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## Introduction

This report was prepared by Sproule Associates Limited ("Sproule") at the request of Mr. Jean-Louis Teurlai, Director of Exploration, of Pétrolia Inc. Pétrolia Inc. is hereinafter referred to as "the Company." The effective date of this report is September 30, 2012, and it consists of the disclosure information required by NI 51-101 regarding the Statement of Reserves Data and Other Oil and Gas Information. This report was prepared in December 2012 for the purpose of reporting the Company's activities related to Other Oil and Gas Information in accordance with Items 6.1, 6.2, 6.6, and 6.7 of Form 51-101F1.

This report is included in one volume which consists of an Introduction and Discussion. The Introduction includes the summary of evaluation standards and procedures and pertinent author certificates, the Discussion includes general commentaries regarding the company's properties and activities as they pertain to the required sections of Form 51-101F1.

The Company provided all of the required information in December 2012 to prepare this report.

### Field Operations

In the preparation of this report, a field inspection of the properties was not performed. The relevant engineering data were made available by the Company or obtained from public sources and the non-confidential files at Sproule Associates Limited. No material information regarding the data included in this report would have been obtained by an on-site visit.

### Historical Data, Interests and Burdens

1. Property descriptions, details of interests held, and well data, as supplied by the Company, were accepted as represented. No investigation was made into either the legal titles held or any operating agreements in place relating to the subject properties.
2. Lessor and overriding royalties and other burdens were obtained from the Company. No further investigation was undertaken by Sproule Associates Limited.

## Report Standards

This report has been prepared by Sproule Associates Limited using current geological and engineering knowledge, techniques and computer software. It has been prepared within the Code of Ethics of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (“APEGGA”). This report adheres in all material aspects to the “best practices” recommended in the COGE Handbook which are in accordance with principles and definitions established by the Calgary Chapter of the Society of Petroleum Evaluation Engineers. The COGE Handbook is incorporated by reference in National Instrument 51-101.

## Forward-Looking Statements

This report may contain forward-looking statements including expectations of future production revenues and capital expenditures. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimations; the uncertainty of estimates and projections relating to production; costs and expenses, and health, safety and environmental factors), commodity price and exchange rate fluctuation.

## Exclusivity

This report has been prepared for the exclusive use of Pétrolia Inc., in conjunction with its annual information filing. It may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule Associates Limited and without the complete contents of the report being made available to that party.

## Certification

### Report Preparation

The report entitled "Technical Review of Certain P&NG Holdings of Pétrolia Inc. in Quebec and New Brunswick (As of September 30, 2012)" was prepared by the following Sproule personnel, whose Certificates are attached:

\_\_\_\_\_  
Douglas J. Carsted, P.Geol.  
Project Leader;  
Vice-President, Geoscience and Director  
      /      /2013      dd/mm/yr

### Sproule Executive Endorsement

This report has been reviewed and endorsed by the following Executive of Sproule:

\_\_\_\_\_  
Barrie F. Jose, P.Geoph.  
Vice-President, Geoscience, International  
and Partner  
      /      /2013      dd/mm/yr

### Permit to Practice

Sproule Associates Limited is a member of the Association of Professional Engineers and Geoscientists of Alberta and our permit number is P417.

## Certificate

### **Douglas J. Carsted, B.Sc., P.Geol.**

I, Douglas J. Carsted, Vice-President, Geoscience, and Director at Sproule Associates Limited, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
  - a. B.Sc. (Honours) Geology (1982) University of Manitoba, Winnipeg MB, Canada
  - b. B.Sc. Chemistry (1979) University of Winnipeg, Winnipeg MB, Canada
  
2. I am a registered professional:
  - a. Professional Geologist (P.Geol.) Province of Alberta, Canada
  - b. Ordre des géologues du Québec (OGQ)
  
3. I am a member of the following professional organizations:
  - a. Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
  - b. Ordre des géologues du Québec (OGQ)
  - c. Canadian Society of Petroleum Geologists (CSPG)
  - d. American Association of Petroleum Geologists (AAPG)
  - e. Society of Petroleum Engineers (SPE)
  - f. Canadian Well Logging Society (CWLS)
  - g. Indonesian Petroleum Association, Professional Division (IPA)
  
4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.
  
5. My contribution to the report entitled "Technical Review of Certain P&NG Holdings of Pétrolia Inc. in Quebec and New Brunswick (As of September 30, 2012)" is based on my geological knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule Associates Limited. I did not undertake a field inspection of the properties.
  
6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Pétrolia Inc.

---

Douglas J. Carsted, P.Geol.

## Certificate

### **Barrie F. Jose, M.Sc., P.Geoph.**

I, Barrie F. Jose, Vice-President, Geoscience, International and Partner of Sproule, 900, 140 Fourth Ave SW, Calgary, Alberta, declare the following:

1. I hold the following degrees:
  - a. M.Sc. Geophysics (1979) University of British Columbia, Vancouver, B.C., Canada
  - b. B.Sc. (Honours) Geological Science with Physics (1977) Queens University, Kingston, ON, Canada
  
2. I am a registered professional:
  - a. Professional Geophysicist (P.Geoph.) Province of Alberta, Canada
  
3. I am a member of the following professional organizations:
  - a. Association of Professional Engineers and Geoscientists of Alberta (APEGA)
  - b. Canadian Society of Exploration Geophysicists (CSEG)
  - c. Society of Exploration Geophysicists (SEG)
  - d. Canadian Society of Petroleum Geologists (CSPG)
  - e. American Association of Petroleum Geologists (AAPG)
  - f. Petroleum Exploration Society of Great Britain (PESGB)
  - g. European Association of Geoscientists and Engineers (EAGE)
  - h. Indonesian Petroleum Association, Professional Division (IPA)
  
4. I am a qualified reserves evaluator and reserves auditor as defined in National Instrument 51-101.
  
5. My contribution to the report entitled "Evaluation of the P&NG Reserves of A Multi-Property Corporation (As of March 31, 2012)" is based on my geophysical knowledge and the data provided to me by the Company, from public sources, and from the non-confidential files of Sproule. I did not undertake a field inspection of the properties.
  
6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Petrolia Inc.

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Barrie F. Jose, P.Geoph.



## Discussion

### Report Date

This report was completed in January 2013. The data and information contained herein relate to Pétrolia's activities during the period October 1, 2011 through September 30, 2012. The effective date of this report is September 30, 2012. Where appropriate, notes have been included in the text to indicate where changes have occurred over the year.

### Reserves and Production

As of September 30, 2012 no oil or natural gas reserves have been assigned to any of the properties in which Pétrolia has an interest.

### Resources

As of September 30, 2012 contingent oil resources have been assigned to the Haldimand Block Gaspé Peninsula, Québec.

### Properties Held by Pétrolia

The Company's land holdings as of September 30, 2012 are located in the Provinces of Quebec and New Brunswick (Figure 1 and Table 1). These include lands held under oil and gas exploration permits (PG) or by underground reservoir exploration permits (RS) issued by the Government of Quebec and by exploration licences or leases issued by the Government of New Brunswick. In total, the interest lands cover an area of 1,458,092 hectares on a gross basis and 1,017,383 hectares on a net basis.

In the Gaspé Peninsula, the land is divided for the sake of convenience into five blocks, Gaspé, Gastonguay, Gaspésia, Marcel Tremblay and Edgar, covering 838,745 gross hectares. The majority of this land is owned 100% by Petrolia.

**Table1 - Pétrolia Land Holdings As of September 30, 2012**

| <b>Quebec</b>                     |  |                             |                        |                      |
|-----------------------------------|--|-----------------------------|------------------------|----------------------|
| <b>Block</b>                      | <b>Number of Permits</b>   | <b>Working Interest (%)</b> | <b>Gross Area (ha)</b> | <b>Net Area (ha)</b> |
| Gaspé Pétrolia 100%               | 5 PG <sup>(1)</sup> , 1 RS <sup>(2)</sup> & portion of 1 RS <sup>(2)</sup>   | 96.6 average                | 108,364                | 104,651              |
| Gaspé (JOA Québénergie)           | 11 PG <sup>(1)</sup> , 2 RS <sup>(2)</sup> and portion of 1RS <sup>(2)</sup> | 50 <sup>(7)</sup>           | 250,291                | 125,146              |
| Gaspé (JOA Haldimand)             | Portion of 1 RS  | 32 <sup>(3)</sup>           | 900                    | 288                  |
| <b>Sub-Total</b>                  |  |                             | <b>359,555</b>         | <b>230,085</b>       |
| Gastonguay                        | 13 PG <sup>(1)</sup>   | 100                         | 259,015                | 259,015              |
| <b>Sub-Total</b>                  |  |                             | <b>259,015</b>         | <b>259,015</b>       |
| Gaspésia                          | 7 RS <sup>(4)</sup>  | 100                         | 137,000                | 137,000              |
| Edgar                             | 3 RS <sup>(4)</sup>  | 100                         | 50,010                 | 50,010               |
| Marcel Tremblay                   | 2 RS <sup>(4)</sup>  | 100                         | 33,165                 | 33,165               |
| <b>Sub-Total</b>                  |  |                             | <b>220,175</b>         | <b>220,175</b>       |
| Anticosti (Operator)              | 23 RS <sup>(4)</sup>   | 50                          | 374,332                | 187,166              |
| Anticosti (Non-Operated)          | 6 RS <sup>(5)</sup>  | 50                          | 90,273                 | 45,137               |
| Anticosti (Non-Operated)          | 6 RS <sup>(5)</sup>  | 25                          | 105,248                | 26,312               |
| <b>Sub-Total</b>                  |  |                             | <b>569,853</b>         | <b>258,615</b>       |
| <b>Total Quebec</b>               |  |                             | <b>1,408,598</b>       | <b>967,889</b>       |
| <b>New Brunswick</b>              |  |                             |                        |                      |
| Dalhousie Block 1 (pending award) | 27 sections over 1 grid <sup>(6)</sup>                                       | 100                         | 9,335                  | 9,335                |
| Dalhousie Block 2 (pending award) | 43 sections over 1 grid <sup>(6)</sup>                                       | 100                         | 14,888                 | 14,888               |
| Dalhousie Block 3 (pending award) | 29 sections over 1 grid <sup>(6)</sup>                                       | 100                         | 1,733                  | 1,733                |
| Dalhousie Block 4 (ONG 08-03)     | 65 sections over 1 grid  | 100                         | 23,538                 | 23,538               |
| <b>Total New Brunswick</b>        |  |                             | <b>49,494</b>          | <b>49,494</b>        |
| <b>Total Pétrolia</b>             |  |                             | <b>1,458,092</b>       | <b>1,017,383</b>     |

