Leader en exploration pétrolière au Québec

# Management Report for the period ended September 30, 2013

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**INTERIM MANAGEMENT REPORT FOR THE FOURTH QUARTER ENDED SEPTEMBER 30, 2013**

The end of the fiscal year has been deferred from September 30, 2013 to December 31, 2013; extraordinarily, therefore, a fourth interim management report must be produced for this fiscal year.

The Board of Directors approved this interim management report on November 25, 2013. It is an addition and supplement to the quarterly financial statements and should be read in conjunction with them and the audited financial statements for the fiscal year ended September 30, 2012.

This report presents the view of Management on current Company activities and is accompanied by the financial results as at September 30, 2013. It may also cite significant events that occurred after September 30, 2013 and provides an overview of activities planned for the coming months.

The reporting currency is the Canadian dollar (CAD) and all amounts presented in this report are in Canadian dollars.

## 1. DATE

The effective date of this management report for the period ended September 30 is November 25, 2013.

## 2. INCORPORATION AND MISSION

Incorporated under Part 1A of the Quebec Companies Act and governed by the provisions of the Quebec Business Corporations Act, Pétrolia is an oil and gas exploration company. It has been listed on the TSX Venture Exchange since February 16, 2005, under the symbol PEA.

The Company's oil and gas properties are at the exploration stage, and the Company’s long-term profitability is tied in part to the cost and success of the exploration programs and subsequent development. The Company has not yet established whether its properties contain economically feasible reserves.

The Company’s primary activities are the exploration and development of its oil and gas properties. In order to achieve its objectives, the Company has to form partnerships with other industry stakeholders.

## 3. FORWARD-LOOKING STATEMENTS

Some of the statements made in this report may constitute forward-looking statements. Such statements relate to future events or future economic results anticipated by Pétrolia and are therefore subject to known and unknown risks, uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Accordingly, a decision to invest in Pétrolia’s shares should at no time be based on these forward-looking statements. Pétrolia disclaims any intention or obligation to update these forward-looking statements.

## 4. HIGHLIGHTS OF THE FOURTH QUARTER ENDED SEPTEMBER 30, 2013

- Closing of a $1,404,150 private placement (press release dated September 26, 2013)
- Petrolia announces implementation of its succession plan (press release dated September 17, 2013)
- Disclosure of the Pétrolia–Hydro-Québec agreement signed in 2008 for exploration licences on Anticosti Island (press release dated September 5, 2013)
- Community support (the municipality of Île-d'Anticosti, MRC de Minganie and CRÉ-Côte-Nord) for implementation of a petroleum exploration program to assess hydrocarbon development potential in its territory (press release dated July 30, 2013).
- Acquisition by the Company of licences in the Gaspé Peninsula and signature of a partnership agreement with Saint-Aubin Énergie S.A.S, a subsidiary of Maurel & Prom and MPI (press release dated July 19, 2013)
- Dismissal by the Superior Court of the petition from the Centre québécois du droit de l'environnement pertaining to work done by Pétrolia in 2012 (press release dated July 19, 2013)
- Pétrolia announces positive results of Macasty Formation core studies on samples taken in 2011 on Anticosti Island (press release dated July 11, 2013)
- Closing of a $1,000,000 private placement (press release dated July 10, 2013)

## 5. STRATEGY AND OUTLOOK

The Company's objective is to discover marketable oil resources and put them into production as quickly as possible, with the goal of becoming profitable. In the pursuit of this mission, the Company never loses sight of the importance of the safety of individuals, environmental protection and community relations. Pétrolia achieves this objective by holding rights over promising licences and signing agreements with partners with the necessary technical and financial expertise. The Company installs wells according to scientific and technical principles, relying on best industry practices for its drilling activities. It also pays particular attention to community relations and the local socio-economic context in which it operates.

Pétrolia prides itself on being a responsible Quebec oil and gas company whose goal is to produce oil to meet a significant portion of Quebec's energy needs.

