



Leader en exploration pétrolière au Québec



SECOND QUARTER

Condensed unaudited interim
financial statements

for the six-month period ended
March 31, 2013





CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED

MARCH 31, 2013

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CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
MARCH 31, 2013

Declaration Concerning the Interim Financial Statements

Management has prepared Pétrolia Inc.'s condensed interim financial statements, which include the statements of financial position as at March 31, 2013 and September 30, 2012, as well as the statements of comprehensive income, statements of changes in equity and the statements of cash flows for the periods ended March 31, 2013 and March 31, 2012. No auditing firm has examined or audited these interim financial statements.



STATEMENTS OF FINANCIAL POSITION
(Unaudited – in Canadian dollars)

	As at March 31, 2013 \$	As at September 30, 2012 \$
ASSETS		
Current		
Cash and cash equivalents (Note 3)	1,432,057	10,242,262
Receivables (Note 4)	8,094,965	5,086,302
Prepaid expenses	97,083	113,074
Inventories	-	51,470
Investments cashable during the next fiscal year (Note 5)	930,000	1,080,000
	10,554,105	16,573,108
Non-current		
Deposit on exploration costs	-	2,100,000
Property, plant and equipment (Note 7)	950,318	1,031,975
Exploration and evaluation assets (Note 6)	41,566,218	32,695,097
	42,516,536	35,827,072
	53,070,641	52,400,180
LIABILITIES		
Current		
TRADE AND OTHER PAYABLES (Note 8)	3,669,909	3,027,306
Provision for site restoration (Note 9)	98,000	98,000
	3,767,909	3,125,306
Non-current		
Deferred lease inducements	86,769	100,469
Provision for site restoration (Note 9)	287,938	287,938
Other liabilities	-	-
Deferred tax liabilities	856,173	1,224,584
	1,230,880	1,612,991
	4,998,789	4,738,297
EQUITY		
Share capital (Note 10)	52,626,585	51,378,040
Other components of equity	3,875,328	3,026,923
Deficit	(8,430,061)	(6,743,080)
	48,071,852	47,661,883
	53,070,641	52,400,180

Contingencies (Note 12)

Supplementary notes are an integral part of the interim financial statements

On behalf of the Board

(signed) *André Proulx*
Director

(signed) *Charles Boulanger*
Director



STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited – in Canadian dollars)

	For the three months ended March 31,		For the six months ended March 31,	
	2013 \$	2012 \$	2013 \$	2012 \$
INCOME				
Rental income	3,072	2,994	6,066	5,988
Project management	24,687	5,902	24,687	22,178
	27,759	8,896	30,753	28,166
ADMINISTRATIVE EXPENSES (Appendix A)	873,743	930,186	2,396,677	1,839,242
OPERATING EXPENSES (Appendix B)	212,945	42,110	-	75,712
FINANCIAL INCOME AND EXPENSES (Appendix C)	(28,729)	(37,582)	(65,272)	(87,527)
	1,057,959	934,714	2,331,405	1,827,427
LOSS BEFORE OTHER ITEMS AND INCOME TAXES	(1,030,200)	(925,818)	(2,300,652)	(1,799,261)
OTHER ITEMS				
Gain (loss) on disposal of interest in certain licences	-	-	-	(494,486)
Gain (loss) on disposal of assets	-	-	(3,576)	-
INCOME (LOSS) BEFORE TAXES	(1,030,200)	(925,818)	(2,304,228)	(2,293,747)
Deferred tax expense	(491,337)	(226,588)	(617,244)	(443,875)
NET INCOME (NET LOSS) AND COMPREHENSIVE INCOME FOR THE PERIOD	(538,863)	(699,230)	(1,686,984)	(1,849,872)
BASIC NET EARNINGS (NET LOSS) PER SHARE	(0.008)	(0.013)	(0.025)	(0.035)
DILUTED NET EARNINGS (NET LOSS) PER SHARE	(0.008)	(0.013)	(0.025)	(0.035)



STATEMENTS OF CHANGES IN EQUITY
(Unaudited – in Canadian dollars)