(1) Oil and gas exploration permits obtained April 28, 2009.

Underground reservoir permits obtained November 21, 2005

(2) Effective October 1, 2009, Petrolia Inc acquired the 10% WI previously held by Gastem in the project, thus bringing its WI to 55%. As per an agreement dated July 22, 2009, Junex, on June 18, 2010, officially transferred to Petrolia a 9%WI on the same project, bringing Petrolia's working interest to 64% of which 50% was acquired by Québénergie reducing Petrolia's interest to 32%.

(3) Underground reservoir permits obtained April 28, 2009.

(4) Underground reservoir permits obtained January 1, 2009.

(5) Licences to Search obtained August 15, 2006, expiry August 14, 2009. An application for conversion of the majority of the acreage to exploration leases has been filed with the New Brunswick Department of Natural Resources. The application is pending approval.

(6) Effective 9 December 2010, Pétrolia transferred 50% working interest on 11 PG, 2 RS and portion of a further RS to Québénergie.

(7) Effective 20 December 2011, Junex transferred its remaining interest in the 900 ha Haldimand Block to Petrolia and Québénergie

On July 30, 2009, the Company became the operator of the Haldimand Project, assuming control from Junex as per the July 22, 2010 Amendment to the Haldimand Joint Operating Agreement. As part of the agreement, the Company also acquired from Junex an additional 9 percent interest in the joint lands, after drilling the Haldimand N°2 well and doing additional work on the Haldimand N°1 well. As of October 1, 2009, Pétrolia also acquired Gastem's 10% working interest in the Haldimand JOA. The Company's interest in the Haldimand project increased to 64%. As a result of the agreement with Québénergie the Company's interest in the Haldimand project decreased to 32%.

On June 6, 2010, a further agreement was concluded with partner Junex, whereby the limits of some jointly held permits in the Gaspé area were modified with the approval of the regulatory authorities and the joint lands divided equally amongst the partners. Junex kept the modified permit 2005RS120, adjacent to its Galt property while Petrolia kept the areas located closer to the Haldimand project.

On December 8, 2010 Québénergie acquired a 50% working interest in the Gaspé JOA block which consists of 11 whole PG permits, one full RS permit, and a portion of RS permit (2009RS112). In the Pétrolia-Junex JOA land (Haldimand Block) Québénergie has a 32% working interest which is 50% of Pétrolia's original 64% working interest. The interest is less royalties due to third parties which varies by permit.

On December 20, 2011, Junex transferred its interest in the Haldimand Block (900 hectares) to the Petrolia/Québénergie Joint Venture.

The permits issued by the Government of Québec give Pétrolia the exclusive right to undertake oil and gas and underground reservoir exploration work for an initial five year period, with the possibility of further annual renewals for another five years, provided certain obligations are fulfilled. These obligations are an annual rental fee of \$0.10 per hectare and a minimum statutory exploration expenditure that must be met each year. The minimum required expenditure must be equivalent to \$0.50 per hectare the first year. The minimum expenditure increases by \$0.50 per hectare in each subsequent year, reaching \$2.50 per hectare in the fifth year. For each additional renewal, the rental fee is fixed at \$0.50 per hectare and the work obligations are equivalent to \$2.50 per hectare.

For the Quebec exploration permits, the Company expended \$11,350,451 in the reporting financial year (2011-2012) to fulfill the minimum work obligation expenditures, based on the permit dates and the number of hectares in each permit, to keep its rights on the various properties. The exploration expenses already incurred over the permits are sufficient to meet the majority of the minimum work obligation for the next fiscal year, except for an amount of \$289,870 to be spent on the Gaspesia, Edgar and Marcel Tremblay blocks.

The properties held in northern New Brunswick are divided into four blocks totaling 49,493 hectares. These blocks are referred to as Dalhousie Block 1, Dalhousie Block 2 and Dalhousie Block 3 and consist of Licences to Search that were obtained on August 15, 2006, and which had an expiry date of August 14, 2009. A fourth Block was requested in August 2008 and was awarded to the Company in November 2008. The licenses to search issued by the Government of New Brunswick give Pétrolia the exclusive right to undertake oil and gas exploration work for a three year term. During this three year term, the Company must spend a minimum of \$10.00 per hectare and pay an annual rental fee of \$0.15 per hectare. The required minimum work obligation expenditure over these licences during the three calendar years was \$1,000,000. For the New Brunswick licenses, the Company expended \$11,523 in the reporting financial year (2011-2012) to fulfill the minimum work obligation expenditures, based on the permit dates and the number of hectares in each permit, to keep its rights on the various properties. At the end of the term, Pétrolia had the option to abandon the licences and release them to the Crown, or convert them to leases, with an annual rental of \$4.00 per hectare. The outstanding commitment at 30 September 2012 was zero.

The license period has expired and the Company has elected to convert the license blocks to leases, with a reduction in area. The application for conversion from license to lease was filed with the New Brunswick Government on August 10, 2009, and was still pending at the end of the reporting period.

The following sections present additional information regarding each of the blocks held by the Company.

## **Exploration Permits**

### **GASPÉSIA PROPERTY**

This block is owned 100% by the Company and is the western-most block located on the Gaspé Peninsula (Figures 1 and 2). It was acquired in 2002 as 7 oil and gas exploration permits having a total surface area of 137,000 hectares (Table 2). The permits were converted to underground storage exploration permits (RS) as of April 28, 2009, thus extending their life. The block covers a part of the Connecticut Valley – Gaspé Synclinorium, showing significant Silurian-Devonian sedimentary thicknesses lying over a highly deformed Cambrian-Ordovician substratum.

**Table 2  
Gaspésia Block Permits**

| <b>PERMITS</b> | <b>ACQUISITION DATE</b> | <b>GROSS AREA (ha)</b> | <b>WORKING INTEREST (%)</b> | <b>NET AREA (ha)</b> |
|----------------|-------------------------|------------------------|-----------------------------|----------------------|
| 2009RS226      | 28/04/2009              | 19 061                 | 100                         | 19 061               |
| 2009RS228      | 28/04/2009              | 18 580                 | 100                         | 18 580               |
| 2009RS229      | 28/04/2009              | 21 004                 | 100                         | 21 004               |
| 2009RS230      | 28/04/2009              | 17 538                 | 100                         | 17 538               |
| 2009RS231      | 28/04/2009              | 20 517                 | 100                         | 20 517               |
| 2009RS232      | 28/04/2009              | 20 577                 | 100                         | 20 577               |
| 2009RS236      | 28/04/2009              | 19 723                 | 100                         | 19 723               |
| <b>TOTAL</b>   |                         | <b>137,000</b>         |                             | <b>137,000</b>       |

The Gaspésia Block is located in the northern half of the Connecticut Valley - Gaspé Synclinorium basin where important anticlinal structures and numerous fault traps are interpreted from surface geology and are also observed on existing seismic data within the Devonian and Silurian sections. Based on available geological and geophysical data, this property has interesting gas and oil potential worthy of further exploration work. Thermal maturity studies indicate that the sedimentary section in the general area is gas prone but, locally, in the north-central part, it could still be in the oil window.

Following a geochemical sampling campaign performed in September 2010, the Company has carried out a surface geochemical survey using a technology developed by Gore. The survey was conducted in February 2011. A detailed plan was developed to cover a significant lead found in Permit 2009RS228 with a pseudo 3D seismic survey. The objective of the survey is to confirm the existence and size of the prospect. At the end of the reporting period, a geophysical permit had been obtained.

The Company is currently seeking the financing required to carry out the survey and possibly drill a well on this prospect.