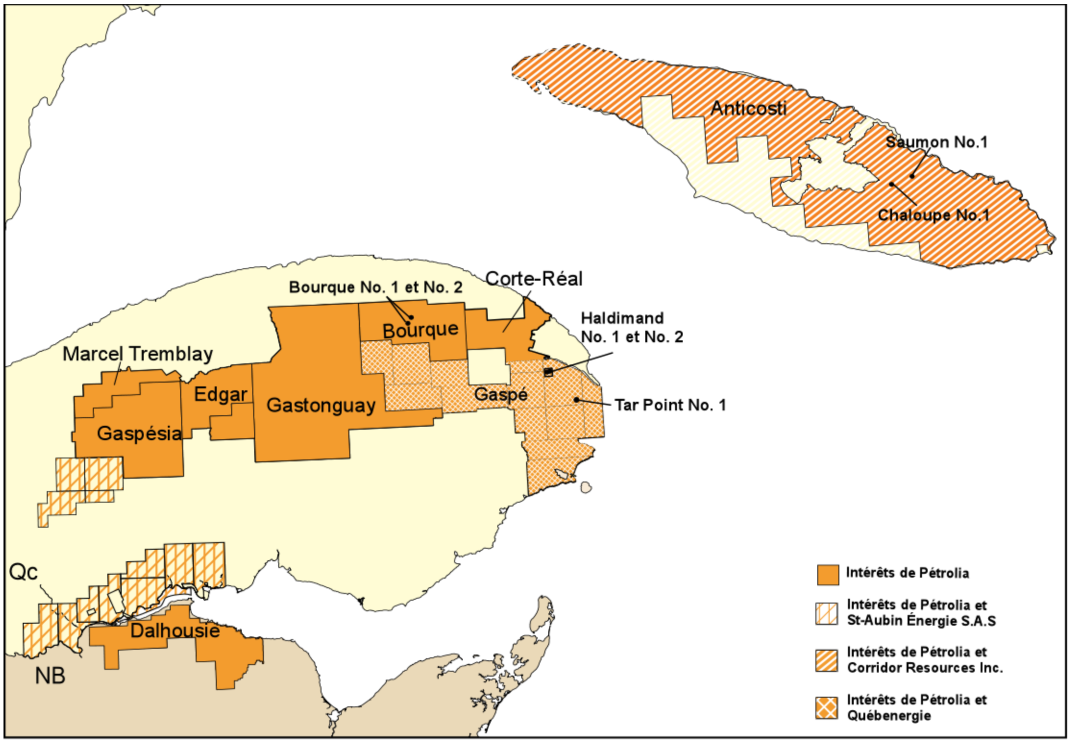
## 6. LICENCES AND PARTNERSHIPS

On July 19, 2013, Pétrolia announced that it had reached a 50/50 partnership agreement with Saint-Aubin Énergie S.A.S., a joint investment vehicle of Maurel & Prom and MPI, to develop 13 oil and gas exploration licences acquired from Gastem in the Gaspé Peninsula, totalling 1,892 km2.
The partners agreed that Pétrolia will be responsible for carrying out the work.

The head offices of Maurel & Prom and MPI are in Paris. The two companies have a combined market capitalization of €1.8 billion. They are active in the field of onshore and offshore oil and gas production in ten countries on four continents. Their management teams are comprised of professionals with strong track records in the oil and gas industry.

The acquisition boosts Pétrolia's interests in Quebec to nearly 16,000 $km^2$, representing 22% of the Quebec territory under lease.

The following map shows the areas in which Pétrolia hold interests, as well as those covered by the three partnership agreements entered into by Pétrolia.




## 7. PROJECTS AND WORK

### 7.1. Haldimand property

Discovered in 2006, the Haldimand property is located on the peninsula of the same name on the outskirts of the town of Gaspé. An independent expert placed the best estimate (P50) of the resources initially in place at nearly 70 million barrels and the best estimate (P50) of the potentially recoverable (contingent) light oil at 7.7 million barrels.

**Objectives**

Putting the Haldimand deposit into production is a priority for the Company and may be one of the keys to oil and gas development in the Gaspé Peninsula. Of all of Pétrolia's projects, Haldimand is the closest to production.

**Work**

A better understanding of the Haldimand reservoir and its production mechanism has been acquired through lab and field studies and analyses. The reservoir is made up of York River Formation sandstone intersected by a network of natural fractures that allow oil to flow freely. Pétrolia's work indicates that horizontal drilling would make it possible to intercept the most natural fractures, which would ensure commercial production without the need for fracturing.

Preparatory work for drilling at Haldimand 4 was completed in fall 2012. Drilling at Haldimand 4 was temporarily suspended following the adoption of a municipal bylaw in Gaspé.