	Share capital	Contributed surplus	Deficit	Total equity
	\$	\$	\$	\$
Audited balance at September 30, 2011	35,432,271	2,395,117	(3,724,047)	34,103,341
Warrants exercised	344,137	-	-	344,137
Share-based payment	57,700	(23,700)	-	34,000
Share-based compensation	-	639,692	-	639,692
Comprehensive income	-	-	(1,849,872)	(1,849,872)
Unaudited balance at March 31, 2012	35,834,108	3,011,109	(5,573,919)	33,271,298
Audited balance at September 30, 2012	51,378,040	3,026,923	(6,743,077)	47,661,883
Exercise of options	478,600	(194,200)	-	284,400
Shares issued	899,627	-	-	899,627
Share issuance costs	(129,682)	-	-	(129,682)
Share-based payment	-	1,042,605	-	933,120
Net and comprehensive loss	-	-	(1,686,984)	(1,686,984)
Unaudited balance at March 31, 2013	52,626,585	3,875,328	(8,430,061)	48,071,852



STATEMENTS OF CASH FLOWS
(Unaudited – in Canadian dollars)

	For the six months ended March 31,	
	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Net income (net loss)	(1,686,984)	(1,849,872)
Items not affecting cash:		
Depreciation of property, plant and equipment	151,552	125,695
Deferred tax expense	(368,411)	(443,875)
Share-based payment	933,120	615,992
Depreciation of deferred rental incentives	(13,700)	1,896
	(984,423)	(1,550,164)
Net change in non-cash working capital items:		
Receivables	516,478	(112,864)
Prepaid expenses	2,115,991	90,628
Inventories	51,470	-
Trade and other payables	(185,742)	623,057
	2,498,197	600,821
FINANCING ACTIVITIES		
Issuance of shares	1,184,026	401,837
Share issuance costs	(129,682)	-
Repayment of bank debt	-	(2,243,310)
	1,054,344	(1,841,473)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(74,471)	(83,697)
Acquisition of investments	-	-
Disposal of investments	150,000	-
Disposal of property, plant and equipment	4,576	-
Acquisition of oil and gas properties	-	(1,732,521)
Increase in deferred exploration expenses net of deductions	(11,458,428)	2,684,297
	(11,378,323)	868,079
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,810,205)	(1,922,737)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	10,242,262	8,151,034
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 3)	1,432,057	6,228,297
CASH AND CASH EQUIVALENTS ARE MADE UP OF THE FOLLOWING:		
Cash	977,723	373,966
Guaranteed investment certificates (redeemable at any time)	454,334	5,854,331
Money market fund	-	-
	1,432,057	6,228,297

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

1. CONDENSED INTERIM FINANCIAL INFORMATION

The financial information as at March 31, 2013 and for the periods ended March 31, 2013 and 2012 is not audited. However, it is management's opinion that all adjustments required to give a faithful picture of the results for these periods have been included. The adjustments made were of a normal recurring nature. The interim operating results do not necessarily reflect the operating results anticipated for the full fiscal year.

2...BASIS FOR THE PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB") that apply to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting." The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the fiscal year ended September 30, 2012, which were prepared in accordance with the IFRS published by the IASB.

All amounts are expressed in Canadian dollars.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following items:

	As at March 31, 2013 \$	As at September 30, 2012 \$
Cash (bank overdraft)	977,723	(1,872,572)
Guaranteed investment certificates	454,334	4,254,331
Money market fund	-	7,860,503
Less: cash held for exploration (1)	-	-
Cash and cash equivalents	1,432,057	10,242,262

(1) Cash held for exploration represents proceeds from financing not yet incurred related to flow-through shares. According to restrictions imposed under financing arrangements, the Company must allocate these funds to the exploration of oil properties.

On March 31, 2013, cash and cash equivalents included guaranteed investment certificates with interest between 1.25% and 1.75% (1.75% and 2.4% on September 30, 2012), expiring between December 22, 2013 and May 8, 2013. These instruments are cashable at any time without penalty.

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

4. RECEIVABLES

	As at March 31, 2013	As at September 30, 2012
	\$	\$
Partner	383,735	510,256
Consumer tax credits	501,702	1,056,880
Tax credits receivable	6,940,616	3,408,957
Interest receivable	15,001	94,949
Loans to officers	120,000	-
Other	133,911	15,260
	8,094,965	5,086,302

Tax credits relate to claims that have not yet been examined by tax authorities.

All amounts show short-term maturities. Their net carrying value corresponds to a reasonable approximation of their fair value.

