

**PETROFRONTIER CORP.**  
**Suite 320, 715 – 5th Avenue S.W.**  
**Calgary, AB T2P 2X6**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON SEPTEMBER 26, 2013**

**TAKE NOTICE** that the annual and special meeting (the "**Meeting**") of the shareholders of PetroFrontier Corp. (the "**Corporation**") will be held on Thursday, September 26, 2013, at the Main Floor Conference Centre, 715 - 5<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 2X6, at 10:00 a.m. (Calgary time) for the following purposes:

1. To receive the audited financial statements of the Corporation for the financial years ended December 31, 2012 and December 31, 2011, together with the auditors' reports thereon;
2. To fix the number of directors to be elected at the Meeting at eight (8) and to elect the directors of the Corporation until the next annual meeting;
3. To appoint PricewaterhouseCoopers LLP, as auditors for the Corporation until the next annual meeting and to authorize the directors to fix their remuneration;
4. To consider and, if thought fit, to pass a resolution set out in the Information Circular accompanying this Notice of Meeting approving the Corporation's amended stock option plan, as more particularly described in the Information Circular;
5. To consider, and if thought fit, approve the adoption of the advance notice by-law of the Corporation; and
6. To transact such other business as may properly come before the Meeting.

**Information relating to the matters to be brought before the meeting is set forth in the Information Circular which accompanies this Notice of Meeting.**

**DATED** at Calgary, Alberta this 26<sup>th</sup> day of August, 2013.

**BY ORDER OF THE BOARD OF  
DIRECTORS OF PETROFRONTIER CORP.**

*"Paul J. Bennett"*

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Paul J. Bennett  
President and Chief Executive Officer

**IMPORTANT**

Only holders of record of common shares of the Corporation (the "**Common Shares**") at the close of business on August 26, 2013 (the "**Record Date**") are entitled to notice of and to participate at the Meeting and only such persons or those who become holders of common shares of the Corporation after the Record Date and comply with the provisions of the *Business Corporations Act* (Alberta) are entitled to vote at the Meeting. If you are unable to attend in person, kindly fill in, sign and return the enclosed proxy in the envelope provided for that purpose.

Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Olympia Trust Company, Suite 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, by fax to (403) 265-1455), by e-mail to [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), or by internet voting at <http://secure.olympiatrust.com/proxy/> not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, preceding the Meeting or any adjournment thereof.

**PETROFRONTIER CORP.**  
**320, 715 – 5<sup>th</sup> Avenue S.W.**  
**Calgary, AB T2P 2X6**

**MANAGEMENT INFORMATION CIRCULAR**

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of PetroFrontier Corp. (the "**Corporation**") for use at the annual and special meeting of the holders (the "**Shareholders**") of the common shares of the Corporation (the "**Common Shares**") to be held on Thursday, September 26, 2013 at 10:00 a.m. (Calgary time) at the Main Floor Conference Centre, 715 - 5<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 2X6 (the "**Meeting**") and at any adjournment thereof for the purposes set out in the Notice of Meeting accompanying this Information Circular. Unless otherwise noted, information in this Information Circular is given as at August 26, 2013.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, by telephone or other personal contact by directors, officers, employees or agents of the Corporation. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries, custodians, nominees and fiduciaries to forward proxy solicitation material to the beneficial owners of Common Shares pursuant to the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). The cost of any such solicitation will be borne by the Corporation.

**Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy are officers and or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than Robert J. Iverach, Q.C. and Shane J. Kozak, the management designees, to attend and represent the Shareholder and act on the Shareholder's behalf at the Meeting.** Such right may be exercised by inserting in the blank space provided in the accompanying form of proxy the name of the person to be designated or by completing another proper form of proxy and, in either case, depositing the form of proxy with the registrar and transfer agent of the Corporation, Olympia Trust Company. A proxy will not be valid unless the completed, dated and signed form of proxy is delivered to Olympia Trust Company, Suite 2300, 125 - 9th Avenue SE, Calgary, Alberta, T2G 0P6, by fax to (403) 265-1455, by e-mail to [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), or by internet voting at <http://secure.olympiatrust.com/proxy/> not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy, prior to the revocation. A Shareholder may revoke a proxy by depositing an instrument in writing, executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the Corporation:

1. at the offices of the registrar and transfer agent of the Corporation, Olympia Trust Company, Suite 2300, 125 - 9th Avenue SE, Calgary, Alberta, T2G 0P6 (Facsimile (403) 265-1455), at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used; or

2. at the registered office of the Corporation, Suite 320, 715 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2X6, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
3. with the chairman of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation, Olympia Trust Company, within the time period set out under the heading "Voting of Proxies", or by the Shareholder personally attending the Meeting and voting its Common Shares, or in any other manner permitted by law.

### **Voting Of Proxies**

All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting on any ballot that may be called by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented thereby will be voted or withheld from voting in accordance with such specifications. **In the absence of any such specifications by the Shareholder, such Common Shares will be voted IN FAVOUR of all the matters set out herein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the management designees, or other persons appointed as proxyholders thereunder, with respect to any amendments to or variations of matters identified in the Notice of Meeting and with respect to any other matters, which may properly come before the meeting. As of the date of this Information Circular, the management of the Corporation is not aware of any such amendments, variations or other matters, which may come before the Meeting other than matters referred to in the accompanying Notice of Meeting. In the event that other matters come before the Meeting, the management designees intend to vote in accordance with the discretion of the management of the Corporation.**

Proxies, to be valid, must be deposited at the office of the Corporation's registrar and transfer agent, Olympia Trust Company, Suite 2300, 125 - 9th Avenue SE, Calgary, Alberta, T2G 0P6, by fax to (403) 265-1455), or sent by email to proxy@olympiatrust.com. Shareholders may submit their votes by internet voting on Olympia Trust Company's website, <http://secure.olympiatrust.com/proxy/> (detailed instructions are included with your proxy materials). Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding the Meeting or an adjournment of the Meeting.

### **Advice to Beneficial Holders of Common Shares on Voting their Common Shares**

**The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of Shareholders do not hold their Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares or their proxyholders are permitted to vote at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depositary for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents

and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or a website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form or a proxy with a Broadridge sticker on it cannot use that voting instruction form or proxy to vote Common Shares directly at the Meeting. The voting instruction form or proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "**OBOs**".

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice-and-access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will bear the costs for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder who wishes to attend the Meeting and indirectly vote its Common Shares as proxyholder for the registered Shareholder, should enter its own name in the blank space on the proxy form or voting instruction form provided to it and return the same to its broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

**Beneficial Shareholders should follow the instructions on the forms that they receive and contact their intermediaries promptly if they need assistance.**

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value and an unlimited number of preferred shares, without nominal of par value. As at the Record Date (as defined herein), 79,400,768 Common Shares are issued and outstanding. The Common Shares are entitled to be voted at the Meeting on the basis of one vote for each Common Share held. The Corporation does not have any other class of voting securities.

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be August 26, 2013 (the "**Record Date**"), are entitled to vote such Common Shares at the Meeting, except to the extent that: (i) such person transfers ownership of any of its Common Shares after the Record Date; (ii) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes its ownership to the Common Shares; and (iii) the transferee makes a demand to the registrar and transfer agent of the Corporation, Olympia Trust Company, not later than 10 days before the Meeting, that its name be included on the Shareholders list, in which case the transferee shall be entitled to vote its Common Shares at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, other than the following:

<u>Name and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Class</u>
Heritage Oil Plc. Jersey, Channel Islands	Direct	15,860,467 <sup>(1)</sup>	19.98%

**Notes:**

(1) Based on information available on SEDI, which has not been independently verified by the Corporation.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Corporation's directors and officers, the only matters to be placed before the Shareholders at the Meeting are those matters set forth in the Corporation's accompanying Notice of Meeting relating to: (i) the receipt of the audited financial statements of the Corporation for the financial years ended December 31, 2012 and December 31, 2011 and the auditors' reports thereon; (ii) the fixing of the number of directors to be elected at the Meeting at eight (8) and the election of the directors of the Corporation for the ensuing year; (iii) the appointment of the auditors for the Corporation; (iv) the approval of the Corporation's amended stock option plan; and (v) the approval and adoption of the Corporation's Advance Notice By-Law (defined below).

### **I. Receipt of Financial Statements**

The directors will place before the Meeting the financial statements for the years ended December 31, 2012 and December 31, 2011 together with the auditors' reports thereon.

