PetroFrontier

Condensed Consolidated Interim Financial Statements as at and for the Three Months Ended March 31, 2012

PetroFrontier Corp.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

(Canadian Dollars)

As at	**March 31, 2012**	**December 31, 2011**
ASSETS		
Current		
Cash and cash equivalents (note 4)	18,452,304	24,358,559
Term deposits	-	2,500,000
Marketable securities	32,775	49,284
Financial derivative instruments (note 9)	-	40,198
Accounts receivable	460,086	1,400,005
Prepaid expenses and deposits (note 5)	4,484,044	666,998
	23,429,209	29,015,044
Corporate assets	74,538	82,576
Exploration and evaluation assets (note 6)	97,034,305	96,454,822
Goodwill	8,928,639	8,946,231
	129,466,691	**134,498,673**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,366,920	6,256,024
Decommissioning liabilities	96,000	96,000
	2,462,920	6,352,024
Decommissioning liabilities	505,521	500,680
Deferred tax liability	16,229,882	16,261,859
	19,198,323	23,114,563
SHAREHOLDERS' EQUITY		
Share capital (note 7)	117,189,874	117,189,874
Warrants (note 7)	1,073,250	1,073,250
Contributed surplus	7,402,931	6,528,103
Accumulated other comprehensive income	408,854	743,128
Deficit	(15,806,541)	(14,150,245)
	110,268,368	111,384,110
	129,466,691	**134,498,673**

See accompanying notes to the condensed consolidated financial statements

Commitments and contingencies (note 11)

PetroFrontier Corp.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

(Canadian Dollars)

	For the three months ended March 31	
	2012	**2011**
EXPENSES		
General and administrative	978,190	748,644
Loss on marketable securities	16,509	-
Foreign exchange gain	(122,469)	-
Financial derivative instruments (note 9)	(18,078)	-
Share-based compensation (note 7)	874,828	775,571
Depreciation	12,674	126
Corporate acquisition costs	-	295,845
Results from operating activities	**1,741,654**	**1,820,186**
Finance income	92,488	121,888
Finance costs	(7,130)	(1,829)
Net finance income	**85,358**	**120,059**
NET LOSS	**(1,656,296)**	**(1,700,127)**
OTHER COMPREHENSIVE EARNINGS		
Foreign exchange loss on foreign operations	(334,274)	(151,201)
COMPREHENSIVE LOSS	**(1,990,570)**	**(1,851,328)**
Net loss per share (note 7)		
Basic and diluted	**0.03**	**0.04**

PetroFrontier Corp.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance at January 1, 2012	**117,189,874**	**1,073,250**	**6,528,103**	**743,128**	**(14,150,245)**	**111,384,110**
Net loss					(1,656,296)	(1,656,296)
Foreign exchange loss on translation of foreign operations				(334,274)		(334,274)
Share-based compensation			874,828			874,828
Balance at March 31, 2012	**117,189,874**	**1,073,250**	**7,402,931**	**408,854**	**(15,806,541)**	**110,268,368**
Balance at January 1, 2011	68,110,645	-	2,132,585	789,146	(5,815,067)	65,217,309
Net loss					(1,700,127)	(1,700,127)
Foreign exchange loss on translation of foreign operations				(151,201)		(151,201)
Issued on exercise of stock options	27,000		-			27,000
Share-based compensation			775,571			775,571
Balance at March 31, 2011	68,137,645	-	2,908,156	637,945	(7,515,194)	64,168,552

See accompanying notes to the condensed consolidated financial statements

PetroFrontier Corp.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Canadian dollars)

	For the three months ended March 31	
	2012	**2011**
Cash provided by (used in)		
OPERATING		
Net loss	(1,656,296)	(1,700,127)
Unrealized loss on marketable securities	16,509	-
Financial instruments	40,197	-
Stock based compensation (note 7)	874,828	775,571
Net finance income	(85,358)	(120,059)
Depreciation	12,674	126
	(797,446)	(1,044,489)
Change in non-cash working capital (note 8)	(6,985,001)	(530,869)
Cash flow used in operating activities	**(7,782,447)**	**(1,575,358)**
FINANCING		
Exercise of Pendulum agent's options	-	27,000
Finance costs	(1,060)	(1,829)
Cash flow (used in) from financing activities	**(1,060)**	**25,171**
INVESTING		
Exploration and evaluation expenditures	(808,930)	(1,161,209)
Corporate asset expenditures	(4,636)	-
Term deposits	2,500,000	-
Interest received	92,488	69,638
Cash flow from (used in) investing activities	**1,778,922**	**(1,091,571)**
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	98,330	(1,328)
Decrease in cash and cash equivalents	(5,906,255)	(2,643,086)
Cash and cash equivalents, beginning of year	24,358,559	55,710,522
Cash and cash equivalents, end of the Period	**18,452,304**	**53,067,436**