## **EDGAR PROPERTY**

This property is owned 100% by Pétrolia and consists of three oil and gas exploration permits (PG) acquired in April 2006 (Figures 1 and 2). The permits were converted to underground storage exploration permits (RS) as of April 28, 2009, thus extending their life. The property is located in the northeastern extension of the Gaspésia Block. Because of the interesting results obtained from a 2007 government thermal maturation study over this

area, the Company acquired the exploration land over a large intrusive structure. The thermal maturation results indicate that the large dome structure (Lemieux) mapped in the central part of the Edgar property has potential for oil preservation. Table 3 lists the three permits, which cover a total area of 50,010 ha.

| <b>Table 3<br/>Edgar Block Permits</b> |                             |                            |                                     |                          |
|--|-----------------------------|----------------------------|-------------------------------------|--------------------------|
| <b>PERMITS</b>                         | <b>ACQUISITION<br/>DATE</b> | <b>GROSS<br/>AREA (ha)</b> | <b>WORKING<br/>INTEREST<br/>(%)</b> | <b>NET AREA<br/>(ha)</b> |
| 2009RS233                              | 28/04/2009                  | 21,157                     | 100                                 | 21,157                   |
| 2009RS234                              | 28/04/2009                  | 14,128                     | 100                                 | 14,128                   |
| 2009RS235                              | 28/04/2009                  | 14,725                     | 100                                 | 14,725                   |
| <b>TOTAL</b>                           |                             | <b>50,010</b>              |                                     | <b>50,010</b>            |

Save for geochemical sampling performed in September 2010, the Company has not conducted any major activities over the Edgar Block during the last fiscal year as it has given higher priority to projects in the eastern Gaspé region. The company is evaluating the existing data and making plans to resume active exploration on this property.

### **MARCEL TREMBLAY PROPERTY**

This property is owned 100% by Pétrolia and consists of two oil and gas exploration permits (PG) acquired in July 2007 (Figures 1 and 2). It is located directly to the north of the Gaspésia Block and has a total surface area of 33,165 hectares (Table 4). The permits were converted to underground storage exploration permits (RS) as of April 28, 2009, thus extending their life.

| <b>Table 4<br/>Marcel Tremblay Block Permits</b> |                             |                            |                                     |                          |
|--|-----------------------------|----------------------------|-------------------------------------|--------------------------|
| <b>PERMITS</b>                                   | <b>ACQUISITION<br/>DATE</b> | <b>GROSS AREA<br/>(ha)</b> | <b>WORKING<br/>INTEREST<br/>(%)</b> | <b>NET AREA<br/>(ha)</b> |
| 2009RS225  | 28/04/2009                  | 19,563                     | 100                                 | 19,563                   |
| 2009RS227  | 28/04/2009                  | 13,602                     | 100                                 | 13,602                   |
| <b>TOTAL</b>                                     |                             | <b>33,165</b>              |                                     | <b>33,165</b>            |

The Company has not conducted any major activities over the Marcel Tremblay Block during the last fiscal year as it had higher priority projects in the eastern Gaspé region. The company is evaluating the existing data and making plans to resume active exploration on this property.

## GASPÉ PROPERTY

The Gaspé property is located in the east-central part of the Gaspé Peninsula (Figures 1 and 3). Pétrolia initially acquired these exploration permits from Junex Inc. in 2005 and has concentrated a large part of its exploration to date on this property. As a result of a June 8, 2010 asset exchange agreement with Junex and with the approval of the Ministère des Ressources Naturelles et de la Faune (MRNF) du Québec, Junex kept the totality of the revised permit 2005RS120 while Petrolia kept the totality of revised permits 2005RS111, 112 and 122 and within permit 2005RS123, all the area outside of the 900 ha Haldimand Joint Lands. On December 20, 2011, Junex transferred its share on the Haldimand Block (900 ha) to Petrolia/Québénergie. The block is now comprised of 16 oil and gas (PG) and 4 underground reservoir (RS) exploration permits, covering some 3,596 km<sup>2</sup> (Tables 5a and 5b). A royalty of 7.5% on future production encumbers the following 11 permits: 2005RS111, 2005RS112, 2005RS122, 2009PG496, 2009PG497, 2009PG498, 2009PG499, 2009PG502, 2009PG503, 2009PG504, 2009PG505, on the Gaspé Block.

**Table 5a**  
**Gaspé Block Permits “95% and 100% Petrolia”**

| PERMITS                  | ACQUISITION DATE | GROSS AREA (ha) | WORKING INTEREST (%) | NET AREA (ha)    |
|--------------------------|------------------|-----------------|----------------------|------------------|
| 2009PG496 <sup>(1)</sup> | 04/28/2009       | 17,898          | 95                   | 17,003.1         |
| 2009PG497 <sup>(1)</sup> | 04/28/2009       | 24,120          | 95                   | 22,914           |
| 2009PG498 <sup>(1)</sup> | 04/28/2009       | 13,419          | 95                   | 12,748.1         |
| 2009PG499 <sup>(1)</sup> | 04/28/2009       | 10,634          | 100                  | 10,634           |
| 2009PG504 <sup>(1)</sup> | 04/28/2009       | 18,830          | 100                  | 18,830           |
| 2005RS111 <sup>(1)</sup> | 21/11/2005       | 9,415           | 100                  | 9,415            |
| 2005RS112 <sup>(1)</sup> | 21/11/2005       | 14,048          | 100                  | 20,249           |
| <b>TOTAL</b>             |                  | <b>108,364</b>  |                      | <b>105,592.2</b> |

**Table 5b  
Gaspé Block Permits - Petrolia - Quebenergie**

| <b>PERMITS</b>           | <b>ACQUISITION DATE</b> | <b>GROSS AREA (ha)</b> | <b>WORKING INTEREST (%)</b> | <b>NET AREA (ha)</b> |
|--------------------------|-------------------------|------------------------|-----------------------------|----------------------|
| 2005RS112 <sup>(1)</sup> | 21/11/2005              | 6201                   | 50                          | 3,100.5              |
| 2005RS122 <sup>(1)</sup> | 21/11/2005              | 19,538                 | 50                          | 9,769                |
| 2005RS123                | 21/11/2005              | 23,043                 | 50                          | 11,521.5             |
| 2005RS123 <sup>(2)</sup> | 21/11/2005              | 900                    | 50                          | 450                  |
| 2009PG502 <sup>(1)</sup> | 04/28/2009              | 17,395                 | 50                          | 8,697.5              |
| 2009PG503 <sup>(1)</sup> | 04/28/2009              | 22,901                 | 50                          | 11,450.5             |
| 2009PG505 <sup>(1)</sup> | 04/28/2009              | 14,842                 | 50                          | 7,421                |
| 2009PG506                | 04/28/2009              | 12,369                 | 50                          | 6,184.5              |
| 2009PG511                | 04/28/2009              | 21,595                 | 50                          | 10,797.5             |
| 2009PG512                | 04/28/2009              | 24,873                 | 50                          | 12,436.5             |
| 2009PG518                | 04/28/2009              | 14,448                 | 50                          | 7,224                |
| 2009PG519                | 04/28/2009              | 18,962                 | 50                          | 9,481                |
| 2009PG520                | 04/28/2009              | 16,124                 | 50                          | 8,062                |
| 2009PG521                | 04/28/2009              | 17,358                 | 50                          | 8,679                |
| 2009PG522                | 04/28/2009              | 20,642                 | 50                          | 10,321               |
| <b>TOTAL</b>             |                         | <b>251,191</b>         |                             | <b>125,595.5</b>     |

(1) Subject to a royalty of 5.0% to 7.5% on future production.

(2) Portion of lease originally subject to a JOA agreement with Junex, transferred to the Petrolia/Québénergie Joint Venture on December 20, 2011.

As a result of these modifications, the total area covered by the contract permits is now 359,555 hectares on a gross basis and 231,187.7 on a net basis.

The Gaspé property is characterized by the presence of oil shows (about 60 known sites) in the Devonian sandstones, which explains the interest in this region by explorers for more than a century. Most of the early work involved shallow drilling and was lacking either a geological description or petrophysical well logs. Since 1970, better knowledge was acquired from the results of 9 wells and more than 600 km of seismic lines (including Pétrolia's 105 km). The main exploration targets correspond to contact zones between the Devonian Gaspé sandstone and limestone. Other potential targets over the property are Siluro-Devonian reef features and Devonian or Silurian hydrothermal breccias in fracture zones near major faults.



The Company has identified and assigned different projects names to the various exploration areas within the Gaspé property.

## Haldimand Project

The Haldimand discovery was made by Petrolia in 2006. Petrolia Haldimand N°1 was drilled on a single seismic line, hence the extension of the accumulation on either side of this line was unknown at the time of drilling. The productive sands were cased and the casing was perforated over only 22 of the 150 metres of potential productive interval.