### **II. Election of Directors**

The board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") currently consists of seven (7) directors, all of whom are elected annually. The term of office for each of the present directors of the Corporation expires at the Meeting. It is proposed that the number of directors to be elected at the Meeting, for the ensuing year, be fixed at eight (8). At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting, at eight (8). **It is the intention of the management designees, if named as proxy, to vote FOR the resolution setting the number of directors at eight (8), unless the Shareholder has specified in its proxy that its Common Shares are to be voted against setting the number of directors at eight (8).**

The Board has adopted an individual voting standard for the election of directors at the Meeting. Under the individual voting standard, in the event that a nominee for director receives a greater number of votes "withheld" than votes "for" his election as a director, the Board shall consider the circumstances of such vote, the particular attributes of the director nominee including his knowledge, experience and contribution at Board meetings and make whatever determination the Board deems appropriate, including

without limitation, requesting such director to resign at an appropriate time and advise Shareholders of the Board's decision in that regard. This policy applies only to uncontested elections, meaning elections where the number of nominees for directors is equal to the number of directors to be elected. The Board may fill any vacancy created by any such resignation or determine to leave the resulting vacancy unfilled.

Each director elected at the Meeting will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Alberta) (the "ABCA") or the Corporation's by-laws. **It is the intention of the management designees, if named as proxy, to vote FOR the election of each of the persons listed in the table below to the Board of Directors, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors.**

Management has no reason to believe that any of such nominees will be unable to serve as directors; however, if, for any reason one or more of the proposed nominees do not stand for election or are unable to serve as directors, the management designees named in the enclosed form of proxy intend to vote for another nominee or nominees, as the case may be, in their discretion, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors.

The following table sets out information in respect of each of the nominees for director of the Corporation, and is based on information received by the Corporation from said nominees.

<u>Name and Municipality of Residence</u>	<u>Director Since<sup>(5)</sup></u>	<u>Principal Occupation</u>	<u>Number of Common Shares Beneficially Owned</u>
Paul J. Bennett <sup>(3)</sup> Calgary, Alberta	December 31, 2010	Chief Executive Officer and a Director of PetroFrontier and PetroFrontier (Australia) Pty. Ltd. (" <b>PetroFrontier Australia</b> "), a wholly-owned subsidiary of PetroFrontier, since February 2009; President of PetroFrontier since October 2011; President of PetroFrontier Australia from October 2011 to February 2012; Chief Executive Officer of Texalta Australia Pty. Ltd (" <b>Texalta</b> "), a wholly-owned subsidiary of PetroFrontier, since May, 2011; President, Chief Executive Officer and Director of Rodinia Oil Corp. (" <b>Rodinia</b> ") since July 2006; President, Energen Resources Ltd. since August 2004.	25,000
Dr. James W. Buckee <sup>(1)(3)</sup> Wiltshire, United Kingdom	December 31, 2010	Retired since October 2007; President and Chief Executive Officer of Talisman Energy Inc. (formerly BP Canada Inc.) (1993 - 2007).	1,253,231
Robert J. Iverach Q.C. ICD.D Calgary, Alberta	December 31, 2010	President, R. J. Iverach Professional Corporation since November 1976; Counsel with Burstall Winger LLP since May 2009; Director and Chairman of the Corporation since February 2009.	281,501 <sup>(6)</sup>
Al. J. Kroontje <sup>(1)(2)(4)</sup> Calgary, Alberta	December 31, 2010	President of his private investment company, Pellinore Holdings Inc. Currently, a director of several public companies listed on the Toronto Stock Exchange, the TSX Venture Exchange or the NEX board of the TSX Venture Exchange.	974,083 <sup>(4)</sup>

Name and Municipality of Residence	Director Since <sup>(5)</sup>	Principal Occupation	Number of Common Shares Beneficially Owned
C. Kent Jespersen Calgary, Alberta	December 31, 2010	Independent businessman and corporate director.	194,085
Martin P. McGoldrick <sup>(1)(2)</sup> Calgary, Alberta	December 31, 2010	Retired since July 2006; Senior Vice President, Director of Jennings Capital Inc. from September 2003 to July 2006.	585,000
Donald J. Rae <sup>(2)(3)</sup> Calgary, Alberta	December 31, 2010	President, Chief Executive Officer and Director of Coral Hill Energy Ltd. since October 2009; President, Chief Executive Officer and Director of Wave Energy Ltd. from August 2005 to October 2009.	554,615
Michael Hibberd <sup>(7)</sup> Calgary, Alberta	Nominee	Chairman and President of MJH Services Inc., a corporate finance advisory business established in 1995; Chairman of Heritage Oil Plc, Heritage Oil Corporation, Greenfields Petroleum Corporation and Canaco Energy Ltd., public oil and gas exploration companies; Co-Chairman of Sunshine Oilsands Ltd., a public oil and gas company; Director of Montana Exploration Corp. and Pan Orient Energy Corp., both public oil and gas companies.	15,860,467 <sup>(7)</sup>

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Member of the Reserves Committee.
- (4) 606,917 of these Common Shares are owned by Pellinore Holdings Inc., Mr. Kroontje's private investment company.
- (5) On December 31, 2010, Australia Energy Corp. ("AEC") and Pendulum Capital Corporation ("Pendulum") amalgamated to form PetroFrontier Corp. (the "Amalgamation"). Messrs. Bennett, Iverach, Buckee, Jespersen and McGoldrick were appointed as directors of AEC on February 9, 2009; Mr. Kroontje was appointed as a director of AEC on November 3, 2009 and Mr. Rae was appointed as a director of AEC on August 24, 2010.
- (6) 99,000 of these Common Shares are owned by R. J. Iverach Professional Corporation, Mr. Iverach's professional corporation.
- (7) Mr. Hibberd is the Chairman of Heritage Oil Plc, a Channel Islands corporation which owns 15,860,467 Common Shares or 19.98% of the Common Shares of the Corporation.

The proposed directors and senior officers of the Corporation, as a group, control 19,890,482 Common Shares representing 25.05% of the outstanding Common Shares.

**Cease Trade Orders**

To the knowledge of the Corporation, except as disclosed below, no proposed director is, as of the date hereof, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation and which order was in effect for a period of more than 30 consecutive days while they were acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than 30 consecutive days after he ceased to be a director, chief executive officer or chief financial officer of such corporation and which resulted from an event that occurred while he was acting in such capacity.

Al J. Kroontje has been a director of Cobalt Coal Ltd. ("Cobalt") since October, 2009. On October 5, 2012, the Alberta and British Columbia Securities Commissions issued cease trade orders as a result of Cobalt's failure to meet a deadline to file an updated technical report, compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. The technical report was filed on the SEDAR website on November 15, 2012 and the commissions issued a full revocation on their respective trade orders on November 27, 2012.



Mr. Kroontje was appointed a director of Kasten Energy Inc. (formerly Kasten Chase Applied Research Limited) the day before the Alberta Securities Commission issued a cease trade order on February 20, 2007 for failure to file its unaudited financial statements for the periods ending June 30, 2006 and September 30, 2006. Mr. Kroontje was not involved with the failure to file the required interim financial statements but rather, was appointed a director as part of the implementation of a restructuring plan. The cease trade order was subsequently revoked on March 28, 2008 as a result of those restructuring efforts.

### **Bankruptcies**

To the knowledge of the Corporation, except as disclosed below, no proposed director of the Corporation is, as of the date hereof, or has been within the past ten years, a director or executive officer of a company (including the Corporation) 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.

Michael Hibberd was an independent director of Challenger Energy Corp. (“**Challenger**”) from December 1, 2005 until September 16, 2009. Challenger obtained a creditor protection order under the *Companies' Creditors Arrangement Act* (Canada), on February 27, 2009. On June 19, 2009, Challenger announced that it had entered into an arrangement agreement in respect of the acquisition of Challenger by Canadian Superior Energy Inc. On September 17, 2009, all of the common shares of Challenger were exchanged for shares of Canadian Superior Energy Inc. and all creditor claims of Challenger were fully honoured.

Mr. Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen’s Bench of Alberta under the *Companies' Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed on February 19, 2013.