See accompanying notes to the condensed consolidated financial statements

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

PetroFrontier Corp. (the "Corporation") was incorporated in Alberta, Canada on February 6, 2009 under the name Australia Energy Corp. On December 31, 2010, the Corporation amalgamated with Pendulum Capital Corporation and filed articles of amalgamation to change its name to PetroFrontier Corp. The Corporation's registered office is 320, 715 – 5th Avenue S.W. Calgary, Alberta, Canada T2P 2X6. The Corporation is engaged in the business of international petroleum exploration in Northern Territory, Australia, through its two wholly owned subsidiaries, PetroFrontier (Australia) Pty Ltd ("PetroFrontier Australia") and Texalta (Australia) Pty Ltd ("Texalta Australia"). These condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2012 comprises the Corporation, PetroFrontier Australia and Texalta Australia and unless otherwise indicated the term "Corporation" refers to both the Corporation and its wholly owned subsidiaries.

2. EXPLORATION STAGE CORPORATION

The Corporation is engaged primarily in the pursuit of petroleum and natural gas through exploration in the Northern Territory, Australia. Since inception, the efforts of the Corporation have been devoted to the pursuit of petroleum exploration licenses, land access agreements with aboriginal stakeholders, and initial stage seismic acquisition. During the year ended December 31, 2011, the Corporation drilled two exploration wells that it is waiting to complete in 2012. In 2012, the Corporation intends to complete the drilling of the horizontal section in one of the wells that was drilled in 2011 and drill another horizontal well. Following the drilling operations, all three wells will be fracture stimulated in 2012 depending on availability of capital.

To date, the Corporation has not earned revenue from these operations and is considered to be in the exploration stage. The recoverability of the costs incurred to date is uncertain and dependent upon achieving commercial production or sale, the ability of the Corporation to obtain sufficient financing to fulfill its obligations under the petroleum exploration licenses and upon future profitable operations.

These condensed consolidated interim financial statements have been prepared by management in accordance with accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. At March 31, 2012, the Corporation had working capital of $20,966,289, a deficit of $15,806,541 and a net loss from continuing operations for the three months ended March 31, 2012 of $1,656,296. The Corporation's petroleum licenses are in the exploration stage.

The Corporation is dependent upon obtaining sufficient financing to fulfill its obligations under its petroleum exploration licenses and upon future profitable operations. During December 2010, the Corporation closed a series of private placement offerings for gross proceeds of $58,500,000 through the issuance of 29,250,000 common shares of the Corporation at $2.00 per common share. With current working capital on hand, the Corporation expects to have adequate funding to provide for general operations and to meet the Corporation's minimum work requirements with the government of the Northern Territory of Australia for a period of at least 12 months.

3. BASIS OF PRESENTATION

The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in section I of the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"); which requires publicly accountable enterprises to prepare their financial statements using International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34 – *Interim financial reporting ("IAS 34").*

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of May 29, 2012, the date the condensed consolidated interim financial statements were approved by the Corporation's Audit Committee for issuance.

These condensed consolidated interim financial statements should be read in conjunction with the Corporation's 2011 annual consolidated financial statements.

As indicated in note 1 above, these condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2012 comprises the Corporation, PetroFrontier Australia and Texalta Australia.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except that the financial instruments held for trading are measured at fair value through profit or loss.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency. The functional currency of PetroFrontier Australia and Texalta Australia is the Australian dollar.