Under a development agreement, signed in early May, 2008, Petrolia and its partners, Junex and Gastem, respectively agreed to take 45, 45, and 10 percent shares, respectively, in Petrolia's Haldimand N°1 well, in addition to the exploration rights for petroleum and natural gas within a 9 km<sup>2</sup> square, centered on the discovery well (Figure 3). Upon signature of the agreement, in May 2008, the partners undertook a new exploration program comprising four main activities:

1. the recovery of a downhole pressure recorder, left in 2006 in the Petrolia Haldimand N°1 well and the concurrent recovery of fluid samples from the bottom of the well, at reservoir conditions;
2. a three-dimensional seismic survey over a total area of 13 km<sup>2</sup>, centered on the Petrolia Haldimand N°1 well;
3. a 215-sample surface geochemical survey, consisting of measurements of the concentrations and composition of the hydrocarbons adsorbed by clays in the soils, carried out on the same grid as the 3D seismic survey;
4. the drilling of a second exploration well, Pétrolia Haldimand N°2, approximately one kilometer northwest of the Haldimand No. 1 well, to a depth of 1200 m KB.

As a result of an agreement signed on July 22, 2009, Pétrolia acquired from Junex an additional 9% working interest in the Haldimand Lands and effective October 1, 2009. Petrolia also acquired the 10% working interest held by Gastem. As of September 30, 2010, Petrolia had a 64% share in the Haldimand Lands. As a result of the agreement with Québénergie, Pétrolia's share of the Haldimand Lands as of September 30, 2011 was 32%. As a result of a transfer agreement effective December 20, 2011, Junex relinquished its share of 34% in the Haldimand Lands, and Petrolia's share in these Lands is now 50%.

In early 2010, additional completion work was performed on both Haldimand N°1 and N°2 wells. In the Petrolia Haldimand N°1 well, additional tests were conducted on two deep zones which had been identified as water bearing in 2006 but where the possibility of deep invasion by drilling fluid had to be investigated. In final analysis, these zones proved to be water bearing, but with traces of the same oil as found higher in the well. Additional zones

were perforated within the top gross producing interval of 952,0 to 1081,5 m KB and initial pressure transient analysis indicates that the additional perforated intervals present similar characteristics than those of the 22 m of formation already perforated in 2006.

The well has been on an extensive production test until June 2011.

In the Petrolia Haldimand N°2 well, two zones totaling 93 m were perforated and acid washed. The well is currently shut-in and awaits the results of subsequent appraisal work on the accumulation.

On July 6, 2010, in a press release, the company presented, on the basis of the data available as of December 30, 2009, a best estimate of 69.7 million barrels of petroleum initially in place within the single 9-km<sup>2</sup> Haldimand Lands, with a best estimate of contingent (potentially recoverable) resources of 7.7 million barrels.

Table 6 presents the range of resource estimates for the Haldimand Lands.

- Discovered Petroleum Initially-In-Place (equivalent to discovered resources) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.
  - Production is the cumulative quantity of petroleum that has been recovered at a given date.
  - Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.
  - Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets.

- Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

The contingent resource estimates have not been risked for chance of development (technical, economic, regulatory, market and facility, corporate commitment or political risks). There is no certainty that any portion of the resources will be developed or, if developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

The resources have been reported in accordance with Canadian Oil and Gas Evaluation Handbook guidelines that recommend disclosure of low, best and high estimates to reflect the range of uncertainty associated with the resource estimates, as follows:

- Low Estimate: This is considered to be a conservative estimate of the quantity of oil actually in place. It is likely that the actual in-place quantity will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability ( $P_{90}$ ) that the quantity actually in place will equal or exceed the low estimate.
- Best Estimate: This is considered to be the best estimate of the quantity of oil actually in place. It is equally likely that the actual in-place quantity will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability ( $P_{50}$ ) that the quantity actually in place will equal or exceed the best estimate.
- High Estimate: This is considered to be an optimistic estimate of the quantity of oil actually in place. It is unlikely that the actual in-place quantity will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability ( $P_{10}$ ) that the quantity actually in place will equal or exceed the high estimate.

| <b>TABLE 6</b>  |        |            |             |             |
|---|--------|------------|-------------|-------------|
| <b>GROSS DISCOVERED<sup>1</sup> AND CONTINGENT OIL RESOURCES<sup>2</sup> (UNRISKED)</b> |        |            |             |             |
| <b>AS ESTIMATED BY PETROLIA INC.</b>  |        |            |             |             |
| <b>HALDIMAND. PROPERTY, GASPÉ. BASIN,</b>   |        |            |             |             |
| <b>GASPÉ PENINSULA, QUEBEC</b>  |        |            |             |             |
| <b>AS OF DECEMBER 31, 2009</b>  |        |            |             |             |
| <b>YORK RIVER FORMATION</b>   |        |            |             |             |
| <b>PARAMETER</b>  |        | <b>LOW</b> | <b>BEST</b> | <b>HIGH</b> |
| Discovered Oil Resources<br>(Oil Initially-In-Place )                                   | MMbbls | 21.9       | 69.7        | 198.1       |
| Contingent Oil Resources  | MMbbls | 1.9        | 7.7         | 28.4        |

1. These are the gross in-place volumes estimated within the tested fault block within the Haldimand Property, without any adjustments for working interest or encumbrances.
2. These are contingent resources, interpreted to exist based on seismic data, well logs, and well tests. They are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. These estimates have not been risked for chance of development. There is no certainty that any portion of the resources will be developed and, if developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.
3. "MMbbl" is millions of barrels.

On December 8, 2010, an agreement was signed with Québénergie, a subsidiary of Investcan Energy, by which Québénergie acquired 50% of Pétrolia's interest in 13 permits of the Gaspé property, including the Haldimand 9km<sup>2</sup> area.

Following this agreement, an ambitious geological study program was initiated, with a view to appraise and eventually develop the Haldimand discovery.

This program included:

- Laboratory studies of samples (plugs) from the core recovered in the Haldimand N°2 well in 2009, aiming at establishing mechanical rock properties and determining the best fluid for stimulation by hydraulic fracturing, and the best fluid for drilling future wells.
- A Magnetotelluric survey covering the 9 km<sup>2</sup> block and beyond, aimed at confirming the structural picture, especially in those areas of the accumulation where seismic data is either lacking or difficult to interpret. The survey will also provide vital information about orientation and intensity of natural fracturing.

- Reprocessing of the 3D survey acquired in 2008, aimed at a study of the anisotropy of the reservoir by seismic methods. Data quality was substantially improved over the field and allowed a detailed reinterpretation of the structural picture.
- Reprocessing of 2D data acquired in the area around the Haldimand Block, to improve the definition of the structural framework
- A study of the natural fractures in the Haldimand accumulation from the core and the imaging log acquired in 2009 in well Haldimand N°2.

These studies have allowed the identification of a third well location on the structure aimed at proving the maximum production potential of a typical horizontal well drilled in such a way as to optimize the intersection of natural open fractures.

A drilling program has been developed for this well, in cooperation with service companies. A drilling permit for a first location, called Haldimand N°3 has been obtained from the Ministry of natural resources and wildlife. After further study of the accumulation, a second and better location, called Haldimand N°4, has been picked and a permit obtained from the Ministry of natural resources and wildlife. The well will be drilled as part of a 2012-2013 drilling campaign, after the drilling of the two Bourque wells.

A work over program has also been defined with a view to repair the cement in well Haldimand N°1, and carry out a DFIT in both Haldimand N°1 and Tar Point N°1 wells. A permit for this operation has been received from the Ministry of natural resources and wildlife on 19 September, 2011. The operation has started on October 24 and was successfully completed on November 27. As a result, integrity of well Haldimand N°1 is now confirmed, and a possible stimulation programme has been outlined. Further work depends on results of the third well, Haldimand N°4..

## **Bourque Project**

The Bourque Project (Figure 3) was initiated in 2007 and is located in the northwestern portion of the Gaspé property 30 km east of Murdochville and 50 km west of the town of Gaspé. This property consists of four permits, 95% owned by Petrolia. Its main objectives are the limestone reefs of the Devonian West Point Formation. During the Devonian, the present-day Gaspé region was a shallow sea located close to the equator, where the environment was favorable for the growth of reef complexes. The Devonian also saw the growth of the reef complexes of the Western Canadian Sedimentary Basin. In 1947, the discovery of the giant Leduc oilfield, whose production has since exceeded 100 million barrels of oil, was a turning point for oil exploration in Alberta. Since that time, numerous major oil and gas deposits have been discovered in these ancient reefs within Alberta.

On August 5, 2008, Petrolia signed a \$20 million farmout agreement with Pilatus Energy Canada (Pilatus). This sum was to be invested in exploration and development work for the

project. The first phase of the work, a three-dimensional (3D) seismic survey over an area of 65 km<sup>2</sup>, was carried out during the summer of 2008. The seismic data acquired was processed at the end of 2008, with the data quality being very good. The interpretation of this new data was performed in early winter 2009, with the Company and its partner identifying several potential drilling targets and building as a result a first drilling pad on the most promising site.

Unfortunately, the 2008-2009 global economic turmoil affected the partner's ability to assemble the capital required to go ahead with the drilling operations. Petrolia and Pilatus thus came to an accord to terminate the farmout agreement, with Pilatus keeping a 5% working interest in the Bourque Lands and maintaining its participation as shareholder of the Company.