C. Kent Jespersen was a director of CCR Technologies Ltd. (“**CCR**”) from May 1999 until February 12, 2010. On December 1, 2010 CCR filed a proposal with the Court of Queen’s Bench of Alberta pursuant to the provisions of Part II Division I of the *Bankruptcy and Insolvency Act* (Canada) to restructure and reorganize the financial affairs of CCR. The proposal was approved by the unsecured creditors of CCR on December 22, 2010 and by the Court of Queen’s Bench of Alberta on January 13, 2011.

To the knowledge of the Corporation, no proposed director of the Corporation has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### **Penalties and Sanctions**

To the knowledge of the Corporation, no proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **III. Appointment of Auditors**

PricewaterhouseCoopers LLP, Chartered Accountants, have been the auditors of the Corporation since August 1, 2011.

**It is the intention of the management designees, if named as proxy, to vote FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation, at a remuneration to be fixed by the**

**Board of Directors, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the appointment of auditors.** The resolution must be approved by a simple majority approval of the votes cast at the Meeting by the holders of Common Shares. If elected, PricewaterhouseCoopers LLP, Chartered Accountants will hold office as auditors of the Corporation until the next annual meeting of Shareholders or until their successor is duly elected or appointed pursuant to the by-laws of the Corporation, unless their position is earlier vacated in accordance with the provisions of the ABCA or the Corporation's by-laws.

#### **IV. Stock Option Plan**

The Corporation's stock option plan (the "**Stock Option Plan**") provides that the Board of Directors may from time to time, in its discretion, grant to the directors, officers, employees, consultants and other personnel (each, an "**Optionee**") of the Corporation and its subsidiaries or affiliates options to purchase Common Shares ("**Options**"). The Stock Option Plan is administered in accordance with the rules of the TSX Venture Exchange ("**TSXV**") and was approved by the Shareholders at the last annual and special meeting of the Corporation, held on November 11, 2011. On August 26, 2013, the Board approved amendments to the Stock Option Plan (the "**Amended Option Plan**") which provide for the extension of the term of an Option if such Option expires during a "Blackout Period" (described below) and provides for certain other 'housekeeping' matters to conform with the policies of the TSXV. In accordance with the requirements of the TSXV and the Stock Option Plan, the Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving, ratifying and adopting the Amended Option Plan for the ensuing year in the form attached as Schedule "A" hereto.

The Amended Option Plan provides that the number of authorized but unissued Common Shares that may be issued upon the exercise of Options at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the aggregate number of Common Shares. As at the Record Date, this represents 7,940,076 Common Shares available under the Amended Option Plan. As of the Record Date, Options to purchase a total of 4,165,834 Common Shares were issued and outstanding to directors, officers, employees and consultants of the Corporation.

Unless disinterested Shareholder approval is obtained, Option grants are also subject to the following limitations: (i) the aggregate number of Options granted within a 12 month period to any one (1) Optionee (other than consultants and persons performing investor relations activities) must not exceed 5% of the outstanding Common Shares determined at the date of grant; (ii) the aggregate number of Options granted within a 12 month to any one (1) Optionee who is a consultant must not exceed 2% of the issued and outstanding Common Shares determined at the date of grant; (iii) the aggregate number of Options granted in any 12 month period to all Optionees performing investor relations activities must not exceed 2% of the issued and outstanding Common Shares determined at the date of grant; (iv) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to insiders must not exceed 10% of the issued and outstanding Common Shares; and (v) the aggregate number of Options granted to insiders within a 12 month period must not exceed 10% of the issued and outstanding Common Shares determined at the date of grant.

The Board of Directors determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the Options, subject to the rules of the TSXV. The price per Common Share set by the Board of Directors is subject to minimum pricing restrictions set by the TSXV.

The Amended Option Plan provides that if an Option expires or terminates without having been exercised in full, the Common Shares not purchased become available again under the Amended Option Plan. Options granted under the Amended Option Plan may be exercisable for a period of up to 10 years, and may vest at such times as determined at the time of grant, subject to acceleration in accordance with the

terms of the Amended Option Plan. The exercise price must be paid in full on any exercise of Options. Options granted pursuant to the Amended Option Plan may not be transferred or assigned.

If an Option is set to expire during a period when the Optionee is prohibited from exercising such Option or from trading in Common Shares of the Corporation pursuant to its applicable policies in respect of insider trading (a "**Blackout Period**"), the expiration date of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period. The extension of the expiration date following the Blackout Period applies to all Options outstanding under the Amended Option Plan including all Options granted as of the date of this Information Circular.

Pursuant to the Amended Option Plan, Options must be exercised within a reasonable period following termination of employment or cessation of the Optionee's position with the Corporation, or such other period established by the Board, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one (1) year, subject to the expiry date.

Management of the Corporation believes that it would be in the best interest of the Corporation to adopt the Amended Option Plan to attract and retain key individuals and to align the interest of directors, officers, employees and consultants of the Corporation and its affiliates in the growth and development of the Corporation and its affiliates by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Corporation.

The Amended Option Plan is subject to approval by the TSXV and subject to approval by the Shareholders of the Corporation, as required by the rules of the TSXV. **It is the intention of the management designees, if named as proxy, to vote FOR approval of the Amended Option Plan, unless the Shareholder has specified in its proxy that its Common Shares be voted against the approval of the Amended Option Plan.**

At the Meeting, the Shareholders will be asked to approve the following resolution:

**"BE IT RESOLVED THAT:**

- (a) the incentive stock option plan of the Corporation, as described in and attached as Schedule "A" to the Information Circular of the Corporation dated August 26, 2013, be and is hereby ratified and approved;
- (b) any one director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and
- (c) the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the Shareholders."

**The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the holders of Common Shares. If the Amended Option Plan is not approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.**

**V. APPROVAL AND ADOPTION OF THE ADVANCE NOTICE BY-LAW**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, an ordinary resolution (the "**Advance Notice By-Law Resolution**") adopting a new by-law of the Corporation

regarding advance notice procedures for director elections (the "**Advance Notice By-Law**"). The text of the Advance Notice By-Law is attached as Schedule "B" hereto.

In particular, the Advance Notice By-Law provides a procedure requiring advance notice to be given to the Corporation by any Shareholder who intends to nominate any person for election as a director of the Corporation at an annual or special meeting of Shareholders, other than nominations made pursuant to a proposal or requisition of Shareholders made in accordance with the provisions of the ABCA. Among other things, the Advance Notice By-Law sets a deadline by which Shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of Shareholders at which directors are to be elected and sets forth the information that the Shareholder must include in the notice for it to be valid.

The Advance Notice By-Law: (i) provides a clear and transparent process for all Shareholders to follow if they intend to nominate a director; (ii) provides a reasonable time frame for Shareholders to notify the Corporation of their intention to nominate directors; and (iii) sets out certain information which is required to be disclosed to the Corporation in respect of the Shareholders and the proposed nominees. Upon the provision of such information, the Board will be able to evaluate the proposed nominees' qualifications and suitability as a director nominee and make a determination on what response is in the best interests of the Corporation. Further, the Advance Notice By-Law is also intended to facilitate an orderly and efficient meeting process.

In the case of an annual meeting of Shareholders, notice to the Corporation must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting was made. Notwithstanding the foregoing, pursuant to the Advance Notice By-Law, the Board may in its sole discretion waive any requirement of the Advance Notice By-Law.

The Advance Notice By-Law was adopted by the Board on August 26, 2013, and will be placed before the Shareholders for ratification at the Meeting. If the Advance Notice By-Law Resolution is passed at the Meeting, the Advance Notice By-Law will be ratified and adopted immediately following the Meeting. A copy of the Advance Notice By-Law will be filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Board of Directors has reviewed the Advance Notice By-Law and believes that the Advance Notice By-Law is in the best interest of the Corporation and its Shareholders as it would provide for a fair, transparent and orderly procedure for future elections of directors. Accordingly, the Board recommends that Shareholders approve of the Advance Notice By-Law.

The Corporation is seeking approval of the Advance Notice By-Law by the Shareholders. As a result, management of the Corporation will place before the Meeting the following Advance Notice By-Law Resolution relating to the approval of the Advance Notice By-Law:

**"BE IT RESOLVED THAT:**

- (a) the Advance Notice By-Law of the Corporation in the form attached as Schedule "B" to the Information Circular of the Corporation dated August 26, 2013 (the "**Information Circular**"), is hereby approved and adopted, affirmed, ratified and confirmed;
- (b) any one director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and

instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and

- (c) the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the Shareholders."