4. CASH AND CASH EQUIVALENTS

	March 31, 2012 ($)	**December 31, 2011 ($)**
Cash at bank and on hand	**18,452,304**	11,774,340
Short-term deposits	**-**	12,584,219
Cash and cash equivalents	**18,452,304**	24,358,559

5. PREPAID EXPENSES AND DEPOSITS

	March 31, 2012 ($)	**December 31, 2011 ($)**
Deposits on capital expenditures	**4,358,628**	629,621
Deposits paid to financial advisor	**60,000**	-
Rent, insurance and other	**65,416**	37,377
Prepaid expenses and deposits	**4,484,044**	666,998

As at March 31, 2012, the Corporation had a deposit for $3,600,000 (Australian dollars) paid to a third party to secure a drilling rig for the 2012 drilling program. The Corporation also paid $500,000 (Australian dollars) to the Northern Territory government pertaining to various environmental and abandonment deposits. In addition, $100,000 (Australian dollars) was paid as a deposit in conjunction with the Baraka Farmin Agreements that will be returned to the Corporation upon satisfaction of the farm-in commitments.

6. EXPLORATION AND EVALUATION ASSETS

	Exploration & Evaluation Assets ($)
Cost:	
At December 31, 2011	96,454,822
Additions	579,483
At March 31, 2012	**97,034,305**
Net Book Value:	
At December 31, 2011	96,454,822
At March 31, 2012	**97,034,305**

7. SHARE CAPITAL

A) Authorized

Unlimited number of common voting shares, no par value.
Unlimited number of preferred shares, no par value, issuable in series.

B) Issued – common shares of PetroFrontier

	Period Ended March 31, 2012		Year Ended December 31, 2011	
	Number of shares	Amount ($)	Number of shares	Amount ($)
Common Shares				
Balance, beginning of year	**63,998,153**	**117,189,874**	47,730,134	68,110,645
Exercise of Pendulum agent's options (vi)	**-**	**-**	22,500	27,000
Exercise of stock options (vi)	**-**	**-**	519,998	1,197,305
Exercise of Pendulum stock options (vi)	**-**	**-**	58,332	69,998
Acquisition of outstanding shares of Texalta	**-**	**-**	15,667,189	47,784,926
Balance, end of period	**63,998,153**	**117,189,874**	63,998,153	117,189,874
Warrants				
Balance, beginning of year	**675,000**	**1,073,250**	-	-
Acquisition of outstanding warrants of Texalta	**-**	**-**	675,000	1,073,250
Balance, end of period	**675,000**	**1,073,250**	675,000	1,073,250

C) Stock options

Employees, officers, directors and consultants of the Corporation may be granted options to purchase common shares. Options granted have a term of five years to expiry and typically vest equally over a two year period on the basis of one-third on the date of grant, one-third on the first anniversary date of the grant, and one-third on the second anniversary date of the grant. The exercise price of each option equals the market price of the Corporation's common shares on the date of grant.

The following table summarizes the changes to the Corporation's option plan for the three months ended March 31, 2012:

	Number of options	Weighted average price ($)
Balance, December 31, 2011	5,396,668	2.06
Granted	500,000	1.99
Exercised	-	-
Forfeited	(178,335)	2.59
Balance, March 31, 2012	**5,718,333**	**2.04**

The following table summarizes stock options outstanding and exercisable under the plan at March 31, 2012.

	Options outstanding			Options exercisable	
Exercise price	**Number outstanding at period end**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number exercisable at period end**	**Weighted average exercise price**
$0.25	220,000	1.9	$0.25	220,000	$0.25
$1.00	1,110,001	2.9	$1.00	911,668	$1.00
$1.20	105,000	1.9	$1.20	105,000	$1.20
$1.99	500,000	4.8	$1.99	250,000	$1.99
$2.00	2,118,333	3.7	$2.00	1,503,324	$2.00
$3.05	1,529,999	4.2	$3.05	689,980	$3.05
$3.09	35,000	3.9	$3.09	11,666	$3.09
$3.60	100,000	3.9	$3.60	100,000	$3.60
	5,718,333	**3.7**	**$2.04**	**3,791,638**	**$1.87**

In addition, there were 2,500 Pendulum agent`s options outstanding as at March 31, 2012 with a strike price of $1.20 and a remaining contractual life of 0.3 years. No stock based compensation has been recorded for these options as all were fully vested at the time of the amalgamation and as such any associated stock based compensation was recorded as part of the reverse takeover accounting.