The Company has requested and obtained in April 2012 from the Ministry of natural resources and wildlife permits to drill two wells called Bourque N°1 and Bourque N°2. Concurrently, efforts to secure the financing of these two wells came to fruition. An agreement was reached in May 2012 with Investissement Québec for 10 million dollars, and Financière Banque Nationale and Banque Laurentienne for 5 million dollars. This financing of 15 million dollars was, sufficient to commit to a drilling rig and plan a drilling campaign in the second half of 2012.

The first well, Bourque N°1, spudded on July 19, 2012 and is expected to reach 3140 m MD (2922 m True vertical depth) on October 4, 2012. Significant gas shows were encountered during the drilling. Five (5) DSTs were run and three more are planned to be run over a gross interval of 1700 meters.

The following information was gathered from this well:

1. The main reservoir target which was the West Point Reef was not found at this location, which resulted in the suspension of drilling before reaching the planned total depth of 3,600 metres.
2. The upper section of the well (York River, York Lake, Indian Cove and Shiphead formations) encountered only minor hydrocarbon indications.
3. Starting at the fault encountered at 1474 metres, significant gas indications were encountered throughout the deeper section (to the depth of 2700 metres).
4. Logs indicated generally low porosities, with fractures in many intervals, associated with the hydrocarbon shows.
5. An interval of the Forillon Formation exhibits good apparent porosities, the nature of which is currently being evaluated.

The well has been suspended and an extended production test program is being developed.

The platform for the second well, Bourque N°2, was constructed during this period, and the well is expected to start drilling on October 31 2012, immediately after completion of the first well.

## **Haldimand Fairway Project**

The Haldimand Fairway Project was conceived during 2008. It includes the areas located to the northwest and southeast of the Haldimand Project, in which Pétrolia holds a 100% interest (Figure 3).

According to the Company these areas present geological characteristics resembling those observed in the Haldimand Field area. During the (2007-2008) fiscal year, Pétrolia invested \$1.2M in exploration work on this project to identify targets to be drilled. In December of 2008 the Company carried out an 83 kilometer 2D seismic program. As a result of this program the Company split the project area into two projects TAR POINT which is the Southern Haldimand Fairway and constitutes the natural extension of the Pétrolia-Haldimand N°1 area to the southeast, and CORTE-REAL to the northwest.

### **TAR POINT (South)**

In the Southern Haldimand Fairway, the results of the 2-D seismic, combined with the surface geology and an aeromagnetic survey acquired by Pétrolia in 2008, defined two drilling targets. This led to the selection of a site on a structure known as the Tar Point anticline, near Anse-à-Brillant, 18 km southeast of Gaspé. A well drilled on the anticline in 1950, about 2.0 km northwest of the proposed site, intersected traces of petroleum in the York River Formation (Devonian sandstones), with a strong gas show at the bottom, at a depth of about 2,155 m, in limestones of the Indian Cove Formation. Moreover, in a coastal section less than one kilometre from the proposed site, liquid petroleum has been observed in several open fractures of the York River Formation and in amygdules in a Carboniferous dyke.

The well Pétrolia-Tar Point N°1, drilled from October 23 to December 7, 2009, reached a total depth of 2434 m, intersecting in the process 1536 m of York River Formation, 619 m of Indian Cove Formation and, after going through a fault, drilling through 150 m of Grès de Gaspé. The following information was gathered from this well:

1. the upper section of the York River Formation does not contain any hydrocarbons on account of its shallow burial depth
2. The lower section of the York River Formation contains indications of light oil with porosity and permeability characteristics similar to those found on the Haldimand project

3. In the Indian Cove Formation, two 100 m sections with open fractures have given numerous indications of hydrocarbons.

Following completion, the well is currently shut-in.

A DFIT carried out in November 2011, confirmed the possibility of increasing production with an appropriated stimulation program.

### **CORTE-REAL (North)**

In the Northern Haldimand Fairway, the seismic suggest the presence of reefs within the Chaleurs Group. The Northern Haldimand Corridor thus shows similarities to the Bourque Project. Reefal traps are very abundant in the Western Canadian Sedimentary Basin, and also in Ontario and Michigan, which further supports Pétrolia's interest in this region. The old seismic data, combined with the new data acquired by Pétrolia in 2008, should enable a drilling target to be identified in this area. The present estimate is that a well 2,000 metres deep would be necessary to reach the reef-bearing strata. The Company is looking for a partner to help explore this area and exploration of this area will depend on the results of the two Bourque wells.

### **GASTONGUAY PROPERTY**

The Gastonguay property is located in the east-central part of the Gaspé Peninsula (Figures 1 and 3). It is subdivided into 13 oil and gas exploration permits (PG) covering an area of 259,015 ha (Table 7).

On this property, which is located over the largest anticlinal structure identified in the Gaspé Peninsula, very little exploration has been done to date but the presence of oil and gas in fractures has been shown in the Murdochville skarn area in mining cores. Various exploration targets in Devonian limestones (reefs) and sandstones, as well as in Silurian carbonates and sandstones, at depths ranging from 1,000 to 4,000 meters, are expected. Only one well, drilled in the 1980s, was drilled to a depth of 1,800 metres on the anticline, however, the deeper targeted Silurian was not reached.

A field sampling program was completed in September 2010 to initiate thermal maturation and geochemistry studies. Prior to this program the Company's exploration work on this property has been limited to evaluation of existing geological and geophysical data.



**Table 7  
Gastonguay Block Permits**

| <b>PERMITS</b> | <b>ACQUISITION DATE</b> | <b>GROSS AREA<br/>(ha)</b> | <b>WORKING<br/>INTEREST (%)</b> | <b>NET AREA (ha)</b> |
|----------------|-------------------------|----------------------------|---------------------------------|----------------------|
| 2009PG494      | 2009-04-28              | 21 977                     | 100                             | 21 977               |
| 2009PG495      | 2009-04-28              | 23 278                     | 100                             | 23 278               |
| 2009PG500      | 2009-04-28              | 22 645                     | 100                             | 22 645               |
| 2009PG501      | 2009-04-28              | 21 284                     | 100                             | 21 284               |
| 2009PG507      | 2009-04-28              | 15 186                     | 100                             | 15 186               |
| 2009PG508      | 2009-04-28              | 18 496                     | 100                             | 18 496               |
| 2009PG509      | 2009-04-28              | 24 174                     | 100                             | 24 174               |
| 2009PG510      | 2009-04-28              | 21 596                     | 100                             | 21 596               |
| 2009PG513      | 2009-04-28              | 17 483                     | 100                             | 17 483               |
| 2009PG514      | 2009-04-28              | 16 374                     | 100                             | 16 374               |
| 2009PG515      | 2009-04-28              | 18 057                     | 100                             | 18 057               |
| 2009PG516      | 2009-04-28              | 15 800                     | 100                             | 15 800               |
| 2009PG517      | 2009-04-28              | 22 665                     | 100                             | 22 665               |
| <b>TOTAL</b>   |                         | <b>259 015</b>             |                                 | <b>259 015</b>       |

## ANTICOSTI PROPERTY

The Anticosti property (Figures 1 and 4) is located on Anticosti Island. In the 2007-2008 reporting year, the Company obtained an interest in the mineral rights over an area of 569,853 hectares (gross) from Hydro-Quebec and assumed Hydro-Québec's obligations in the agreements with Corridor Resources Inc. The interests range from 25% to 50% in 35 permits on the island. Figure 1 shows the Company's working interest position on Anticosti Island. Figure 4 shows the location of the various permits, which are listed in Table 8. The exploration permits were all renewed in 2009, and now extend to 2014, with potential extensions to 2019.

Anticosti Island is part of the Siluro-Ordovician carbonate platform that occupies the northern portion of the Gulf of Saint Lawrence, off the Gaspé Peninsula. This platform extends eastward as far as Newfoundland. To the west, it meets the Saint Lawrence Lowlands platform, which extends as far as Texas.

Over the last fifty years, several world-class discoveries have been made in geological settings similar to that of Anticosti Island. Among the largest are the Albion and Scipio fields. These older fields have produced more than 200 million barrels of oil equivalent. More recently, Talisman Energy Inc. has discovered significant quantities of natural gas in similar rock formations in the New England area of the United States.

A number of oil companies have explored Anticosti Island over the last 50 years. In total, 20 wells have been drilled on the island. Approximately 850 line kilometers of modern 2D seismic data has also been acquired since the end of the 1990s. Eleven exploration wells have now been drilled on modern 2D seismic: five drilled by Shell, three by Corridor Resources and Hydro-Québec, in 2004 and 2005 and three by Corridor and Petrolia in 2010.

The feature that makes Anticosti Island particularly attractive for oil exploration is the shallow depth of the potential reservoirs. Dividing the island in two along its length, the potential targets in the northern half of the island are shallow and have the potential for oil. The targets in the southern half of the island are much deeper and the area is primarily prospective for natural gas and condensate.