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this section, a "CEO" or "CFO" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "Named Executive Officer" or "NEO" means each CEO, each CFO, each of the Corporation's three (3) most highly compensated executive officers, or the three (3) most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year of the Corporation and whose compensation was, individually, more than \$150,000 and any additional individuals (other than the CEO and CFO) for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year end.

The Corporation's executive compensation program is administered by the Board and the Corporation's Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is currently comprised of Messrs. Kroontje (Chairman), Rae and McGoldrick, all of whom are independent within the meaning of NI 52-110 (as defined herein). The Corporate Governance and Compensation Committee's mandate includes reviewing compensation matters relating to the executive officers, employees and directors, including the "Named Executive Officers" who are identified in the Summary Compensation Table below, and approving option grants to such personnel and making recommendations to the Board in respect of the remuneration (salary and bonuses) of such personnel.

The Corporate Governance and Compensation Committee has a written mandate which includes assisting the Board in carrying out its responsibilities by reviewing compensation issues in support of the achievement of the Corporation's business strategy and making recommendations to the Board as appropriate. In particular, the Corporate Governance and Compensation Committee is responsible for reviewing and approving corporate goals and objectives, reviewing and evaluating succession and leadership plans for the Corporation's other senior officers. The Corporate Governance and Compensation Committee meets at least once annually to fulfill its mandate.

All of the members of the Corporate Governance and Compensation Committee have direct experience that is relevant to their responsibilities regarding the executive compensation of the Corporation. Mr. Rae has extensive experience in private companies at the management and executive levels. Mr. McGoldrick is a businessman with many years of experience in senior leadership positions. Mr. Kroontje is an entrepreneur with extensive experience acting as a director and senior officer of numerous publicly traded companies.

In making compensation recommendations, the Corporate Governance and Compensation Committee considers each executive's performance and other relevant factors, including the scope of each executive's position and responsibilities, the achievement of corporate goals, the current business environment and anticipated changes, and executive retention and recruitment considerations. The Corporate Governance and Compensation Committee also relies upon comparisons to other TSX Venture Exchange listed oil and gas companies with similar market capitalization in making compensation decisions.

In fulfilling this mandate, the Corporate Governance and Compensation Committee:

- periodically reviews the assessment of the performance of senior officers as provided to the committee by the Chief Executive Officer;

- establishes an overall compensation policy for the Corporation and monitor its implementation, with special attention devoted to the executive group;
- reviews and makes recommendations to the Board regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans, executive stock option plans and grants and benefit plans (including the group life and health program); and
- reviews and approves all compensation arrangements with the senior executives of the Corporation.

As part of its review of the Corporation's compensation policies and practices, the Corporate Governance and Compensation Committee considers the implications of risks associated with the Corporation's compensation policies and practices. The Corporate Governance and Compensation Committee keeps itself apprised of the current compensation policies of other junior international exploration companies and also draws upon the Corporate Governance and Compensation Committee members' backgrounds as executives of other issuers to help identify and mitigate compensation policies and practices that could encourage a Named Executive Officer or individual at a principal business unit or division to take inappropriate or excessive risks. As of the date hereof, the Corporate Governance and Compensation Committee is not aware of any material risks arising from the Corporation's current compensation policies or practices that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation does not currently have any policies in place that would prevent Named Executive Officers or directors from purchasing financial instruments that might be designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by Named Executive Officers or directors.

### **Compensation Discussion and Analysis**

In assessing the compensation of its executive officers, the Corporation does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on the recommendations of the Corporate Governance and Compensation Committee and Board discussion.

The Corporation's executive compensation program has three principal components: base salary, incentive bonus plan and Options. Together, these components support the Corporation's long-term growth strategy and the following objectives:

- align executive compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- encourage retention of key executives for leadership succession.

### *Salary*

Base salaries for all employees of the Corporation are established for each position through Board discussion and management's review of comparative salaries of similar type and size corporations. Individual and corporate performance are also taken into account. It is anticipated that the management of the Corporation shall continue to be compensated in accordance with industry standards.

### Bonuses

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performance for executive officers and employees. The payment of bonuses has not yet comprised a significant part of the Corporation's executive compensation program. The Corporate Governance and Compensation Committee has not yet established pre-determined performance criteria for the payment of bonuses.

### Option Based Awards

It is intended by the Corporation for Options to continue to be the principal form of long-term variable compensation incentive. The number of Options granted is related to individual performance and are used as incentives to attract, retain and motivate qualified staff. Outstanding Options are considered in granting new Options.

Implementation of a new incentive option plan and amendments to the existing Amended Option Plan are the responsibility of the Corporation's Corporate Governance and Compensation Committee. Additional information about the Corporation's stock option plan may be found under "Particular Matters to be Acted Upon - Stock Option Plan" and "Equity Compensation Plans".

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by each of the Corporation's Named Executive Officers during the financial years ended December 31, 2012, 2011 and 2010, including information concerning Corporation's predecessor entities.

On December 31, 2010 the Corporation was formed pursuant to the amalgamation of Australia Energy Corp. ("AEC") and Pendulum Capital Corporation ("**Pendulum**"). The information in the table below reflects the NEO compensation before and after the amalgamation of AEC and Pendulum.

Name and Principal Position	Year Ended December 31	Salary (\$)	Share- Based Awards <sup>(1)</sup> (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation <sup>(2)(3)</sup> (\$)		Pension Value <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total Compensation <sup>(6)</sup> (\$)
					Annual Incentive Plans	Long- Term Incentive Plans			
Paul J. Bennett <sup>(7)</sup> President and Chief Executive Officer	2012	150,000	N/A	Nil	Nil	N/A	N/A	Nil	150,000
	2011	150,000	N/A	406,000 <sup>(10)</sup>	Nil	N/A	N/A	Nil	556,000
	2010	99,938	N/A	400,868 <sup>(11)</sup>	Nil	N/A	N/A	60,000	560,806
Shane J. Kozak <sup>(8)</sup> Chief Financial Officer, Vice- President, Finance, and Secretary	2012	138,850	N/A	Nil	Nil	N/A	N/A	Nil	138,850
	2011	138,850	N/A	348,000 <sup>(10)</sup>	Nil	N/A	N/A	Nil	486,850
	2010	69,375	N/A	474,398 <sup>(11)</sup>	Nil	N/A	N/A	45,000	588,773
Earl Scott <sup>(12)</sup> Chief Operating Officer	2012	285,395	N/A	767,478 <sup>(9)</sup>	Nil	N/A	N/A	219,710	1,246,897
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

#### Notes:

- (1) Neither the Corporation nor its predecessors award share-based awards or any awards tied to the fair market value of the Common Shares to the Named Executive Officers and no such awards are outstanding.
- (2) Although short term non-equity incentives in the form of cash bonuses are part of the PetroFrontier's executive compensation program, neither the Corporation nor its predecessors awarded or paid any cash bonuses to the Named Executive Officers in the years ended December 31, 2012, 2011 and 2010.
- (3) The Corporation does not have a non-equity long-term incentive plan.