D) Stock Based Compensation

The Corporation accounts for its stock based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period for stock options granted to employees, officers, directors and consultants of the Corporation, with a corresponding increase to contributed surplus.

The fair value of the options granted during the three months ended March 31, 2012 was estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

Assumptions	**March 31, 2012**	**December 31, 2011**
Risk free interest rate (%)	1.25	2.33
Expected life (years)	5.0	5.0
Expected volatility (%)	106	102
Expected dividends	-	-
Weighted average fair value of options granted ($)	**1.54**	**2.30**

E) Per common share amounts

The basic weighted average number of common shares outstanding for the three months ended March 31, 2012 and 2011 were 63,998,153 and 47,746,301. As the Corporation has recorded a loss for the three months ended March 31, 2012 and 2011, no addition is made to the basic weighted average number of common shares when calculating diluted weighted average number of common shares as the diluted per common share amounts are anti-dilutive. For the three months ended March 31, 2012 and 2011 1,435,001 and 4,240,000 options that could potentially dilute basic earnings per share in the future were not included in the calculation of diluted earnings per share because they are antidilutive.

F) Management of capital structure

The Corporation's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Corporation considers its capital structure to include shareholders' equity, bank debt and working capital, however as at March 31, 2012, the Corporation has no bank debt.

As the Corporation is in the exploration phase and has not yet generated funds from operations, it is unable to monitor capital based on the ratio of net debt to annualized funds generated from operations. Therefore the Corporation monitors capital based on the projected rate of capital spending and available funds on hand. In order to adjust the capital structure, the Corporation may from time to time issue shares and/or adjust its capital spending levels.

During December 2010, the Corporation closed a series of private placement offerings for gross proceeds of $58,500,000 through the issuance of 29,250,000 common shares of the Corporation at $2.00 per common share. With current working capital on hand, the Corporation has adequate funding to provide for general operations and to meet the Corporation’s minimum work requirements with the government of the Northern Territory of Australia for a period of at least 12 months.

8. Supplemental Cash Flow Information

Changes in non-cash working capital

	Period ended March 31, 2012 ($)	Period ended March 31, 2011 ($)
Accounts receivable	**939,919**	531,717
Prepaid expenses and deposits	**(3,817,046)**	(49,799)
Accounts payables and accrued liabilities	**(3,889,104)**	(1,005,140)
Other	**(218,770)**	(7,647)
Change in non-cash working capital	**(6,985,001)**	(530,869)

9. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash and cash equivalents, term deposits, accounts receivable, accounts payable, accrued liabilities and foreign exchange forward contracts. The fair value of these financial instruments, except for foreign exchange forward contracts, approximates their carrying amounts due to their short terms to maturity.

As the foreign exchange forward contracts are designated as held-for-trading they are carried at fair value. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The fair value of cash and cash equivalents, term deposits, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity.

Marketable securities are classified as level 1 within the fair value hierarchy and are recorded on the Corporation's statement of financial position at the fair value on the reporting date.

Forward foreign currency exchange rate contracts

The Corporation uses forward foreign currency exchange rate contracts and options in order to reduce its exposure to currency risks from fluctuations in the Canadian and Australian currencies. These contracts are classified as Level 2 within the fair value hierarchy and are recorded on the Corporation's statement of financial position as an asset or liability based on reporting date fair values. During the three months ended March 31, 2012 the Corporation recorded a gain on financial instruments of $18,078.

Credit risk

As the Corporation is currently in the exploration phase, accounts receivable is limited to amounts largely pertaining to joint venture receivables and income tax credits on goods and services taxes in Australia and in Canada which are subject to normal credit risks.

Currency risks

The Corporation is exposed to exchange rate fluctuations in relation to amounts due to services it must purchase in foreign currencies including the Australian and United States dollars. As at March 31, 2012, the Corporation's cash and cash equivalents included $733,483 denominated in Australian dollars. A decrease or increase of one percent to the Australia / Canada foreign exchange rate would have decreased or increased the other comprehensive loss by $7,335 for the three months ended March 31, 2012. Management continually monitors the Corporation's currency risk and believes this exposure is not material to its overall operations. The Corporation uses forward foreign currency exchange rate contracts in order to reduce its exposure to currency risks from fluctuations in the Canadian and Australian currencies.