The analysis of modern seismic data has enabled the Company to identify a number of potential drilling targets. In order to select the best, it carried out a field survey in 2008 that combined a microbiological with a geochemical technique. This technique consisted of measuring the concentrations and composition of the hydrocarbons adsorbed on soil clays, and measuring the relative concentration of certain species of bacteria that metabolize hydrocarbons. About 1,700 samples were collected along seismic profiles. The results of this survey have helped to prioritize the potential targets. The drilling campaign that was to follow this survey in 2009 had to be postponed until 2010 owing to logistical problems.

Initially, four wells were to be drilled on the Island during the summer of 2010. Due to cost overruns, especially with respect to the mobilizations costs of the equipment to the Island, the partners decided to limit the program to three wells.

The Corridor/Hydro-Québec Jupiter N°1 well was re-entered, with an objective of locating dolomitized and fractured carbonates within the Mingan and Romaine formations. Despite the presence of some oil shows in the Mingan Formation, no significant reservoir was encountered and the well was abandoned.

The Pétrolia-Corridor, Chaloupe N°1 well was drilled to investigate the presence of hydrothermal type dolomite in the Trenton/Black River Formation. The well only encountered slightly dolomitized limestones and no reservoir quality zone was encountered. A 27-m core was cut in the Macasty Formation, with an objective of developing a new exploration shale oil play on the Island.

The Corridor-Pétrolia, Saumon N°1 well was drilled with similar objectives as those of the Chaloupe well. Although few dolomitized limestones were encountered, a significant reservoir was found in fractured limestones of the Trenton/Black River Formation. The small interval penetrated produced 27 m<sup>3</sup> (170 bbls) of salt water to surface over a 45 min period. In spite of the absence of hydrocarbons in that zone, the presence of a reservoir of

such quality confirms that Anticosti Island holds all the elements of a petroleum system, namely, a mature source rock, excellent reservoirs and a cap rock to trap the hydrocarbons.

In view of the absence of reservoirs in the Pétrolia/Corridor, Chaloupe N°1 well, and the water production in the Corridor/Pétrolia, Saumon N°1 well, the partners decided to abandon the lower portion of the wells but to suspend their upper portion to allow future work on the Macasty Formation.

Following the recovery of a 27 m core in the Macasty in the Pétrolia/Corridor, Chaloupe N 1 well, the partners have commissioned a number of studies to evaluate the hydrocarbon potential of the sample. The available data suggests that the shales of the Macasty Formation, which are present across most of the Island, are saturated with oil.

The 2010 drilling campaign, has thus confirmed the existence of excellent reservoirs on the Island and also opened the way for a new exploration play, the Macasty Oil Shale Play.

In March 2011, Pétrolia/Corridor engaged Sproule to conduct a resource assessment of the Macasty Shale within the lands held by both companies. Sproule issued a report entitled “Resource Assessment of the Macasty Formation, in Certain Petroleum and Natural Gas Holdings on Anticosti Island for Pétrolia Inc and Corridor Resources Inc (As of 1 June 2011)”.

No proved, probable or possible reserves have been assigned to these lands at this time and they have been assessed as unproved properties containing undiscovered petroleum initially-in-place.

This is an unconventional shale oil resource that will require a stimulated completion for evaluation and, until an appropriately researched project has been undertaken to identify and evaluate potentially recoverable volumes, it is premature to speculate whether the Macasty contains recoverable or unrecoverable resources.

The value in conducting this assessment lies purely in its use as a basis for determining whether it appears worthwhile for the Companies to conduct further investigation into these resources. The Companies are actively evaluating options regarding further exploration and determination of resource potential in order to ensure that optimal shareholder value is obtained from the ongoing programs. The Anticosti exploration program is at an early stage and further work is required to determine whether there is potential for commercially viable resource recovery, prior to considering development.

Significant positive factors relevant to the estimates are as follows:

- The Macasty shale is a prolific source rock which has not exceeded the oil generation window over approximately three quarters of the island.
- The Macasty core from the Pétrolia Corridor Chaloupe well contained residual oil. This well is located on the high side of the Jupiter fault, where most of the Petrolia and Corridor acreage is located, and where the shale is interpreted to have been within the oil window and to be oil prone.

Significant negative factors relevant to the estimates are:

- To date, there is no direct evidence that the shale contains moveable oil that might potentially be producible.
- The resources are inferred to exist based on the interpretation and mapping of limited pyrolysis, petrophysical and seismic data.

For the in-place volume estimates reported, the reader is directed to the company press release "First resource assessment of Macasty shale, Anticosti Island, Québec" dated 29 June 2011, available on the company's website : [www.petroliagaz.com](http://www.petroliagaz.com) and on SEDAR site : [www.sedar.com](http://www.sedar.com).

In order to pursue the Macasty play, a core drilling campaign has been initiated in 2012 with the objective to acquire more hard data. Three core holes will be drilled in the western part of the island, where the Macasty is thicker than in the eastern part of the island, and where its maturity is favorable. Selected Macasty core samples are being preserved in paraffin in order to prevent hydrocarbon escape, so specialized studies can be performed effectively.

Over 300 Macasty samples have also been collected in 13 of the old wells drilled on the island. Samples will be analyzed for the quality and quantity of organic matter and for maturity studies.

In parallel with these technical studies, a major hydrogeological study has been initiated, involving a partnership with the INRS, to serve as a basis for a future environmental impact assessment, which is a necessary pre requisite to any further work on the play.

If this coring campaign confirms the quality of the play, a few experimental horizontal wells will be drilled to study the feasibility of extracting the resource to surface.

To develop this new play, the participation of a new partner, with technical expertise, appears essential to both Petrolia and Corridor. The Partners have already started to promote this play. Some major exploration companies having already shown an interest in this play.

In the continued evaluation of the Macasty Shale Play two stratigraphic core holes were drilled. The first well, Princeton Lake was drilled not far from Port Menier, between August 16 and September 18. The well reached a total depth of 984 metres, and encountered 103 metres of Macasty Shale Formation. A continuous core was taken in the well with the Macasty section being preserved in wax to allow their full geochemical evaluation in specialised laboratories.

The second stratigraphic core hole, Highcliff, was drilled from September 19 to October 18, 2012 to a depth of 1197 m. The Macasty shale Formation has a thickness of 57 m. A continuous core of this formation was recovered and preserved in wax for further geochemical analysis.

**Table 8**  
**Anticosti Island Permits**

| PERMITS                  | ACQUISITION DATE | GROSS AREA (ha) | WORKING INTEREST | NET AREA (ha)  |
|--------------------------|------------------|-----------------|------------------|----------------|
| 2009RS264 <sup>(3)</sup> | 01/01/2009       | 22,094          | 25               | 5,524          |
| 2009RS237 <sup>(1)</sup> | 28/04/2009       | 11,570          | 50               | 5,785          |
| 2009RS238 <sup>(1)</sup> | 28/04/2009       | 17,129          | 50               | 8,565,         |
| 2009RS239 <sup>(1)</sup> | 28/04/2009       | 11,919          | 50               | 5,960          |
| 2009RS240 <sup>(1)</sup> | 28/04/2009       | 17,175          | 50               | 8,588          |
| 2009RS243 <sup>(1)</sup> | 28/04/2009       | 14,744          | 50               | 7,372          |
| 2009RS244 <sup>(1)</sup> | 28/04/2009       | 23,134          | 50               | 11,567         |
| 2009RS246 <sup>(1)</sup> | 28/04/2009       | 12,141          | 50               | 6,071          |
| 2009RS245 <sup>(1)</sup> | 28/04/2009       | 14,079          | 50               | 7,040          |
| 2009RS247 <sup>(1)</sup> | 28/04/2009       | 17,609          | 50               | 8,805          |
| 2009RS252 <sup>(1)</sup> | 28/04/2009       | 20,559          | 50               | 10,280         |
| 2009RS253 <sup>(1)</sup> | 28/04/2009       | 20,005          | 50               | 10,003         |
| 2009RS254 <sup>(1)</sup> | 28/04/2009       | 17,122          | 50               | 8,561          |
| 2009RS255 <sup>(1)</sup> | 28/04/2009       | 17,815          | 50               | 8,908          |
| 2009RS256 <sup>(1)</sup> | 28/04/2009       | 11,660          | 50               | 5,380          |
| 2009RS257 <sup>(1)</sup> | 28/04/2009       | 9,253           | 50               | 4,627          |
| 2009RS258 <sup>(1)</sup> | 28/04/2009       | 19,570          | 50               | 9,785          |
| 2009RS259 <sup>(1)</sup> | 28/04/2009       | 10,198          | 50               | 5,099          |
| 2009RS260 <sup>(3)</sup> | 01/01/2009       | 18,901          | 25               | 4,725          |
| 2009RS261 <sup>(3)</sup> | 01/01/2009       | 14,854          | 25               | 3,714          |
| 2009RS262 <sup>(3)</sup> | 01/01/2009       | 14,316          | 25               | 3,579          |
| 2009RS267 <sup>(3)</sup> | 01/01/2009       | 18,275          | 25               | 4,569          |
| 2009RS268 <sup>(3)</sup> | 01/01/2009       | 16,808          | 25               | 4,202          |
| 2009RS241 <sup>(1)</sup> | 28/04/2009       | 23,661          | 50               | 11,831         |
| 2009RS242 <sup>(1)</sup> | 28/04/2009       | 12,528          | 50               | 6,264          |
| 2009RS269 <sup>(2)</sup> | 01/01/2009       | 10,007          | 50               | 5,004          |
| 2009RS270 <sup>(2)</sup> | 01/01/2009       | 17,791          | 50               | 8,896          |
| 2009RS271 <sup>(2)</sup> | 01/01/2009       | 17,824          | 50               | 8,912          |
| 2009RS272 <sup>(2)</sup> | 01/01/2009       | 15,596          | 50               | 7,798          |
| 2009RS273 <sup>(2)</sup> | 01/01/2009       | 13,819          | 50               | 6,910          |
| 2009RS274 <sup>(2)</sup> | 01/01/2009       | 15,236          | 50               | 7,618          |
| 2009RS248 <sup>(1)</sup> | 01/01/2009       | 17,955          | 50               | 8,978          |
| 2009RS249 <sup>(1)</sup> | 01/01/2009       | 18,314          | 50               | 9,157          |
| 2009RS251 <sup>(1)</sup> | 01/01/2009       | 19,059          | 50               | 9,530          |
| 2009RS250 <sup>(1)</sup> | 01/01/2009       | 17,133          | 50               | 8,567          |
| <b>TOTAL</b>             |                  | <b>569,853</b>  |                  | <b>258,615</b> |