At the start of the third quarter, in order to protect its rights, Pétrolia filed a motion for declaratory judgment with the Superior Court. Following recent discussions with town of Gaspé authorities, it was agreed to postpone the hearing until early January 2014, to enable the parties to identify common ground that would allow drilling to resume.

On May 29, 2013, the Government published a draft regulation respecting water withdrawal and protection, which was submitted for public consultation. The final regulation was not published by the date this report was produced. The provisions of the draft regulation would not compromise the pursuit of the work planned. Application of the regulation will render the bylaw adopted by the town of Gaspé inoperative, as the *Environment Quality Act* stipulates that municipalities cannot regulate an area covered by regulation under the Act. While the rig remains onsite, the resumption of operations will depend on the availability of equipment and service providers. A delay of several weeks is expected between the time the decision is made and the start of operations.

Pétrolia has launched a website dedicated to the Haldimand project, allowing visitors to obtain information about the project and monitor its development: haldimand.petroliagaz.com.

**Environmental studies and work**

The Company had worked to develop a program to capture scientific and environmental monitoring information, with a particular focus on hydrogeology. To this end, it drilled 14 observation wells on the Haldimand peninsula for a hydrogeological study. As a result of the Quebec government's decision to carry out its own hydrogeological study of the area, Pétrolia has transferred its rights and obligations relating to these wells to the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs. Pétrolia has also provided access to all data that it has collected to date, so that the Ministère can benefit from the many results already obtained.

### 7.2. Bourque project

The Bourque project is located 30 km east of the town of Murdochville. In April 2013, following an analysis of the results of the 2012 drilling campaign by the independent firm Sproule, the volume of wet natural gas initially in place in four prospective zones located in the same geological formation was estimated at over one trillion cubic feet (1 Tcf) (press release dated April 10, 2013). The potential of this discovery increases the interest in Pétrolia's other licences in the Gaspé Peninsula, where similar geological conditions exist.

**Objectives**

Pétrolia developed a work program based on Sproule's recommendations. The purpose of this program is to identify the production characteristics of the Forillon Formation and better determine the resources in place and potentially recoverable volumes. In recent months, steps were taken to identify a potential partner to support Pétrolia in the completion of development work for the Bourque project.

Aside from the commercial potential of the project to Pétrolia, hydrocarbon production in this region would promote substantial economic development associated with raw material processing and the introduction of new industries to the Gaspé Peninsula.

## 7.3. Anticosti project

**Hydrocarbon source rock**

Source rock oil has become the main objective on Anticosti Island due to its immense potential. In 2011, Pétrolia disclosed the estimate of oil resources in place in the Macasty shale provided by Sproule Associates Limited of Calgary. The estimate, produced in accordance with the definitions of reserves and resources given in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101, placed the best estimate of the total volume of hydrocarbons initially in place in the holdings in which Pétrolia has interests at 30.9 billion barrels of oil equivalent.

**Work**

Pétrolia and its partner, Corridor Resources, announced the results of studies of the cores taken in 2012, as well as samples from 14 wells that had already been drilled on Anticosti Island and spread over the entire territory. The studies focused on thermal maturity (Rock Eval), hydrocarbon concentrations present in the rock ($S_1$), petrophysical parameters and mineralogy (press release dated July 11, 2013). The thermal maturity study was conducted by Rudolf Bertrand (Ph.D.), while the other analyses were performed by Weatherford and TerraTek Labs. The results are better than those used by Sproule in its 2011 resource assessment. On November, 20$^{th}$,2013, based on an review of the laboratory analysis of core samples taken from three core holes drilled in 2012, Sproule Associates Limited, an independent Calgary-based petroleum consulting firm, has reconfirmed its 2011 resource assessment of the undiscovered Total Petroleum-Initially-In-Place (TPIIP) in the Macasty Formation on Anticosti Island.

The main results obtained are as follows:

- Impressive average values for total organic carbon (TOC) of nearly 4.0% over the whole thickness of the Macasty Formation (higher than the Utica Formation in Ohio);
- The hydrocarbon concentrations present in the rock indicate favourable potential for hydrocarbon production, i.e. 4.48 mg/g at Princeton Lake, 3.20 mg/g at Highcliff and 2.21 mg/g at Oil River; and
- The thermal maturity characterization confirms that the Macasty Formation present in Pétrolia's holdings and those in which it has an interest lie within the oil window.