5. INVESTMENTS

	As at March 31, 2013	As at March 31, 2012
	\$	\$
Guaranteed investment certificate, 2.40%, cashable at any time and expiring December 2012	-	1,080,000
Guaranteed investment certificate, 1.252%, cashable at any time and expiring December 2013	930,000	-
	930,000	1,080,000

Notes to the condensed interim financial statements (unaudited)
As at March 31, 2013

6. EXPLORATION AND EVALUATION ASSETS

Oil and gas properties	September 30, 2012 \$	Write-off \$	Additions \$	March 31, 2013 \$
Quebec				
Anticosti ¹	340,875	-	7,745	348,620
Gastonguay	690,300	-	-	690,300
Gaspésia – Edgar – Marcel – Tremblay	426,950	-	-	426,950
Gaspé ¹	3,290,457	-	113,081	3,403,538
New Brunswick				
Dalhousie	139,526	-	-	139,526
Oil and gas property totals	4,888,108	-	120,826	5,008,934
Exploration expenses				
	September 30, 2012 \$	Write-off \$	Additions \$	March 31, 2013 \$
Quebec				
Anticosti	7,466,997	-	1,152,720	8,619,717
Gastonguay	75,037	-	39	75,076
Gaspésia – Edgar – Marcel – Tremblay	3,770,234	-	7,054	3,777,288
Gaspé	2,662,493	-	89,502	2,751,995
Bourque project	11,168,542	-	9,952,196	21,120,738
Haldimand project	13,343,595	-	2,457,663	15,801,258
Tar Point No. 1 project	5,284,223	-	11,815	5,296,038
New Brunswick				
Dalhousie	861,716	-	460	862,176
	44,632,837	-	13,671,449	58,304,286
Less:				
Exploration subsidies and partner contributions:				
Anticosti	3,012,402	-	691,415	3,703,817
Gastonguay	18,909	-	-	18,909
Gaspésia – Edgar – Marcel – Tremblay	423,091	-	1,552	424,643
Gaspé	644,933	-	25,943	670,876
Bourque project	5,684,276	-	3,140,787	8,825,063
Haldimand project	5,699,488	-	1,010,720	6,710,208
Tar Point No. 1 project	1,089,615	-	1,133	1,090,748
Dalhousie	6,922	-	-	6,922
	16,579,636	-	4,871,550	21,451,186
Income from evaluation of oil reserves:				
Gaspé				
Haldimand project	246,212	-	49,604	295,816
Total exploration expenses	27,806,989	-	8,750,295	36,557,284

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

Summary as at March 31, 2013	September 30, 2012 \$	Write-off \$	Additions \$	March 31, 2013 \$
Properties	4,888,108	-	120,826	5,008,934
Exploration expenses	27,806,989	-	8,750,295	36,557,284
Exploration and evaluation assets	32,695,097	-	8,871,121	41,566,218

- (1) Properties with the reference (1) are subject to royalties should they become productive. To date, the Company has satisfied all required obligations and lists only its future or potential obligations and special transactions of the year below.

Gaspé properties

In May 2008, Pétrolia acquired a 100% interest in a 6,043-km² surface area of these properties (excluding the Haldimand property), subject to a royalty of 0.5% to 2.5% on the future production of hydrocarbons. In June 2010, the Company carried out an asset exchange, increasing its interest to 100% in all Gaspé leases, a 150-km² territory, with the exception of a 9-km² zone in which it holds a 64% interest (Haldimand property). On December 20, 2010, the Company signed definitive agreements for the sale of 50% of its interests in the Haldimand discovery as well as in 13 leases surrounding this discovery to Québénergie Inc. (subsidiary of Investcan) for the sum of \$15,190,000. A sum of \$6,690,000 was paid in cash and \$8,500,000 in exploration work was carried out by Québénergie Inc. over the next two years.

Haldimand property

On May 6, 2008, a second agreement defined a development area of 9 km² around Pétrolia's Haldimand No. 1 well in which the Company held a 45% interest, Junex 45% and Gastem 10%. Some of the licences to these properties are subject to royalty payments of 5%. Under an amendment to the original agreement signed July 22, 2009, Pétrolia became the operator of the entire 9-km² development area. On October 1, 2009, Pétrolia acquired all of Gastem's interest. Following its decision not to participate in the drilling of a second well, Junex saw its ownership interest decrease by 9%. After signing definitive agreements to sell 50% of the interests in the Haldimand discovery, Haldimand's ownership was as follows: Pétrolia – 32%, Québénergie – 32% and Junex – 36%.