(1) Pétrolia Inc. operator (2) Corridor Resources Inc. operator (3) Corridor Resources Inc. operator

## DALHOUSIE PROPERTY (NEW BRUNSWICK)

This property was originally acquired by Pétrolia in late August 2006 in the northern part of New Brunswick (Figure 5). It covered an area of 68,163 hectares and it is subdivided into three (3) licence blocks (Table 9). Pétrolia was awarded the Dalhousie property after requesting this acreage from the New-Brunswick Department of Natural Resources. The license area was selected on the basis of the interesting results of a regional thermal maturation study performed by the Geological Survey of Canada, which indicated that the area had potential for oil and gas preservation. The license blocks expired on August 15, 2009, and the Company made an application to the New Brunswick Government to convert the licenses to leases and at the same time relinquish some of the lands being held. The retained part of the acreage covers 25956 ha. The application is still pending at the end of the 2010 fiscal year.

The company had requested an additional block covering 23538 ha in August 2008, and was awarded that block in November 2008 bringing the area to 49,493.15 hectares (Table 10) after the expected reduction in the land base as a result of the conversion to leases and with the addition of the fourth block.

A compilation of geological data was initially undertaken as part of the detailed study needed to bring prospects forward. The Dalhousie property has potential for gas. It covers an extensive anticlinal structure called the Popelogan Anticline. During the 2008 fiscal year, the Company established the presence of a system of open fractures in the volcanic rocks occupying the core of the anticlinal structure. A fluid inclusion study indicated that these fractures had at one time contained natural gas. This system of open fractures could constitute a reservoir with exceptional production characteristics if it is present at depth in a large volume of rock.

The Company is exploring the extension of this giant structure towards the north. Within the borders of its permits, the surface expression of the structure remains poorly known, and subject to interpretation. The petrophysical analysis, as well as the thermal maturation study, led to a 39 km 2D seismic survey in the fall of 2008. During the summer of 2009, the Company carried out inversion studies of the gravimetric and magnetic data. The results of this study have enabled the construction of a model that suggests the extension of the anticlinal structure at depth. The model indicates that this gravimetric high zone covers a large area, southeast of the town of Dalhousie. It also shows that the reservoir zone is buried deeply enough for the fractured rocks to act as a reservoir to potentially trap natural gas.

The interpretation of the 39 km 2D seismic survey carried out in 2008 led to the identification of several structures and caused the Company to record an additional 32 km of 2-D seismic in Summer 2009 to better define the structures already identified.

With these results, the next step would be the drilling of a well. The delays in the conversion of exploration licences to exploration lease, as well as the economical and political context for the natural gas market have, for the time being, put a hold on the exploration effort. The Company is following the project closely and is actively looking for partners to participate with them in the exploration of these blocks.

| <b>Table 9<br/>Dalhousie Block Permits (Original)</b>  |                             |                            |                             |                          |
|--|-----------------------------|----------------------------|-----------------------------|--------------------------|
| <b>PERMITS</b>   | <b>ACQUISITION<br/>DATE</b> | <b>GROSS<br/>AREA (ha)</b> | <b>WORKING<br/>INTEREST</b> | <b>NET AREA<br/>(ha)</b> |
| LICENCE 01 Grid<br>1119 (39<br>sections) Grid<br>1120 (58<br>sections) Grid<br>1020 (3 sections) | August 2006                 | 34,614                     | 100                         | 34,614                   |
| LICENCE 02 Grid<br>1021 (14<br>sections) Grid<br>1121 (57<br>sections)                           | August 2006                 | 24,569                     | 100                         | 24,569                   |
| LICENCE 03 Grid<br>1222 (29<br>sections)   | August 2006                 | 8,981                      | 100                         | 8,981                    |
| <b>TOTAL</b>   |                             | <b>68,163</b>              |                             | <b>68,163</b>            |



| <b>Table 10<br/>Dalhousie Lease application</b>     |                             |                            |                                       |                          |
|---|-----------------------------|----------------------------|---------------------------------------|--------------------------|
| <b>PERMITS</b>                                      | <b>Application<br/>DATE</b> | <b>GROSS AREA<br/>(ha)</b> | <b>WORKI<br/>NG<br/>INTERE<br/>ST</b> | <b>NET AREA<br/>(ha)</b> |
| LICENCE ONG<br>06-02<br>Grid 1120 (27<br>sections)  | August 2009                 | 9334.8                     | 100                                   | 9334.8                   |
| LICENCE ONG-<br>06-03<br>Grid 1121 (43<br>sections) | August 2009                 | 14887.5                    | 100                                   | 14887.5                  |
| LICENCE ONG-<br>06-04 Grid 1222<br>(4 sections)     | August 2009                 | 1733.2                     | 100                                   | 1733.2                   |
| <b>TOTAL</b>  |                             | <b>25,955.5</b>            |                                       | <b>25,955.5</b>          |
| Licence ONG 08-<br>03 Grid 1122 (65<br>Sections)    | November 2008               | 23537.65                   | 100                                   | 23537.65                 |
|   |                             | <b>49,493.15</b>           | <b>100</b>                            | <b>49,493.15</b>         |

## Exploration Costs

In the last fiscal year, the Company expended \$ 11,361,974 on exploration activities on its permits less allowable deductions of \$5,817,468. As of September 30, 2012, the Company had cumulative exploration expenditures on its oil and gas properties of \$27,806,989.

The Company has informed us that they have met all of the required current financial obligations on all permits.

## Wells Drilled In 2011-2012

The Company drilled one oil exploration well and two stratigraphic core holes during the reporting period. The exploration well Bourque No 1 was drilled to a depth of 3140 metres on the Bourque Project located in the northwestern portion of the Gaspé. The two stratigraphic wells were drilled on Anticosti Island as part of the continuing evaluation of the Macasty Shale Play.

## National Instrument 51-101

This report was prepared for the purpose of evaluating the Company's P&NG reserves according to Canadian Oil and Gas Evaluation Handbook (COGEH) reserve definitions and standards and consistent with National Instrument 51-101 (NI 51-101). In accordance with these standards, and by reference in NI 51-101, tables are presented for forecast prices and costs, which summarize the reserves and net present values, as of September 30, 2012.

Form 51-101F2, which follows, presents a Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor.

The Company has disclosed contingent oil resource volumes in a press release dated July 6, 2010. These volumes are disclosed in Form F1-101F2A, which presents a Report on Resource Data by Independent Qualified Reserves Evaluator or Auditor.

### Forecast Prices and Costs

Table 1 presents a summary of the various reserves categories. Table 2 presents a summary of net present values of future net revenue, before and after income taxes. Table 3 presents the total future net revenue (undiscounted) for the total proved and total proved plus probable reserves categories. Table 4 presents the net present value of future net revenue by production group for the total proved and total proved plus probable reserves categories. As shown in these tables, no reserves have been assigned to the properties in which the Company holds an interest.

## **Form 51-101F2**

### **Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor**

### **Report on Reserves Data**

To the Board of Directors of Pétrolia Inc. (the "Company"):

1. We have evaluated the Company's Reserves Data as at September 30, 2012. The reserves data consist of the following:

There are no reserves assigned to the properties held by the Company.