The results of the petrophysical and mineralogy analyses are provided in the two tables below.

**Porosity and Permeability**

| | Princeton Lake 2012 (Thickness 91.5 m) | | Highcliff 2012 (Thickness 57 m) | | Oil River 2012 (Thickness 29 m) | | Chaloupe No.1 (Thickness 41 m) | |
|---|---|---|---|---|---|---|---|---|
| | Mean | Maximum | Mean | Maximum | Mean | Maximum | Mean | Maximum |
| Hydrocarbon saturation (%) | 3.30 | 4.88 | 4.01 | 6.07 | 2.11 | 2.72 | 2.23 | 2.70 |
| Effective porosity (%) | 3.67 | 5.23 | 4.80 | 6.93 | 3.09 | 4.42 | 2.68 | 3.51 |
| Permeability (mD) | 0.000138 | 0.000280 | 0.000167 | 0.000263 | 0.000110 | 0.000178 | 0.000075 | 0.000081 |

**Mineralogy**

| | | Pétrolia Princeton Lake 2012 (Thickness 91.5 m) | Pétrolia Highcliff 2012 (Thickness 57 m) | Pétrolia - Oil River 2012 (Thickness 29 m) |
|---|---|---|---|---|
| | | Mean | Mean | Mean |
| Clay minerals (%) | | 28.4 | 31.2 | 29.6 |
| Non-clay minerals (%) | | 71.6 | 68.7 | 70.4 |
| including: | Quartz (%) | 36.3 | 38.6 | 35.9 |
| | Carbonates (%) | 21.5 | 16.6 | 19.8 |

Identifying the drilling targets and work necessary for conducting production tests will be the next steps in demonstrating the productivity of the Macasty Formation. This work involves technical challenges and substantial costs; it therefore seems desirable to identify a partner to help us meet these challenges. The process is underway to identify partners with the resources to participate in carrying out these next steps. Work can begin when the government authorizations have been obtained.

**Environmental studies**

The Company is also developing a scientific and environmental monitoring information acquisition program. In keeping with its desire to respect the environment and invest in research, Pétrolia has undertaken a hydrogeological study and is participating in a research chair on white-tailed deer.

**Community support**

On June 3, 2013, the Municipality of Île-d'Anticosti passed a resolution to support the completion of hydrocarbon exploration work and assess the project's potential environmental, social and economic impacts. This resolution was also supported by the MRC de Mingani and CRÉ de la Côte-Nord. The community's openness reflects its interest in a structuring project for the economic development of Anticosti Island, the Côte-Nord region, and the province of Quebec. (press release dated July 30, 2013)

## 8. Other properties

On September 11, Pétrolia and Saint-Aubin Énergie S.A.S. initiated core sampling in the Lake Casault sector (one core hole) to evaluate the potential of a geological structure located on one of the licences obtained last July. At the time this report was written, work was still ongoing. The stratigraphic drilling reached a depth of 1,416 meters and confirmed the presence of gas in Silurian sandstone, further validating the results of the core log taken from a former well drilled nearby. Over the coming months the core samples will be analyzed as to their permeability and porosity in an effort to determine the reservoir characteristics of this sandstone.

Subsequent to the results of drilling work on the Bourque project, the Company reviewed all of the data on its properties in the Gaspé Peninsula. The ongoing review is intended to identify the zones with characteristics similar to the Bourque project.

## 9. Succession plan

On September 17, 2013, Pétrolia announced that it would be implementing its succession plan. Myron Tétreault was appointed interim President and CEO, replacing André Proulx, who retired from day-to-day operations while continuing as a member of the Company's board of directors. Charles Boulanger replaced Mr. Tétreault as Lead Director. Alexandre Gagnon, formerly Vice-President, Finance, was appointed Executive Vice-President. Finally, on October 1, 2013, Gildas Collin joined the team as Head of Operations, as announced on July 16, 2013.

## 10. Operating results and cash position

For the fourth quarter, the Company's income consisted of interest income from cash of $14,788, compared with $91,058 for the same period of 2012, as well as project management income and rental income of $6,241, compared with $2,743 for the same period of 2012.

As at September 30, 2013, the Company had cash and cash equivalents of $4,472,927, a decrease of $5,769,335 since September 30, 2012. The Company spent $15,249,968 on exploration and evaluation assets and $4,236,414 on its administrative activities.

