuance under the Incentive Share Plan, or permitting transferability of Incentives.

In the event a change of control of the Corporation is contemplated or has occurred, all Incentive Shares which have not otherwise vested in accordance with their terms shall vest and be exercisable at such time as is determined by the Board, notwithstanding the other terms of the Incentive Shares. Another example of when vesting of Incentive Shares may occur is if the Board of Directors, in its sole discretion at any time, elects to accelerate or provide for the acceleration of, the vesting of Incentive Shares previously granted. Examples of when the Board of Directors may, in its sole discretion at any time, accelerate or provide for the acceleration of, the vesting of Incentives previously granted include, but are not limited to, in contemplation of a change or control, upon death of a Participant or in the case of a Participant becoming permanently disabled.

The Incentive Share Plan provides that appropriate adjustments in the number of shares issuable on the vesting of an Incentive shall be made by the board of directors of Petrominerales to give effect to relevant changes to the issued or authorized capital of Petrominerales.

The total number of shares of the Corporation issuable pursuant to the Incentive Share Plan, subject to adjustment in accordance with the Incentive Share Plan, including adjustments for cash dividends, if any, paid on the Corporation's Common Shares, shall not exceed 3,000,000 shares.

As of the date of this Management Information Circular, 873,354 Incentive Shares are outstanding, representing 0.84% of the issued and outstanding Common Shares of the Corporation, and the Corporation may grant 2,121,038 Incentive Shares, representing 2.00% of the issued and outstanding shares of the Corporation.

Employee Share Ownership Plan

The Corporation has an employee share ownership plan ("ESOP") pursuant to which all permanent full-time and part-time employees of the Corporation may contribute up to 5% of their gross annual salary to the ESOP, with the Corporation matching the contribution initially on a 100% basis, and thereafter on a pre-defined basis. The Corporation's matching contribution increases after twenty-four (24) months of the Employee's participation to 125%; after 60 months of participation to 150%; and after ninety six (96) months of participation to 200%. The Corporation, through its appointed independent firm, uses the contributions to acquire shares on behalf of the employees through open market purchases at the current market price on the TSX.

For the year ended December 31, 2010, \$90,472 was contributed by the Corporation to match the contributions of the Executives. The Corporation's Executives are eligible to participate in the ESOP on the same basis as all other employees of the Corporation.

GOVERNANCE

The Board has the 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; and
- (d) ensuring timely and accurate communications to Shareholders of financial and other matters in accordance with applicable law.

At the Corporation's expense, individual directors may engage outside advisors on any matter, when it considers it necessary or desirable.

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, six of whom are considered independent. Messrs. Oaks (Vice Chairman of the Board and Lead Independent Director), McKinnon, Umaña-Valenzuela, Macdonald, Sarpi, and Ytreland are independent directors.

Mr. Wright is not considered an independent director as 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 was the past President and Chief Executive Officer of the Corporation.

Board and Committee Attendance

During 2010, the Board held seven (7) meetings, the Audit Committee held four (4) meetings, the Compensation Committee held two (2) meetings and the Reserves Committee held one (1) meeting.

The following table sets forth the attendance of the directors at Board and Committee meetings for the year ending December 31, 2010.

| Director | Board Meeting Attended | Audit Committee Attended | Compensation Committee Attended | Reserves Committee Attended | Overall Attendance |
|--------------------------|------------------------|--------------------------|---------------------------------|-----------------------------|--------------------|
| Alastair Macdonald | 6 of 7 (86%) | - | 2 of 2 (100%) | - | 8 of 9 (89%) |
| Kenneth R. McKinnon | 7 of 7 (100%) | 4 of 4 (100%) | 2 of 2 (100%) | - | 13 of 13 (100%) |
| Jerald L. Oaks | 7 of 7 (100%) | 4 of 4 (100%) | - | - | 11 of 11 (100%) |
| Ernesto Sarpi | 7 of 7 (100%) | - | - | 1 of 1 (100%) | 8 of 8 (100%) |
| Enrique Umaña-Valenzuela | 7 of 7 (100%) | 4 of 4 (100%) | - | - | 11 of 11 (100%) |
| John Wright | 7 of 7 (100%) | - | - | 1 of 1 (100%) | 8 of 8 (100%) |
| Geir Ytreland | 7 of 7 (100%) | - | 2 of 2 (100%) | 1 of 1 (100%) | 10 of 10 (100%) |

The following table sets forth the Board members' directorship of other reporting issuers.

| Director | Other Public Company Directorships |
|--------------------------|--|
| Alastair Macdonald | --- |
| Kenneth R. McKinnon | PetroBakken Energy Ltd. Petrobank Energy and Resources Ltd. |
| Jerald L. Oaks | Petrobank Energy and Resources Ltd. |
| Ernesto Sarpi | --- |
| Enrique Umaña-Valenzuela | Sociedades Bolivar S.A. |
| John Wright | Canadian Energy Exploration Inc. (formerly Talon International Energy Ltd.) Hawk Exploration Ltd. PetroBakken Energy Ltd. Petrobank Energy and Resources Ltd. |
| Geir Ytreland | --- |

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 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 that may be 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 four committees: the Audit Committee, the Reserves Committee, the Compensation Committee and the Nominating 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 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. The Nominating Committee is charged with the consideration of additional director training programs and education to be provided to the Board. Educational programs are also provided for directors on an 'as requested' basis. New members of the Board are provided with background information about the Corporation's business, current issues and corporate strategy. As well, all directors have unrestricted direct access to any member of senior management and their staff at any time. 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 whistle-blowing. Compliance with the Corporation's various policies is monitored by management of the Corporation, with reports to the Board, if necessary.

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. A copy of the Vision and Values statement can be obtained free of charge by writing to the Chief Financial Officer of the Corporation. In light of the foregoing, the Corporation has not adopted a formal written code of ethics.

Nomination of Board Members

The Nominating Committee of the Board has the responsibility for the appointment and assessment of directors; however, all of the members of the Board are encouraged to identify and put forth potential nominees.

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 section titled “*Summary Compensation Table*”.

Board Assessments

The Board and the Nominating Committee 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.

Audit Committee

Reference is made to pages 68 to 70, and Schedule “C” of the Corporation’s Annual Information Form (“AIF”) dated March 31, 2011, which information is hereby incorporated by reference. The AIF can be found on SEDAR at www.sedar.com or on our website at www.petrominerales.com.

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 at 011.571.629.2701 or by facsimile at 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 General 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

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.