- (4) The Corporation does not have any pension or defined contribution plans.
- (5) Unless otherwise set forth above, the aggregate amount of all perquisites and other personal benefits, securities or property was less than the lesser of \$50,000 and 10% of the total annual salary and bonus of the Named Executive Officer for each financial year.
- (6) Includes the dollar value of total compensation for the covered financial year.
- (7) Effective November 1, 2009, Mr. Bennett received compensation from the Corporation and Rodinia for his services to both companies. Mr. Bennett's compensation as noted above is an aggregate sum for his services to the Corporation and its two subsidiaries, PetroFrontier Australia and Texalta.
- (8) Shane J. Kozak was appointed Chief Financial Officer, Vice-President, Finance, and Secretary of AEC on April 1, 2010. Mr. Kozak is also Chief Financial Officer, Vice-President, Finance, and Secretary of PetroFrontier Australia and Texalta and his compensation as noted above is an aggregate sum for his services to the Corporation and these two subsidiaries. Mr. Kozak also receives compensation from Rodinia for his services.
- (9) The following stock options were granted during the financial year ended December 31, 2012 to Named Executive Officers: 500,000 stock options with an exercise price of \$1.99 per share, expiring on February 1, 2017 were granted to Earl Scott. The fair value of stock options granted were estimated at the date of grant using the Black-Scholes option pricing model based on the Corporation stock option expiry dates with the following assumptions: risk free rate of return of 1.25%, expected life of 5 years, no annual dividends and expected volatility of 106%.
- (10) The following stock options were granted during the financial year ended December 31, 2011 to Named Executive Officers: (a) 175,000 stock options with an exercise price of \$3.05 per share, expiring on May 31, 2016 were granted to Paul J. Bennett; and (b) 150,000 stock options with an exercise price of \$3.05 per share, expiring on May 31, 2016 were granted to Shane J. Kozak. The fair value of stock options granted were estimated at the date of grant using the Black-Scholes option pricing model based on the Corporation stock option expiry dates with the following assumptions: risk free rate of return of 2.33%, expected life of 5 years, no annual dividends and expected volatility of 102%.
- (11) The following AEC stock options were granted during the financial year ended December 31, 2010 to Named Executive Officers: (a) 260,000 AEC stock options with an exercise price of \$2.00 per share, expiring on December 22, 2015 were granted to Paul J. Bennett; and (b) 200,000 AEC stock options with an exercise price of \$1.00 per share, expiring on March 31, 2015 and 210,000 AEC stock options with an exercise price of \$2.00, expiring on December 22, 2015 were granted to Shane J. Kozak. The fair value of AEC stock options granted were estimated at the date of grant using the Black-Scholes option pricing model based on the AEC stock option expiry dates with the following assumptions: risk free rate of return of 1.8% - 2.6%, expected life of 5 years, no annual dividends and expected volatility of 100% - 117%.
- (12) Mr. Scott was appointed Chief Operating Officer effective February 1, 2012. Mr. Scott is paid an annual salary of \$300,000 Australian and received other allowances and perquisites of \$211,707 Australian in 2012. All amounts disclosed in the table above have been converted to Canadian dollars at an exchange rate of 1.0378. Mr. Scott is also the President of PetroFrontier Australia and Texalta and his compensation as noted above is an aggregate sum for his services to the Corporation and these two subsidiaries.

## Incentive Plan Awards

### Outstanding Option Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Corporation outstanding at the end of the financial year ended December 31, 2012.

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options<sup>(1)</sup> (\$)</b>
Paul J. Bennett	125,000	\$0.25	February 28, 2014	12,500
	120,000	\$1.00	December 31, 2014	-
	260,000	\$2.00	December 22, 2015	-
	175,000	\$3.05	May 31, 2016	-
Shane J. Kozak	150,000	\$1.00	March 31, 2015	-
	210,000	\$2.00	December 22, 2015	-
	150,000	\$3.05	May 31, 2016	-
Earl Scott	500,000	\$1.99	February 1, 2017	-

#### Notes:

- (1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.35, being the closing price of the Common Shares on December 31, 2012, the last day on which the Common Shares traded during the 2012 financial year.

### Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth the value vested or earned during the year of option-based awards paid to Named Executive Officers during the financial year ended December 31, 2012.



Name	Option-Based Awards - Value vested
	during the year <sup>(1)</sup>
	(\$)
Paul J. Bennett	7,200 <sup>(1)</sup>
Shane J. Kozak	34,000 <sup>(1)</sup>
Earl Scott	-

**Notes:**

- (1) Calculated based on the difference between the respective exercise prices of the stock options and the closing price of the Common Shares the last day on which the Common Shares traded prior to the vest date of the stock options.

**Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan or deferred compensation plans.

**Termination and Change of Control Benefits**

Each of the Named Executive Officers has entered into an employment agreement with the Corporation. Pursuant to their employment agreements, the annual salary of each Named Executive Officer is subject to annual review by the corporate governance and compensation committee of the Board.

The employment agreements for Paul J. Bennett provides for a lump sum payment equivalent to Mr. Bennett's then annual salary if termination occurs prior to one calendar year of service being completed, and thereafter, a lump sum equal to two times Mr. Bennett's then annual salary, if termination is without just cause, including an election by Mr. Bennett's to terminate the agreement on a change of control. The employment agreement for Shane J. Kozak provides for a lump sum payment equal to one month's salary for each month of service up to one year if termination occurs without just cause and a lump sum equal to two times the executive's then annual salary if the executive terminates the agreement on a change of control. The employment agreement for Earl Scott provides for a lump sum payment equal to one times the executive's then annual salary if termination occurs without just cause or if the executive terminates the agreement on a change of control. For all the Named Executive Officers' employment agreements, in the event of a change of control or termination without just cause, all unvested Options or rights accelerate and become exercisable forthwith.

**Compensation of Directors**

Directors who are not actively involved with day-to-day operations of the Corporation receive an annual retainer of \$40,000 and are reimbursed for their reasonable expenses by the Corporation. The Board may award additional remuneration to any director undertaking extraordinary services on behalf of the Corporation other than services ordinarily required of a director. Directors who are actively involved in the operations of the Corporation will be compensated in accordance with industry standards.

***Director Compensation Table***

The following table sets forth the value of all compensation provided to directors, not including the director who is also a Named Executive Officer during the financial year ended December 31, 2012.

Name <sup>(1)</sup>	Fees earned <sup>(2)</sup> (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(4)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Robert J. Iverach	90,000 <sup>(3)</sup>	Nil	-	Nil	Nil	Nil	90,000
Dr. James W. Buckee	40,000	Nil	-	Nil	Nil	Nil	40,000

<b>Name<sup>(1)</sup></b>	<b>Fees earned<sup>(2)</sup> (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards<sup>(4)</sup> (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
C. Kent Jespersen	40,000	Nil	-	Nil	Nil	Nil	40,000
Martin P. McGoldrick	40,000	Nil	-	Nil	Nil	Nil	40,000
Al J. Kroontje	40,000	Nil	-	Nil	Nil	Nil	40,000
Donald J. Rae	40,000	Nil	-	Nil	Nil	Nil	40,000

**Notes:**

- (1) Information regarding the compensation received by Paul J. Bennett who was director of the Corporation during the financial year ended December 31, 2012, in his capacity as officer, may be found under the heading "Summary of Compensation Table".
- (2) The Corporation paid a \$40,000 annual retainer to its directors who were not actively involved in the day-to-day operations of the Corporation during the financial year ended December 31, 2012. Direct expenses of directors are reimbursed at cost.
- (3) The Chairman of the Board of the Corporation (Mr. Iverach) is presently paid a retainer of \$90,000 per annum, as compensation for his active involvement in the day-to-day operations of PetroFrontier.
- (4) No stock options were granted to the directors during the financial year ended December 31, 2012.

***Outstanding Option-Based Awards***

The following table sets forth the options granted to the directors of the Corporation, not including the director who is also a Named Executive Officer, to purchase or acquire securities outstanding at the end of the financial year ended December 31, 2012.

<b>Name</b>	<b>Option-based Awards</b>			
	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options<sup>(1)</sup> (\$)</b>
Robert J. Iverach	90,000	\$1.00	December 31, 2014	-
	45,000	\$1.20	February 28, 2014	-
	160,000	\$2.00	December 22, 2015	-
	100,000	\$3.05	May 31, 2016	-
Dr. James W. Buckee	60,000	\$1.00	December 31, 2014	-
	30,000	\$1.20	February 28, 2014	-
	100,000	\$2.00	December 22, 2015	-
	60,000	\$3.05	May 31, 2016	-
C. Kent Jespersen	60,000	\$0.25	February 28, 2014	6,000
	60,000	\$1.00	December 31, 2014	-
	100,000	\$2.00	December 22, 2015	-
	60,000	\$3.05	May 31, 2016	-
Martin P. McGoldrick	60,000	\$1.00	December 31, 2014	-
	30,000	\$1.20	February 28, 2014	-
	100,000	\$2.00	December 22, 2015	-
	60,000	\$3.05	May 31, 2016	-
Al J. Kroontje	120,000	\$1.00	December 31, 2014	-
	100,000	\$2.00	December 22, 2015	-
	60,000	\$3.05	May 31, 2016	-
Donald J. Rae	120,000	\$1.00	August 24, 2015	-
	100,000	\$2.00	December 22, 2015	-
	60,000	\$3.05	May 31, 2016	-

**Notes:**

- (1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.35, being the closing price of the Common Shares on December 31, 2012, the last day on which the Common Shares traded during the 2012 financial year.

***Incentive Plan Awards – Value Vested or Earned during the Year***

The following table sets forth the value vested or earned during the year of option-based awards paid to directors of the Corporation during the financial year ended December 31, 2012.