As at September 30, 2013, working capital stood at $7,663,017. The Company's financial needs may be met in a number of ways in the future, including but not limited to the issuance of new debt or equity instruments, additional cost-cutting measures and/or the introduction of new partners.

**Analysis of operating and administrative expenses**

Operating and administrative expenses rose $596,277 in the fourth quarter, mainly due to the share-based payment of $280,000 made in the context of the succession process for the Company's President.

The main differences in the operating and administrative expenses for the fourth quarter are:

- Share-based payments: an amount of $280,000 was recorded in the fourth quarter. This amount was granted in the framework of the Company President succession process.
- Salaries and benefits: Administrative expense-related payroll increased from the same quarter in 2012. The increase primarily stems from the addition of the interim President position during the transition period. Operations-related payroll decreased significantly from the same quarter in 2012. This decrease is due to decreased drilling activity.
- Professional fees: The professional fees expense decreased considerably, due to non-recurring fees for settlement of legal disputes, financing, and hiring staff.

**Summary of quarterly results**

The information for the summary of quarterly results is based on International Financial Reporting Standards (IFRS).

| | 2013 | | | 2012 | | | | 2011 |
|---|---|---|---|---|---|---|---|---|
| | September | June | March | December | September | June | March | December |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Income | 6,241 | 24,888 | 27,759 | 2,294 | 93,806 | 50,430 | 48,451 | 78,489 |
| Profit or loss | (1,205,541) | (500,545) | (538,863) | (1,141,104) | (494,134) | (675,032) | (699,230) | (1,150,642) |
| Net earnings per share | | | | | | | | |
| Basic | (0.014) | (0.007) | (0.008) | (0.017) | (0.010) | (0.012) | (0.013) | (0.022) |
| Diluted | (0.014) | (0.007) | (0.008) | (0.017) | (0.010) | (0.012) | (0.013) | (0.022) |

Income essentially consists of interest earned and project revenue for each quarter. Operating and administrative expenses are fairly stable from quarter to quarter. The main changes in quarterly losses or earnings are explained as follows:

| | |
|---|---|
| 2011 - September | Restatement of all share-based payments for the year using the graded vesting method; this restatement had a non-monetary impact of $185,258; |
| 2011 - December | Recognition of share-based payment of $558,992; |
| 2012 - February | Recognition of share-based payment of $80,700; |
| 2012 - December | Recognition of share-based payment of $913,906; |
| 2013 - March | Recognition of share-based payment of $128,700; |
| 2013 - May | Recognition of share-based payment of $94,500. |
| 2013 - September | Recognition of share-based payment of $332,565 |

**Related party transactions**

The Company’s related parties include other related parties and key management personnel, as described below.

Unless otherwise indicated, none of the transactions involve special terms or conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

**Transactions with key management personnel**

Key management personnel remuneration includes the following expenses:

| | 12-month period ended September 30, 2013 | 2012 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits: | | |
| Salaries and benefits | 1,028,884 | 685,882 |
| Attendance fees | 112,374 | 126,817 |
| Total short-term benefits | 1,141,258 | 812,699 |
| Share-based payments | 1,313,593 | 473,206 |
| Total remuneration | 2,454,851 | 1,285,905 |

During the 2013 reporting period, key management exercised 460,000 options (547,500 in 2012) granted under the share-based compensation plan.

**Related parties**

Transactions were carried out with two companies whose main officer (holding a minority interest) also serves on Pétrolia's Board:

| | 12-month period ended September 30, | |
|---|---|---|
| | **2013** | **2012** |
| | **$** | **$** |
| Statement of financial position: | | |
| Exploration and evaluation assets | 14,441 | 5,300 |
| Statement of comprehensive income: | | |
| Other expenses | 9,199 | 9,110 |

The balance due from these companies is $19,955 at September 30, 2013 (September 30, 2012 – $0).

The Company entered into the following transactions with a company whose director also sits on Pétrolia's board:

| | 12 months ended September 30, | |
|---|---|---|
| | **2013** | **2012** |
| | **$** | **$** |
| Statement of comprehensive income: | | |
| Salaries and benefits | 1,206 | 4,354 |
| Office supplies and transportation | 1,127 | 1,200 |

The balance due from this Company is $5,886 at September 30 2013 (September 30, 2012 – $4,754).