On December 20, 2011, Pétrolia and Québénergie paid \$3.1 million to buy all of Junex's interests in this deposit. The agreement releases Junex from the production penalties to which it was exposed by failing to participate in recent work on the properties. Following this transaction, Pétrolia and Québénergie now own an equal share in the deposit and surrounding properties.

Bourque property

In May 2012, Pétrolia made a private placement totalling \$15.75M, with most of the funds to be used for the drilling of two wells on the Bourque property.

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

Anticosti property

The Company acquired all of Hydro-Québec's rights on Anticosti Island in return for an overriding royalty on future oil production. Under this agreement, Pétrolia shares a 25% interest with Corridor Resources Inc. in six licences and 50% in 29 exploration licences on the island and acts as an operator for most of them. In June 2010, the Company participated in the drilling of three exploration wells and extracted a core sample to evaluate the Macasty Formation's potential as a shale gas reservoir. Once it obtains the results of the core sample analysis, the Company plans to undertake development work in order to better estimate the oil potential of Anticosti Island.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve- ments	Office equipment	Rolling stock	Reservoirs and construc- tion facilities	Sites	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance as at October 1, 2012	577,483	294,443	244,486	434,516	75,434	1,626,362
Additions	-	-	-	74,472	-	74,472
Disposal	-	-	46,935	-	-	46,935
Balance as at March 31, 2013	577,483	294,443	197,551	508,988	75,434	1,653,899
Accumulated depreciation						
Balance as at October 1, 2012	224,947	139,817	182,832	46,795	-	594,391
Retirement	-	-	42,358	-	-	42,358
Depreciation	79,016	18,154	8,657	45,721	-	151,551
Balance as at March 31, 2013	303,963	157,971	149,131	92,516	-	703,584
Book value as at March 31, 2013	273,520	136,472	48,420	416,472	75,434	950,318
Book value as at September 30, 2012	352,537	154,626	61,656	387,722	75,434	1,031,975
	Leasehold improve- ments	Office equipment	Rolling stock	Reservoirs	Sites	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance as at October 1, 2011	565,179	266,809	236,187	115,739	75,434	1,259,348
Additions	12,304	5,783	8,301	57,309	-	83,697
Disposal	-	-	-	-	-	-
Balance as at March 31, 2012	577,483	272,592	244,488	173,048	75,434	1,343,045
Accumulated depreciation						
Balance as at October 1, 2011	65,807	96,046	157,594	8,122	-	327,569
Retirement	-	-	-	-	-	-
Depreciation	79,734	20,991	12,204	12,766	-	125,695
Balance as at March 31, 2012	145,541	117,037	169,798	20,888	-	453,264
Book value as at March 31, 2012	431,942	155,555	74,690	152,160	75,434	889,781
Book value as at September 30, 2011	499,372	170,763	78,593	107,617	75,434	931,779

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

8. TRADE AND OTHER PAYABLES

	As at March 31, 2013	As at September 30, 2012
	\$	\$
Payables and accrued liabilities	3,121,989	2,449,192
Salaries, vacation pay and directors' fees	240,420	270,614
Security deposits from partners	307,500	307,500
	3,669,909	3,027,306

9. PROVISION FOR SITE RESTORATION

Management calculates the total provisions for future site restoration based on the estimated cost to abandon and reclaim its net ownership interest in all wells and facilities and the estimated timing of the costs to be incurred in future periods.

At March 31, 2013, the future estimated total required to settle obligations related to site restoration, indexed at 3.5%, was \$385,938. The Company anticipates that an instalment of \$98,000 of this obligation will be settled during the fiscal year. The total future amount was discounted using the weighted average rate of 5.25%, according to a payment schedule ranging from 1 to 30 years. The total undiscounted amount of the estimated cash flow required to settle this obligation is \$385,938.

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

The following table presents the reconciliation of the provision for site restoration:

	As at March 31, 2013	As at September 30, 2012
	\$	\$
Balance, beginning of period	385,938	369,178
Liabilities incurred	-	41,992
Accretion expense	-	12,268
Amount used	-	(37,500)
Balance, end of period	385,938	385,938
Portion of liability to be settled during the following fiscal year	98,000	98,000
	287,938	287,938

10. SHARE CAPITAL

Authorized

Unlimited number of common, participating, voting shares without par value.