<b>Name</b>	<b>Option-Based Awards - Value vested during the year<sup>(1)</sup> (\$)</b>
Robert J. Iverach	5,400 <sup>(1)</sup>
Dr. James W. Buckee	3,600 <sup>(1)</sup>
C. Kent Jespersen	3,600 <sup>(1)</sup>
Martin P. McGoldrick	3,600 <sup>(1)</sup>
Al J. Kroontje	7,200 <sup>(1)</sup>
Donald J. Rae	3,600 <sup>(1)</sup>

**Notes:**

- (1) Calculated based on the difference between the respective exercise prices of the stock options and the closing price of the Common Shares the last day on which the Common Shares traded prior to the vest date of the stock options.

**EQUITY COMPENSATION PLANS**

The following table sets forth the information pertaining to the Corporation's Amended Option Plan as at December 31, 2012:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance, under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	4,259,167	\$2.00	3,680,909
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>4,259,167</b>	<b>\$2.00</b>	<b>3,680,909</b>

For information regarding the Corporation's Amended Option Plan, see "Particulars of Matters to be Acted Upon - Stock Option Plan."

**CORPORATE GOVERNANCE**

In establishing its corporate governance practices, the Board has been guided by Canadian securities legislation and the TSXV guidelines for effective corporate governance, including National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") and other regulatory requirements such as National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its shareholders, but that it also promotes effective decision making at the Board level.

## **Mandate of the Board**

The Board has responsibility for the stewardship of the Corporation, which is detailed in its written Board of Directors Responsibilities mandate. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include selecting senior management, reviewing compensation, establishing standards of business conduct and ethical behaviour, setting expectations and responsibilities of directors, evaluating senior management performance, succession planning, overseeing strategic management and planning, overseeing risk management, adopting a communication policy, receiving feedback from stakeholders, affirming a control environment, overseeing capital management and overseeing the independent inspection/audit group.

The Board strives to ensure that actions taken by the Corporation correspond closely with the objectives of its shareholders. The Board has met four times in 2012 to review in depth the Corporation's strategic plan and it reviews the Corporation's resources, which are required to carry out the Corporation's growth strategy and to achieve its objectives.

## **Composition of the Board**

The Board currently consists of seven directors. Of these, five are independent directors as defined under NP 58-201. Under NP 58-201, a director is independent if he or she has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, certain individuals are deemed, for the purposes of NP 58-201, to have material relationships with the Corporation, including any individual who is, or has recently been, an employee or executive officer of the Corporation, and an individual whose immediate family member is, or has recently been, an executive officer of the Corporation. Under this definition, the Board has determined that the five independent directors are Dr. James W. Buckee, Martin P. McGoldrick, C. Kent Jespersen, Al J. Kroontje and Donald J. Rae.

For the purpose of NP 58-201, Paul J. Bennett, and Robert J. Iverach are not considered to be independent directors. Paul J. Bennett, President and Chief Executive Officer, is not considered an independent director because he is an executive officer of the Corporation. Robert J. Iverach is not considered an independent director because he is Counsel with Burstall Winger LLP, who are the solicitors of the Corporation.

The size of the Corporation is such that all of its operations are conducted by a small management team. The Board considers that management is effectively supervised by the independent directors on an informal basis because the independent directors have regular and full access to management. The Board is able and does meet regularly without the presence of management to ensure the independence of the Board from management. Additionally, the independent directors are also able to meet at any time they consider necessary without members of management or non-independent directors being present.

Further supervision is performed through the Audit Committee, which is composed of a majority of independent directors.

## **Position Descriptions**

The Board has not developed written position descriptions for the Chief Executive Officer, the Chairman of the Board or the chair of each committee of the Board

## **Other Directorships**

Robert J. Iverach, Q.C. is a director of Veresen Inc., Rodinia and FoodChek Systems Inc., a private corporation.

C. Kent Jespersen is a director of TransAlta Corporation, Axia NetMedia Corporation, Rodinia, CanElson Drilling Inc., Telesystem International Wireless Inc. and MATRRIX Energy Technologies Inc.

Paul J. Bennett is a director of Uranium Participation Corp., Rodinia and Armistice Resources Corp.

Dr. Buckee is a director of Rodinia, Cairn Energy PLC, EnQuest PLC, Black Swan Energy Inc. and Magma Global Ltd.

Al J. Kroontje is a director of Novus Energy Inc., Polar Star Mining Corporation, Border Petroleum Corp., Cobalt Coal Ltd., E.G. Capital Inc., Galleria Opportunities Inc., Kairos Capital Corporation and Whitemud Resources Ltd.

Martin P. McGoldrick is a director of Rodinia.

Donald Rae is a director of Coral Hill Energy Ltd., a private corporation.

### **Orientation and Continuing Education**

The Board has not developed a formal orientation and training program for newly appointed directors.

The Board encourages continuing education for the Corporation's employees, management and directors. Directors are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, to attend related industry seminars and to visit the Corporation's operations. Board members have full access to the Corporation's records.

### **Ethical Business Conduct**

The Board endorses management's initiatives to operate with sound integrity and ethical values and promotes this conduct at Board meetings. The Board usually meets at least once a quarter and typically more often. In addition, the Board has adopted a written code of conduct (the "**Code of Conduct**") which addresses the Corporation's continuing commitment to integrity and ethical behaviour. The Code of Conduct establishes procedures that allow directors, officers and employees of the Corporation to confidentially submit their concerns to the Chairman of the Corporation regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. A copy of the Code of Conduct is available to review at the head office of the Corporation during business hours. Compliance with the Code of Conduct is monitored primarily through the reporting process within the Corporation's organizational structure. A whistleblower program is in place for employees to report violations of ethical conduct. To date, no issues have been reported through the Corporation's whistleblower program.

The Corporation intends to resolve all conflicts of interest in accordance with the provisions of the ABCA in order to ensure directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest.

The ABCA provides that a director or officer shall disclose the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, if the director or officer:

- is a party to the contract or transaction;
- is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
- has a material interest in a party to the contract or transaction,

and shall refrain from voting on any matter in respect of such contract or transaction unless otherwise provided under the ABCA.

### **Nomination of Directors**

The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of members based on the recommendations of the Corporate Governance and Compensation Committee, which is composed entirely of independent directors. The Board shall identify and review possible candidates for Board membership consistent with criteria approved by the Board, including the appropriate size of the Board, what competencies and skills the Board as a whole should possess and what competencies and skills each existing director possesses, and annually recommend qualified candidates for a slate of nominees to be proposed for election to the Board at the annual meeting of the Corporation's shareholders. The Board shall consider the appropriate size of the Board with a view to facilitating effective decision making. In the event of a vacancy on the Board between annual meetings of the Corporation's shareholders, the Board may identify, review and recommend qualified candidates for Board membership to the Board for consideration to fill such vacancies, if the Board determines that such vacancies will be filled.

When formulating these recommendations, the Board shall seek and consider advice and recommendations from management, and may seek or consider advice and recommendations from consultants, outside counsel, accountants or other advisors as it or the Board may deem appropriate.

### **Remuneration of Directors and Chief Executive Officer**

With the exception of the Chairman of the Board, the non-employee directors of the Corporation are paid annual retainer fees of \$40,000 and are reimbursed for all reasonable expenses incurred. Non-employee directors are entitled to participate in the Corporation's Amended Option Plan. The compensation of directors will be reviewed by the Board on an annual basis, considering the levels of compensation paid to directors of public corporations of similar size. The Chairman of the Board is paid an annual retainer of \$90,000 and is reimbursed for all reasonable expenses incurred.

The compensation of the Chief Executive Officer of the Corporation is reviewed by the Corporate Governance and Compensation Committee and the Board on an annual basis. The Board considers the Chief Executive Officer's performance and other relevant factors, including the scope of his position and responsibilities, the current business environment and the achievement of corporate goals. The Chief Executive Officer is not present for certain portions of director meetings when the Board discusses the performance or compensation of the Chief Executive Officer.

### **Assessments**

The Board does not believe that formal assessments would be useful at this stage of the Corporation's development. The Board conducts informal annual assessments of its effectiveness, the individual directors and each of its committees. The Chairman of the Board is charged with ensuring that the Board carries out its responsibilities and that these responsibilities are clearly understood by all of its members. The Chairman also ensures that the Board can function independent of management; that the necessary resources and procedures are available or in place to support its responsibilities and that the appropriate functions are delegated to the relevant committees. The Chairman is responsible for overseeing and setting the Board agenda, the quality of information sent to directors and the in camera sessions held without management. The Chairman is also responsible for ensuring a process is in place for an annual performance review of the Chief Executive Officer, which is conducted by the Board, and for senior management succession planning matters.