The Company entered into the following transactions with a close relative of a member of management, who provided services to the Company:

| | 12-month period ended September 30, | |
|---|---|---|
| | **2013** | **2012** |
| | **$** | **$** |
| Statement of financial position: | | |
| Property, plant and equipment | - | 10,685 |
| Office maintenance | 1,503 | 11,605 |

The balance owing this supplier was $1,739 at September 30, 2013 (September 30, 2012 – $0).

These transactions took place in the normal course of business and were measured at their exchange value, which is the consideration established and accepted by related parties.

**Financial instrument disclosure**

**Risk management policy**

The Company's financial assets and liabilities expose it to various risks. The following analysis provides an assessment of the risks:

**Credit risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and trade and other receivables. The Company's cash and cash equivalents are held with or are issued by first-class financial institutions. The majority of receivables are sums owed by governments, partners and related parties. Therefore, Management considers the risk of non-performance on these instruments to be very minimal.

**Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due or do so only at excessive cost. The Company finances its growth by issuing shares and selling interests in some of its oil assets. One of Management's main financial objectives is to maintain an optimal level of liquidity by actively managing its exploration activities. All of the Company's financial liabilities have a maturity of less than one year.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market conditions. There are three types of market risk: interest rate risk, currency risk, and other price risks. The Company is exposed to interest rate risk.

a) Interest rate risk

Interest rate risk refers to the impact of interest rate fluctuations on the value of investments.

The Company is exposed to interest rate risk on its fixed-rate financial instruments. For the period ended September 30, 2013, an increase or decrease of 1% in the interest rates in effect at that date, with all other variables remaining equal, would have generated a profit or loss of $73,575 (2012 – $91,966).

**Fair value**

The fair value of investments is determined as follows:

Guaranteed investment certificates: Given their recent issuance, the fair value corresponds to their cost.
Money market fund: Given its short-term maturity, the fair value corresponds to its cost.
As regards the loan, the carrying value approximates the fair value due to the variable interest rate on the debt.

Fair value hierarchy
Financial instruments recognized at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements.
The three levels of the fair value hierarchy are:

Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities: cash is found at this level.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): cash equivalents and investments are found at this level.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

There was no transfer in the valuation of financial assets between levels 1 and 2 during the period.

**Judgments, estimates and assumptions**

For a complete description of the judgments, estimates and assumptions made by Management in the preparation of its annual financial statements, see Note 5 of the Financial Statements for the year ended September 30, 2012.

**Future changes in accounting policies**

For a complete description of future changes in accounting policies, see Note 3 of the Financial Statements for the year ended September 30, 2012.

**Significant accounting policies and transition to IFRS**

For a complete description and detailed presentation of the significant accounting policies used by the Company and the transition to IFRS, see Notes 4 and 26 of the Financial Statements for the year ended September 30, 2012.

**Capital management**

For a complete description of the Company's capital management policy, see Note 20 of the Financial Statements for the year ended September 30, 2012.

## Internal controls

Given that the Company is an emerging issuer, the officers do not have to provide certification concerning disclosure controls and procedures and internal control over financial reporting as defined in Regulation 52-109.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations in the certificates, more specifically, that the documents filed on SEDAR are reliable. The officers will ensure that once the convergence process is completed, they will still be able to sign their certification.

## Other information

a) Supplemental documents
Certain supplemental documents, including prior management reports and press releases, are available online at www.sedar.com in the documents section or on Pétrolia's website at www.petroliagaz.com.

b) Exploration expenses for the period ended September 30, 2013 are as follows:

| | **Geology** | **Geophysics** | **Completion and Drilling** | **Analysis** | **Fracturing** | **General expenses** | **Options** | **Provision** | **Site maintenance** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Anticosti | 121,979 | 42,080 | 1,215,648 | 91,324 | | 92,385 | 12,676 | | 220 | 1,576,312 |
| Gastonguay | 206 | | | | | | 29 | | | 235 |
| Gaspésia Marcel-Tremblay Edgar | 5,021 | 5,840 | | 1,400 | | 3,806 | 925 | | | 16,992 |
| Gaspé | 32,281 | 9,280 | 751 | 15,630 | | 83,114 | 1,825 | | | 142,881 |
| Bourque | 53,098 | 13,256 | 10,004,819 | 8,460 | 400 | 27,291 | 39,333 | 291,612 | | 10,438,269 |
| Haldimand | 284,632 | 1,880 | 2,238,440 | 950 | 49,883 | 14,127 | 19,816 | | 84,012 | 2,693,740 |
| Tar Point | | | | | | 5,343 | 6,392 | | | 11,735 |
| Dalhousie | 300 | | | | | | 189 | | | 489 |
| Matapédia | | | 369,315 | | | | | | | 369,315 |
| | **497,517** | **72,336** | **13,828,973** | **117,764** | **50,283** | **226,066** | **81,185** | **291,612** | **84,232** | **15,249,968** |