2. The Reserves Data are the responsibility of the Company's management. Our responsibility is to express an opinion on the Reserves Data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue attributed to proved plus probable reserves, estimated using forecast prices and costs on a before tax basis and calculated using a discount rate of 10%, included in the reserves data of the Company evaluated by us as of September 30, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

| Independent Qualified Reserves Evaluator or Auditor | Description and Preparation Date of Evaluation Report   | Location of Reserves (Country) | Net Present Value of Future Net Revenue (10% Discount Rate) |                 |                |             |
|---|---|--------------------------------|---|-----------------|----------------|-------------|
|   |   |                                | Audited (M\$)   | Evaluated (M\$) | Reviewed (M\$) | Total (M\$) |
| Sproule   | Technical Review of Certain P&NG Holdings of Pétrolia Inc. in Quebec and New Brunswick (As of September 30, 2012), prepared in January 2013 | Canada                         | Nil   | Nil             | Nil            | Nil         |
| <b>Total</b>  |   |                                | <b>Nil</b>  | <b>Nil</b>      | <b>Nil</b>     | <b>Nil</b>  |

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook.
6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Associates Limited  
Calgary, Alberta  
January \_\_, 2013

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Douglas J. Carsted, P.Geol.  
Vice-President, Geoscience  
and Director

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Barrie F. Jose, P.Geoph.  
Vice-President Geoscience, International  
and Partner

**Table 1**  
**NI 51-101**  
**Summary of Oil and Gas Reserves**  
**As of September 30, 2012**  
**Forecast Prices and Costs**

**Reserves**

| Reserve Category                  | Light and Medium Oil |             | Heavy Oil     |             | Coalbed Methane |            | Natural Gas (non-associated & associated) |            | Natural Gas (solution) |            | Natural Gas Liquids |             |
|-----------------------------------|----------------------|-------------|---------------|-------------|-----------------|------------|---|------------|------------------------|------------|---------------------|-------------|
|                                   | Gross (Mbbbl)        | Net (Mbbbl) | Gross (Mbbbl) | Net (Mbbbl) | Gross (MMcf)    | Net (MMcf) | Gross (MMcf)                              | Net (MMcf) | Gross (MMcf)           | Net (MMcf) | Gross (Mbbbl)       | Net (Mbbbl) |
| <b>Proved</b>                     |                      |             |               |             |                 |            |   |            |                        |            |                     |             |
| Developed Producing               | 0                    | 0           | 0             | 0           | 0               | 0          | 0   | 0          | 0                      | 0          | 0                   | 0           |
| Developed Non-Producing           | 0                    | 0           | 0             | 0           | 0               | 0          | 0   | 0          | 0                      | 0          | 0                   | 0           |
| Undeveloped                       | 0                    | 0           | 0             | 0           | 0               | 0          | 0   | 0          | 0                      | 0          | 0                   | 0           |
| <b>Total Proved</b>               | <b>0</b>             | <b>0</b>    | <b>0</b>      | <b>0</b>    | <b>0</b>        | <b>0</b>   | <b>0</b>                                  | <b>0</b>   | <b>0</b>               | <b>0</b>   | <b>0</b>            | <b>0</b>    |
| Probable                          | 0                    | 0           | 0             | 0           | 0               | 0          | 0   | 0          | 0                      | 0          | 0                   | 0           |
| <b>Total Proved Plus Probable</b> | <b>0</b>             | <b>0</b>    | <b>0</b>      | <b>0</b>    | <b>0</b>        | <b>0</b>   | <b>0</b>                                  | <b>0</b>   | <b>0</b>               | <b>0</b>   | <b>0</b>            | <b>0</b>    |

Reference: Item 2.2(1) of Form 51-101F1

**Table 2**  
**NI 51-101**  
**Summary of Net Present Values of**  
**Future Net Revenue**  
**As of September 30, 2012**  
**Forecast Prices and Costs**

|                                   | <b>Net Present Values of Future Net Revenue</b>             |                          |                           |                           |                           |  |                          |                           |                           |                           |
|-----------------------------------|---|--------------------------|---------------------------|---------------------------|---------------------------|--|--------------------------|---------------------------|---------------------------|---------------------------|
|                                   | <b>Before Income Taxes</b><br><b>Discounted at (%/Year)</b> |                          |                           |                           |                           | <b>After Income Taxes</b><br><b>Discounted at (%/Year)</b> |                          |                           |                           |                           |
| <b>Reserves Category</b>          | <b>0</b><br><b>(M\$)</b>                                    | <b>5</b><br><b>(M\$)</b> | <b>10</b><br><b>(M\$)</b> | <b>15</b><br><b>(M\$)</b> | <b>20</b><br><b>(M\$)</b> | <b>0</b><br><b>(M\$)</b>                                   | <b>5</b><br><b>(M\$)</b> | <b>10</b><br><b>(M\$)</b> | <b>15</b><br><b>(M\$)</b> | <b>20</b><br><b>(M\$)</b> |
| <b>Proved</b>                     | 0   | 0                        | 0                         | 0                         | 0                         | 0  | 0                        | 0                         | 0                         | 0                         |
| Developed Producing               | 0   | 0                        | 0                         | 0                         | 0                         | 0  | 0                        | 0                         | 0                         | 0                         |
| Developed Non-Producing           | 0   | 0                        | 0                         | 0                         | 0                         | 0  | 0                        | 0                         | 0                         | 0                         |
| Undeveloped                       | 0   | 0                        | 0                         | 0                         | 0                         | 0  | 0                        | 0                         | 0                         | 0                         |
| <b>Total Proved</b>               | <b>0</b>  | <b>0</b>                 | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>   | <b>0</b>                 | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |
| Probable                          | 0   | 0                        | 0                         | 0                         | 0                         | 0  | 0                        | 0                         | 0                         | 0                         |
| <b>Total Proved Plus Probable</b> | <b>0</b>  | <b>0</b>                 | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>   | <b>0</b>                 | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |

Reference Item 2.2(2) of Form 51-101F1

*Notes:*

- NPV of FNR include all resource income:
  - Sale of oil, gas, by-product reserves
  - Processing third party reserves
  - Other income
  
- Income Taxes
  - Includes all resource income
  - Apply appropriate income tax calculations
  - Include prior tax pools

**Table 3**  
**NI 51-101**  
**Total Future Net Revenue**  
**(Undiscounted)**  
**As of September 30, 2012**  
**Forecast Prices and Costs**

| Reserves Category    | Revenue (M\$) | Royalties (M\$) | Operating Costs (M\$) | Development Costs (M\$) | Well Abandonment Costs (M\$) | Future Net Revenue Before Income Taxes (M\$) | Income Taxes (M\$) | Future Net Revenue After Income Taxes (M\$) |
|----------------------|---------------|-----------------|-----------------------|-------------------------|------------------------------|--|--------------------|---|
| Proved               | 0             | 0               | 0                     | 0                       | 0                            | 0  | 0                  | 0   |
| Proved Plus Probable | 0             | 0               | 0                     | 0                       | 0                            | 0  | 0                  | 0   |

Reference Item 2.2(3)(b) of Form 51-101F1



**Table 4**  
**NI 51-101**  
**Net Present Value of Future Net Revenue**  
**by Production Group**  
**As of September 30, 2012**  
**Forecast Prices and Costs**

| Reserves Category | Production Group   | Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$) |
|-------------------|--|---|
| Proved            | Light and Medium Crude Oil (including solution gas and associated by-products) | 0   |
|                   | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                   | Coalbed Methane  | 0   |
|                   | Natural Gas (including associated by-products)                                 | 0   |
|                   |  | 0   |
| Proved Plus       |  | 0   |
| Probable          | Light and Medium Crude Oil (including solution gas and associated by-products) | 0   |
|                   | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                   | Coalbed Methane  | 0   |
|                   | Natural Gas (including associated by-products)                                 | 0   |
|                   |  | 0   |

Reference Item 2.2(3)(c) of Form 51-101F1

**Form 51-101F2A**  
**Report on Resource Data**  
**by Independent Qualified Reserves Evaluator or Auditor**

**Report on Resource Data**

To the Board of Directors of Pétrolia Inc. (the "Company"):

1. We have audited the Company's Resource Data as at September 30, 2012. The resource data consist of the following:

Contingent oil resources have been assigned to the Haldimand Block Gaspé Peninsula, Québec.

2. The Resource Data are the responsibility of the Company's management. Our responsibility is to express an opinion on the Resource Data based on our audit.

We carried out our audit in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the resource data are free of material misstatement. An audit also includes assessing whether the resource data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated resource volumes of the Company audited by us as of September 30, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

| Independent Qualified Reserves Evaluator or Auditor | Description and Preparation Date of Evaluation Report  | Location of Reserves (Country) | Audited Contingent Oil Resources (Unrisked) |             |             |
|---|--|--------------------------------|---|-------------|-------------|
|   |  |                                | Low MMbbls                                  | Best MMbbls | High MMbbls |
| Sproule   | "Audit of Resource Assessment, Haldimand Block, Gaspé Peninsula, Quebec (As of December 31, 2009)", dated May 28, 2010 | Canada                         | 1.9   | 7.7         | 28.4        |
| <b>Total</b>  |  |                                | <b>1.9</b>                                  | <b>7.7</b>  | <b>28.4</b> |

5. In our opinion, the resource data audited by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook.
6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.
7. Because the resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sroule Associates Limited  
Calgary, Alberta  
January \_\_, 2013

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Douglas J. Carsted, P.Geol.  
Vice-President, Geoscience  
and Director

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Barrie F. Jose, P.Geoph.  
Vice-President Geoscience, International  
and Partner