Interest rate risk

At March 31, 2012, the Corporation had no outstanding bank debt and is not exposed to interest rate risk at this time.

Liquidity risk

Liquidity risk relates to the risk the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its statement of financial position are limited to accounts payable and accrued liabilities, all of which are current in nature. The Corporation anticipates it will continue to have adequate liquidity to fund its existing financial liabilities and ongoing operating and general administrative expenses through its existing working capital. The pace of future capital investment and the related financial liabilities incurred from the capital investment program will be dependent upon the Corporation's capacity to secure additional equity financing on favorable terms. The Corporation had no defaults or breaches on any of its financial liabilities. The Corporation expects to satisfy obligations under accounts payable in less than one year.

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. With no bank debt as at March 31, 2012 there is no direct exposure to fluctuations in interest rates. As the Corporation is in the exploration stage, fluctuations in commodity prices bear no direct risk to the Corporation's revenue, however adverse fluctuations in interest rates, exchange rates and commodity prices may indirectly affect the Corporation's ability to obtain equity financing and future bank debt, if required, and on favorable terms.

NOTES *(continued)*

10. RELATED PARTY TRANSACTIONS

In accordance with the terms of an Administrative Services Agreement ("ASA"), Rodinia Oil Corp. ("Rodinia") provides certain administrative services and office accommodations to the Corporation and vice versa on a cost recovery basis. ASA charges are recorded to general and administrative expenses in the Corporation's financial statements. For the three months ended March 31, 2012, Rodinia was charged $161,439 of ASA expense, respectively. As at March 31, 2012, $232,177 was outstanding from Rodinia.

11. COMMITMENTS AND CONTINGENCIES

EP 103 Minimum Work Plan Commitment

In accordance with the terms of the EP 103 agreement with the government of the Northern Territory of Australia, the Corporation has the following minimum work commitments and timelines:

Year	Start	End	Minimum work requirements	Status as at March 31, 2012
Year 4	May 21, 2011	May 20, 2012	Drill one exploration well	Completed
Year 5	May 21, 2012	May 20, 2013	Drill one exploration well	Outstanding

EP 104 Minimum Work Plan Commitment

In accordance with the terms of the EP 104 agreement with the government of the Northern Territory of Australia, the Corporation has the following minimum work commitments and timelines:

Year	Start	End	Minimum work requirements	Status as at March 31, 2012
Year 4	May 21, 2011	September 20, 2012	Drill one exploration well	Outstanding
Year 5	May 21, 2012	May 20, 2013	Drill one exploration well	Outstanding

Baraka Farmin Agreements

On April 1, 2010, the Corporation entered into two farmin agreements (the "Baraka Farmin Agreements") with Baraka Energy and Resources Limited (previously known as Baraka Petroleum Limited) ("Baraka), pursuant to which the Corporation earned a 50% working interest in 7.8 million gross undeveloped acres before royalties (3.9 million net) in EP 127 and EP 128 in the Northern Territory, Australia. These exploration permits offset the Corporation's EP 103 and EP 104 to the north, west and south in the Southern Georgina Basin. The Corporation will be the Operator under the Baraka Farmin Agreements.

NOTES *(continued)*

Under the terms of the Baraka Farmin Agreements, the Corporation is required to:

i) meet the minimum (governmental) work commitments on EP127 and EP128 for the year 3 work program (beginning in June 2010), being the “acquisition of seismic data”;
ii) commence the drilling of one horizontal well into the basal Arthur Creek Shale zone on either of EP127 or EP128 by the first day of the 6th month of the year 3 work program; and
iii) commission a resource evaluation report in respect of EP127 and/or EP128, to be prepared by a reputable engineering firm of Georgina’s choice, before the date that is 4 months after the date of the Baraka Farmin Agreement.

As at March 31, 2012, the Corporation had completed requirement iii) above under the Baraka Farmin Agreements. The remaining commitments under the Baraka Farmin Agreement will be met in accordance with the EP 127 and EP 128 Minimum Work Plan Commitments below.