Exploration expenses for the period ended September 30, 2012 are as follows:

| | Geology | Geophysics | Drilling | Analysis | Fracturing | General expenses | Options | Provision | Site maintenance | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Anticosti | 347,065 | 64,621 | 640,243 | 60,250 | | 10,403 | 38,910 | (37,500) | 1,080 | 1,125,072 |
| Gastonguay | 320 | | | | | 2 | 77 | | | 399 |
| Gaspésia Marcel-Tremblay Edgar | 11,053 | 21,088 | | | | 1,393 | 6,433 | | | 39,967 |
| Gaspé | 63,154 | 42,326 | 6,333 | 1,185 | 560 | 92,147 | 6,107 | | 84 | 211,896 |
| Bourque | 45,635 | 4,014 | 7,391,229 | 8,190 | | 39,879 | 3,154 | | 7,458 | 7,499,559 |
| Haldimand | 391,588 | 100,020 | 434,265 | 3,780 | 928,157 | 49,781 | 62,434 | 41,992 | 132,997 | 2,145,014 |
| Tar Point | 11,027 | 160 | | | 292,625 | 5,818 | 14,815 | | 4,099 | 328,544 |
| Dalhousie | 2,818 | 803 | 1,500 | | | 5,348 | 1,054 | | | 11,523 |
| | **872,660** | **233,032** | **8,473,570** | **73,405** | **1,221,342** | **204,771** | **132,984** | **4,492** | **145,718** | **11,361,974** |

c) *Information on shares issued, share options and warrants as at November 25, 2013:*

Common shares**:** 70,652,372 shares have been issued and are outstanding.

Share options outstanding: The share options granted to directors, members of senior management, employees and service providers are as follows:

- 60,000 options exercisable at a price of $0.74 per share until May 21, 2014
- 270,000 options exercisable at a price of $0.89 per share until February 25, 2015
- 672,500 options exercisable at a price of $0.50 per share until December 8, 2015
- 75,000 options exercisable at a price of $1.31 per share until February 25, 2016
- 500,000 options exercisable at a price of $1.69 per share until May 18, 2016
- 1,200,000 options exercisable at a price of $1.52 per share until December 4, 2016
- 75,000 options exercisable at a price of $1.51 per share until February 22, 2017
- 2,220,000 options exercisable at a price of $1.02 per share until February 22, 2017
- 150,000 options exercisable at a price of $1.14 per share until February 28, 2018
- 250,000 options exercisable at a price of $0.89 per share until August 21, 2018
- 400,000 options exercisable at a price of $0.98 per share until September 15, 2018

Warrants outstanding: Each warrant entitles the bearer to purchase one common share of the Company at the indicated exercise price until the expiry date:

• 242,958 warrants exercisable at a price of $1.42 per share until May 14, 2014
• 48,840 warrants exercisable at a price of $1.15 per share until September 25, 2014
• 5,545,776 warrants exercisable at a price of $1.78 per share until May 15, 2015
• 100,000 warrants exercisable at a price of $0.70 per share until July 11, 2015
• 714,286 warrants exercisable at a price of $1.00 per share until July 11, 2016

**Management's responsibility for financial information**

Management is responsible for Pétrolia's financial statements, which have been approved by the Board of Directors on recommendation of the Audit Committee. The financial statements have been prepared by Management in accordance with International Financial Reporting Standards and audited by the Company's auditors. The financial statements include certain amounts that are based on the use of estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Rimouski, November 25, 2013
On behalf of the Board

(signed) Myron Tétreault
Myron Tétreault
Interim President

(signed) Karl Mc Lellan
Karl Mc Lellan
Chief Financial Officer