Issued:

	Six months ended March 31, 2013		Fiscal year ended September 30, 2012	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of period	66,585,750	51,378,040	54,579,477	35,432,271
Shares issued:				
Shares issued	957,050	899,627	11,091,552	15,750,004
Warrants exercised	-	-	264,721	344,136
Exercise of share options	460,000	478,600	650,000	460,208
Future taxes		-		160,421
Share issuance costs		(129,682)		(769,000)
Balance, end of period	68,002,800	52,626,585	66,585,750	51,378,040

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

Warrants

Outstanding warrants allow holders to subscribe to an equivalent number of common shares as follows:

	Six months ended March 31, 2013		Fiscal year ended September 30, 2012	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of period	5,788,734	1.76	264,721	1.30
Granted	-	-	5,788,734	1.76
Exercised	-	-	(264,721)	(1.30)
Expired	-	-	-	-
Balance, end of period	5,788,734	1.76	5,788,734	1.76

The number of outstanding warrants that can be exercised for an equivalent number of common shares is established as follows:

Expiry date	Six months ended March 31, 2013		Fiscal year ended September 30, 2012	
	Number of warrants	Exercise price	Number of warrants	Exercise price
		\$		\$
May 14, 2014	242,958	1.42	242,958	1.42
May 15, 2015	5,545,776	1.78	5,545,776	1.78

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

11. EMPLOYEE REMUNERATION

Employee benefits expense

Expenses recognized for employee benefits are analyzed below:

	As at March 31 2013	As at September 30, 2012
	\$	\$
Wages, salaries	1,230,050	2,223,643
Share-based payments	1,042,606	639,692
	2,272,656	2,863,335
Less: salaries capitalized in exploration and evaluation assets	783,783	1,276,431
Employee benefits expense	1,488,873	1,586,904

Share-based payment

The Company has a share option plan that allows it to grant a maximum of 10% of the number of shares outstanding to its directors, officers, key employees and suppliers on a continuous basis. The exercise price of each option equals the market price or discounted market price of the underlying share on the day prior to the grant of the option. All options must be exercised no later than five years after the date of the grant. The options granted to directors vest immediately and over a period of three years for other participants.

All share-based employee remuneration will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

Share options and weighted average prices are as follows for the reporting periods presented:

	Six months ended March 31, 2013		Fiscal year ended September 30, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of period	3,706,000	\$ 1.16	3,276,250	\$ 0.84
Granted	2,370,000	1.03	1,341,000	1.52
Exercised	(460,000)	0.62	(650,000)	0.43
Expired	-	-	(261,250)	0.82
Outstanding at end of period	5,616,000	1.15	3,706,000	1.16
Exercisable	3,491,750	1.05	2,221,500	1.09

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

The following table reflects share options issued and outstanding at March 31, 2013:

Options outstanding			
Number of options	Exercise price	Time to maturity	Expiration date
	\$	Years	
327,500	1.25	0.3	July 7, 2013
60,000	0.74	1.1	May 21, 2014
270,000	0.89	1.9	February 25, 2015
672,500	0.50	2.7	December 8, 2015
75,000	1.31	2.9	February 25, 2016
500,000	1.69	3.1	May 18, 2016
1,266,000	1.52	3.7	December 4, 2016
75,000	1.51	3.9	February 22, 2017
2,220,000	1.02	4.7	December 10, 2017
150,000	1.14	4.9	February 28, 2018

The following table reflects share options issued and outstanding at September 30, 2012:

Options outstanding			
Number of options	Exercise price	Time to maturity	Expiration date
	\$	years	
400,000	0.60	0.3	February 12, 2013
327,500	1.25	0.8	July 7, 2013
120,000	0.74	1.7	May 21, 2014
270,000	0.89	2.4	February 25, 2015
672,500	0.50	3.2	December 8, 2015
75,000	1.31	3.4	February 25, 2016
500,000	1.69	3.6	May 18, 2016
1,266,000	1.52	4.2	December 4, 2016
75,000	1.51	4.3	February 22, 2017

The fair value of the options granted during the period was calculated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	March 2013	December 2012	May 2012	February 2012
Share price at grant date	1.14	1.02	1.42	1.51
Risk-free interest rate	1.18%	1.55%	0.86%	3%
Average expected volatility	102%	102%	95%	91%
Average expected life (years)	5	1–5	2	5
Expected dividend yield	Nil	Nil	Nil	Nil

Notes to the condensed interim financial statements (unaudited)

As at March 31, 2013

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of five years since the grant date.