## **Committees of the Board of Directors**

The Board has established three board committees: the Audit Committee, the Corporate Governance and Compensation Committee and the Reserves Committee. The information below summarizes the functions of each of the committees in accordance with their charters.

### **Audit Committee**

The Audit Committee periodically assesses the adequacy of procedures for the public disclosure of financial information and review on behalf of the Board, and reports to the Board the results of its review and its recommendations regarding all material matters of a financial reporting and audit nature, including, but not limited to:

- oversight of the nature and scope of the annual audit;
- oversight of management's reporting on internal accounting standards and practices; and
- review of financial information, accounting systems and procedures, financial reporting and financial statements.

The primary objectives of the Audit Committee are as follows:

- assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- provide better communication between directors and external auditors;
- enhance the external auditor's independence;
- increase the credibility and objectivity of financial reports; and
- strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Audit Committee, management and external auditors.

The Audit Committee ensures satisfactory procedures for (i) receipt, retention and treatment of complaints received by the Corporation regarding any accounting, internal accounting controls or auditing matters and (ii) the confidential anonymous submission of concerns by employees regarding questionable accounting or auditing matters. The Board is kept informed of the Audit Committee's activities by a report delivered at each regular meeting of the Board of Directors.

The Audit Committee recommends the appointment and terms of engagement of the external auditor annually and reviews and evaluates the external auditor. The external auditor reports directly to the Audit Committee. In addition, the Audit Committee pre-approves non-audit services undertaken by the external auditor, and on an annual basis reviews and discusses with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence.

The Audit Committee has direct responsibility for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of disagreements between the external auditor and management.

The Audit Committee meets at least once per financial quarter to fulfill its mandate. A copy of the Audit Committee Charter is attached as Schedule "C" hereto.

### *Composition of the Audit Committee*

The current members of the Audit Committee are Messrs. McGoldrick (Chairman), Kroontje and Buckee, all of whom are independent and financially literate in accordance with NI 52-110.

### *Relevant Education and Experience*

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

#### ***Martin P. McGoldrick***

Mr. McGoldrick has over 30 years combined in oil and gas investment banking, international oil and gas exploration and in the electrical utility industry. Prior to joining the Corporation, he served as Senior Vice President and Director, Investment Banking with Jennings Capital Inc. Mr. McGoldrick holds a Bachelor of Electrical Engineering degree from the University College of Dublin, Ireland and a Masters of Business Administration, Finance Specialty from the University of Calgary.

#### ***Al J. Kroontje***

Mr. Kroontje has held many senior positions with private and public companies. Mr. Kroontje is currently a director of several TSXV or TSX listed companies including Novus Energy Inc., Galleria Opportunities Inc., Kairos Capital Corporation, Border Petroleum Inc., Cobalt Coal Ltd. and Polar Star Mining Corporation. Mr. Kroontje holds a Bachelor of Science (Engineering) degree from the University of Waterloo.

#### ***Dr. James W. Buckee***

Dr. Buckee has held many senior positions with private and public companies, including being the CEO and President of Talisman Inc. He is currently a director of Rodinia, Cairn Energy PLC, EnQuest PLC and Black Swan Energy Ltd. Mr. Buckee holds a Bachelor of Science degree in Physics from the University of Western Australia and a doctorate in Astrophysics from Oxford University.

### *Audit Committee Oversight*

At no time since the commencement of the Corporation's fiscal period ended December 31, 2012 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### *Pre-approval Policies and Procedures*

Any proposed audit and permitted non-audit services (as identified by the Audit Committee at the time the annual audit engagement is approved) to be provided by the external auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee. The Corporation has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as may be required.

The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the external auditor. Following receipt and initial review for eligibility by the primary contact, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted. In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.



*External Auditor Service Fees (By Category)*

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Accountants. PricewaterhouseCoopers LLP, Chartered Accountants, was appointed as the Corporation's auditor on August 1, 2011. Prior thereto, KPMG LLP, Chartered Accountants was the auditor of the Corporation from November 26, 2009.

The following table provides information about the fees billed to the Corporation for professional services rendered by PricewaterhouseCoopers LLP, Chartered Accountants for the fiscal years ended December 31, 2012 and 2011 and by KPMG LLP, Chartered Accountants for the fiscal year ended December 31, 2011:

	2012 <sup>(1)</sup>	2011 <sup>(2)</sup>	2011 <sup>(3)</sup>
Audit Fees	\$50,756	\$66,562	\$19,000
Audit-Related Fees	\$63,000	-	\$35,000
Tax Fees	\$18,375	\$26,168	-
All Other Fees	\$4,651	\$7,932	-
<b>Total</b>	<b>\$136,782</b>	<b>\$100,662</b>	<b>\$54,000</b>

**Notes:**

- (1) Fees invoiced in Australian dollars were converted to Canadian dollars at an exchange rate of 1.0378.
- (2) Represents fees paid to PricewaterhouseCoopers LLP, Chartered Accountants. Fees invoiced in Australian dollars were converted to Canadian dollars at an exchange rate of 1.02809.
- (3) Represents fees paid to KPMG LLP, Chartered Accountants.

The Audit Committee communicated regularly, through meetings, emails and telephone conferences, in 2012 to fulfill its mandate. The Audit Committee has discussions with the Corporation's auditors, independent of management, and has direct communication channels with the external auditors to discuss and review specified issues as appropriate.

*Exemptions*

As a TSXV-listed issuer, the Corporation is exempt from the requirements of Part 3 *Composition of the Audit Committee*, and Part 5 *Reporting Obligations* of NI 52-110, which relate to the composition of an audit committee and the reporting of the required disclosure, respectively.

**Corporate Governance and Compensation Committee**

The Corporate Governance and Compensation Committee's has a written mandate which includes developing the approach of the Corporation in matters concerning corporate governance, reviewing and making recommendations to the Board in connection with such matters and assisting the Board in fulfilling its responsibilities relating to human resources policies and compensation for the directors, officers and employees of the Corporation and its subsidiaries. The Corporate Governance and Compensation Committee also reviews and recommends to the Board a comprehensive statement of compensation philosophy, strategy and principles for the Corporation's executives, and periodically evaluates the Corporation's compensation and benefits program in accordance with such statement. The Corporate Governance and Compensation Committee reviews and makes recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Corporation's executives, and evaluates existing agreements with the Corporation's executives and its directors. The Corporate Governance and Compensation Committee meets at least once annually to fulfill its mandate.

In addition, the Corporate Governance and Compensation Committee's mandate provides that the responsibilities of such committee include:

- establishing and reviewing member characteristics for the Board;
- evaluating, identifying and recommending nominees to the Board;
- monitoring and reviewing the education and development of members of the Board;
- recommending directors to serve as committee members and chairs;
- reviewing and developing corporate governance guidelines, policies and procedures for the Board;
- establishing and implementing evaluation processes for the Board, committees and chairs;
- establishing procedures for the engagement of independent counsel by a director;
- reviewing disclosure by the Corporation of matters within the committee's mandate; and
- reviewing and evaluating the committee's mandate and efficacy.

The Corporate Governance and Compensation Committee is comprised of Messrs. Kroontje (Chairman), Rae and McGoldrick, all of whom are independent.

#### **Reserves Committee**

Notwithstanding that the Corporation currently has no reserves, the Board has determined it is appropriate to form the Reserves Committee. The Reserves Committee has a written mandate and is responsible for reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and natural gas activities, including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements; reviewing the Corporation's procedures for providing information to the independent evaluator; meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided); reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefore and whether there have been any disputes with management; providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith; reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

The Reserves Committee is comprised of Messrs. Rae (Chairman), Buckee, and Bennett. Mr. Bennett is not independent.

## MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by the directors and executive officers of the Corporation and are not to any substantial degree performed by any other person or corporation.

### INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer, proposed director, or any associate or affiliate of any of the foregoing persons who has been a director or executive officer at any time since the beginning of the financial year ended December 31, 2012, in any matter to be acted upon. All of the directors and officers may receive options pursuant to the Amended Option Plan. See "Particulars of Matters to be Acted Upon - Stock Option Plan".