EP 127 Minimum Work Plan Commitments

In accordance with the terms of the EP 127 agreement with the government of the Northern Territory, Australia, the Corporation has the following minimum work commitments and timelines:

Year	Start	End	Minimum work requirements	Status as at March 31, 2012
Year 4	December 14, 2011	December 13, 2012	Acquire seismic data	Outstanding
Year 5	December 14, 2012	December 13, 2013	Drill one well to 600m Contingent on Year 4 drilling, drill two wells to 600m or one well to 1,200m	Outstanding

EP 128 Minimum Work Plan Commitments

In accordance with the terms of the EP 128 agreement with the government of the Northern Territory, Australia, the Corporation has the following minimum work commitments and timelines:

Year	Start	End	Minimum work requirements	Status as at March 31, 2012
Year 3	June 14, 2010	December 13, 2012	Acquire seismic data	Outstanding
Year 4	December 14, 2011	December 13, 2012	Acquire seismic data Contingent on seismic results, drill one well to 600m or one well to 1,200m	Outstanding
Year 5	December 14, 2012	December 13, 2013	Drill one well to 600m Contingent on Year 4 drilling, drill two wells to 600m or one well to 1,200m	Outstanding

As at December 31, 2011, the Corporation had the following material contracts and commitments:

	Total ($)	**2012 ($)**	**2013 ($)**	**2014 ($)**	**2015 ($)**	**2016 ($)**
EP 103 minimum commitments	**517,720**	-	517,720	-	-	-
EP 104 minimum commitments	**1,035,440**	517,720	517,720	-	-	-
EP 127 minimum commitments	**3,437,661**	2,816,397	621,264	-	-	-
EP 128 minimum commitments	**1,501,388**	880,124	621,264	-	-	-
Leases	**235,563**	111,569	102,509	21,485	-	-
	6,727,772	**4,325,810**	**2,380,477**	**21,485**	**-**	**-**

During the three months ended March 31, 2012, the Corporation expensed $50,789 relating to operating leases it maintained throughout the year.

During the three months ended March, 31, 2012, the Corporation entered into a drilling contract with a third party to drill two wells in 2012.

As at March 31, 2012, through the normal course of business the Corporation had an outstanding dispute with a third party service provider that in aggregate totaled $1,274,799. In management's opinion these charges are unsubstantiated and therefore have not been accrued.

NOTES *(continued)*

12. SEGMENTED INFORMATION

The Corporation has a foreign subsidiary and the following geographical segmented information is provided:

	Three months ended March 31, 2012		**Three months ended March 31, 2011**	
	Canada ($)	**Australia ($)**	**Canada ($)**	**Australia ($)**
EXPENSES				
General and administrative	**406,720**	**571,470**	304,416	444,228
Loss on marketable securities	**16,509**	**-**	-	-
Foreign exchange gain	**(122,469)**	**-**	-	-
Financial derivative instruments (note 9)	**(18,078)**	**-**	-	-
Share-based compensation (note 7)	**874,828**	**-**	775,571	-
Depreciation	**117**	**12,557**	126	-
Corporate acquisition costs	**-**	**-**	295,845	-
Results from operating activities	**1,157,627**	**584,027**	1,375,958	444,228
Finance income	**46,520**	**45,968**	99,971	21,917
Finance costs	**(466)**	**(6,664)**	(638)	(1,191)
Net finance income	**46,054**	**39,304**	99,333	20,726
NET LOSS	**(1,111,573)**	**(544,723)**	(1,276,625)	(423,502)
Exploration and evaluation assets (end of period)	**-**	**97,034,305**	-	11,233,485
Exploration and evaluation expenditures	**-**	**808,930**	-	1,161,209
Total assets (end of period)	**17,733,641**	**111,733,050**	50,465,545	15,462,375

NOTES *(continued)*

Directors
Robert J. Iverach
Chairman of the Board of Directors
Calgary, Alberta

Paul J. Bennett
Chief Executive Officer
PetroFrontier Corp.
Calgary, Alberta

Martin P. McGoldrick
Businessman
Calgary, Alberta

Kent Jespersen
Businessman
Calgary, Alberta

Dr. James W. Buckee
Businessman
Wiltshire, UK

Al Kroontje
Businessman
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Donald Rae
Businessman
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Officers
Paul J. Bennett
Chief Executive Officer

Shane J. Kozak
Vice President Finance and
Chief Financial Officer

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