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation or any associate or affiliate of any such informed person or proposed director in any transaction during the financial year ended December 31, 2012, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

The Corporation and Rodinia share five common directors, being Paul J. Bennett, Robert J. Iverach, James W. Buckee, C. Kent Jespersen and Martin P. McGoldrick. The Corporation and Rodinia also share the same Chief Executive Officer and Chief Financial Officer. Paul J. Bennett and Shane J. Kozak are each officers of the Corporation and Rodinia and are compensated by both companies. Paul J. Bennett, Shane J. Kozak and Earl Scott are each officers of the Corporation, PetroFrontier Australia and Teralta and their respective compensation as described in this Information Circular is an aggregate sum for each of their services to all three companies.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former executive officer, director, proposed director or any associate or affiliate of any of the foregoing persons is, or at any time since the beginning of the most recently completed financial year has been, indebted: (i) to the Corporation or any of its subsidiaries; or (ii) to another entity, where the indebtedness is 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.

### GENERAL

All matters referred to herein for approval by the Shareholders require a majority of the votes cast by holders of Common Shares who are present in person or by proxy at the Meeting. The contents and the sending of this Information Circular have been approved by the directors of the Corporation.

**ADDITIONAL INFORMATION**

Financial information is provided in the Corporation's audited financial statements and accompanying management's discussion and analysis ("**MD&A**") for the year ended December 31, 2012, which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Under NI 51-102 *Continuous Disclosure Obligations*, any person or company who wishes to receive annual and/or interim financial statements from the Corporation may deliver a written request for such material to the Corporation or the Corporation's agent, together with a signed statement that the person or company is the owner of securities of the Corporation. Shareholders who wish to receive annual and/or interim financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided, to the Corporation's transfer agent, Olympia Trust Company, Suite 2300, 125 – 9 Avenue S.E., Calgary, Alberta, T2P 0P6. The Corporation will maintain a supplemental mailing list of persons or companies wishing to receive annual and/or interim financial statements.

Additional information relating to the Corporation is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## SCHEDULE "A"

### PETROFRONTIER CORP. STOCK OPTION PLAN

#### 1. Purpose

The purpose of the Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

#### 2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Board of Directors"** means the Board of Directors of the Corporation;
- (b) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) **"Corporation"** means PetroFrontier Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) **"Exchange"** means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) **"Insider"** has the meaning ascribed thereto in Exchange Policies;
- (h) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (i) **"Option Period"** means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) **"Optionee"** means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-

owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and

- (k) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policy, including without limitation "Consultant", "Employee", "Insider", "Investor Relations Activities", "Management Company Employee", "Tier 1 Issuer" and "Tier 2 Issuer".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

**3. Administration**

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

**4. Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionees.

**5. Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries,

where the Optionee at the same time becomes or continues to be a director, officer or full-time employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

**6. Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. Subject to Exchange Policies, the Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to Insiders within a 12 month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Common Shares determined at the date of grant;
- (c) the aggregate number of Options granted within a 12 month period to any one (1) Optionee exceeding 5% of the issued and outstanding Common Shares determined at the date of grant;
- (d) the aggregate number of Options granted in a 12 month period to any one (1) Optionee who is a Consultant exceeding 2% of the issued and outstanding Common Shares determined at the date of grant; or
- (e) the aggregate number of Options granted in any 12 month period to all Optionees performing Investor Relations Activities exceeding 2% of the issued and outstanding Common Shares determined at the date of grant.

Appropriate adjustments shall be made as set forth in Section 15 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

**7. Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "**Stock Option Agreement**"). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the

income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

**8. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 11 and 12 hereof, and subject to extension as provided in Section 10 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

**9. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 11 and 12 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

**10. Blackout Extension Period**

If an Option is to expire during a period when the Optionee is prohibited by the Corporation from exercising such Option or from trading in Common Shares of the Corporation pursuant to its applicable policies in respect of insider trading (a "**Blackout Period**"), the expiration date of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period. This Section 10 applies to all Options outstanding under the Plan.

**11. Ceasing to be a Director, Officer, Employee or Consultant**

Unless otherwise determined by the Board of Directors, and subject to the Exchange Policies, if an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, following



the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

**12. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

**13. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

**14. Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

**15. Anti-Dilution of the Option**

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as

would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;

- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

**16. Costs**

The Corporation shall pay all costs of administering the Plan.

**17. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 17(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.

- (c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**18. Withholding Tax**

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under the Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

**19. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**20. Prior Plans**

On the effective date (as set out in Section 21 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

**21. Effective Date**

This Plan shall become effective as of and from, and the effective date of the Plan shall be September 26, 2013, upon receipt of all necessary shareholder and regulatory approvals.

**22. Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

## SCHEDULE "B"

### ADVANCE NOTICE BY-LAWS

A by-law relating to the advance notice of nominations of directors of

#### **PETROFRONTIER CORP.**

(hereinafter referred to as the "Corporation")

**IT IS HEREBY ENACTED**, as a by-law of the Corporation, that:

1. Subject to the provisions of the *Business Corporations Act* (Alberta) (the "**Act**") and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors (the "**Board**") may be made at any annual or special meeting of shareholders at which shareholders will be asked to elect of directors that was called:
  - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - (c) by any person (a "**Nominating Shareholder**") who: (i) complies with the notice procedures set forth below in this by-law; and (ii) was, at the close of business on the date notice was given and at the close of business on the record date for notice of such meeting, entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting.
2. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Corporate Secretary of the Corporation.
3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made (the "**Notice Date**"), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the citizenship of such person; (iv) the class or series and number of shares in the capital of the Corporation which are owned beneficially or of record by the person or under the control or direction of the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (v) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice: (i) the name and address of such Nominating Shareholder, as it appears on the securities register of the Corporation; (ii) the class or series and the number of securities of the Corporation owned of record and beneficially by such Nominating Shareholder; (iii) full particulars regarding any agreement, arrangement or understanding with respect to the nomination between or among such Nominating Shareholder, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including the nominee; (iv) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation; (v) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Corporation; and (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this by-law; provided, however, that nothing in this by-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairperson of the meeting. The Chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this by-law:

- (a) **"public announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
  - (b) **"Applicable Securities Laws"** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations, and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
7. Notwithstanding any other provision of this by-law, notice given to the Corporate Secretary of the Corporation pursuant to this by-law may only be given by personal delivery, facsimile transmission or by e-mail (at such e-mail address as may be stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Corporation, e-mail (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this by-law.

The foregoing By-law was approved and adopted by the Board passed on the August 26, 2013.

By: "Paul J. Bennett"  
Title: President and Chief Executive Officer

The foregoing By-law was confirmed, approved, adopted and ratified by the shareholders of the Corporation in accordance with the provisions of the Act effective \_\_\_\_\_.

By : \_\_\_\_\_  
Title:

## SCHEDULE "C"

### AUDIT COMMITTEE CHARTER

#### Role and Obligations

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of PetroFrontier Corp. (the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Audit Committee are as follows:

1. assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. provide better communication between directors and external auditors;
3. enhance the external auditor's independence;
4. increase the credibility and objectivity of financial reports; and
5. strengthen the role of the outside directors by facilitating in depth discussions between directors on the Audit Committee, management and external auditors.

#### Membership of Committee

1. The Committee will be comprised of at least three (3) directors of the Corporation, none of whom are members of management of the Corporation and all of whom are "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("**NI 52-110**") unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chairman of the Committee (the "**Committee Chairman**").

All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

#### Mandate and Responsibilities Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
2. Satisfy itself on behalf of the Board with respect to Corporation's internal control systems:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal, ethical and regulatory requirements.

3. Review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing disclosure requirements for commitments and contingencies;
  - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (g) reviewing unresolved differences between management and the external auditors; and
  - (h) obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**") and all public disclosure containing unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board:
  - (a) recommend to the Board the external auditors to be nominated;
  - (b) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
  - (c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - (d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (e) review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.



6. Review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
7. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).
8. Establish a procedure for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
9. Review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of the Corporation without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Committee Chairman shall be entitled to a second or casting vote.
2. The Committee Chairman will preside at all meetings of the Committee, unless the Committee Chairman is not present in which case the members of the Committee that are present will designate from among such members a Committee Chairman for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Committee Chairman.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other-times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Committee Chairman, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time, to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chairman.