Accordingly, the share-based payment was allocated as follows:

	March 2013	December 2012	March 2012	December 2011
	\$	\$	\$	\$
Statement of income	128,700	804,420	36,968	469,741
Deferred exploration expenses	-	109,486	43,732	89,251
Total	128,700	913,906	80,700	558,992

12. 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:

	Six-month period ended March 31,	
	2013	2012
	\$	\$
Short-term employee benefits:		
Salaries and benefits	393,257	243,337
Attendance fees	64,083	62,417
Total short-term benefits	457,340	305,754
Share-based payments	737,100	410,944
Total remuneration	1,194,440	716,698

During the 2013 reporting period, key management exercised 460,000 options (60,000 in 2012) granted under the share-based compensation plan. An amount of \$120 000 was granted to two managers within the framework of the program of loan for the exercise of options to buy shares. The loans have a maximal term of 9 months and bearing interest at the Bank of Canada one day rate.

Notes to the condensed interim financial statements (unaudited)
As at March

Related parties

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

	Six-month period ended March 31,	
	2013	2012
	\$	\$
Statement of financial position:		
Exploration and evaluation assets	7,842	2,394
Statement of comprehensive income:		
Other expenses	-	4,548

The balance due from these companies is \$18,199 at March 31, 2013 (March 31, 2012 – \$23,884).

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

	Six-month period ended March 31,	
	2013	2012
	\$	\$
Statement of comprehensive income:		
Salaries and benefits	1,069	2,153
Office supplies and transportation	615	500

The balance due from this Company is \$12,380 at March 31, 2013 (March 31, 2012 – \$2,228).

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

	Six-month period ended March 31,	
	2013	2012
	\$	\$
Statement of financial position:		
Property, plant and equipment	-	8,607

The balance owing this supplier is \$0 at March 31, 2013 (March 31, 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.

Notes to the condensed interim financial statements (unaudited)

As at March

13. CONTINGENCIES

Environment and letters of guarantee

The Company's operations are subject to environmental protection legislation. Environmental consequences are difficult to predict, whether in terms of their outcomes, dates or impact. Currently, to the best of management's knowledge, the Company is operating in compliance with current legislation. Letters of guarantee in the amount of \$930,000 were issued in favour of the Ministère des Ressources naturelles to guarantee the work to shut down certain sites.

These letters are secured by guaranteed investment certificates (GICs) in an equivalent amount.

APPENDICES

	2013 \$ (three months)	2012 \$ (three months)	2013 \$ (six months)	2012 \$ (six months)
A – ADMINISTRATIVE EXPENSES				
Share-based payment	128,700	36,968	933,120	506,709
Salaries and benefits	287,324	223,550	555,753	409,015
Insurance	13,176	16,497	26,352	28,809
Maintenance and office supplies	20,596	26,451	43,951	52,084
Board of Directors fees	19,962	55,235	61,208	87,446
Information for shareholders	55,768	52,775	72,312	66,398
Office rent	37,561	32,998	68,617	65,172
Promotion and entertainment	110,764	148,964	250,986	167,212
Transportation	42,053	58,730	147,042	88,094
Professional fees	111,408	244,447	161,107	313,981
Capital tax	11,748	-	8,748	(12,663)
Telecommunications	3,909	3,263	9,874	6,503
Depreciation of property, plant and equipment	26,292	29,055	52,702	57,864
Other expenses	4 482	1,253	4 905	2,618
	873,743	930,186	2,396,677	1,839,242
B – OPERATING EXPENSES				
Share-based payment	-	43,732	109,486	132,983
Salaries and benefits	258,159	258,280	674,297	516,604
Insurance	257	672	800	9,609
Maintenance and office supplies	16,499	11,611	24,875	19,319
Transportation	13,572	11,380	15,022	17,239
Training	4,064	2,052	4 938	2,747
Office rent	39,368	37,152	78,827	71,550
Professional fees	2,240	3,469	2,240	3,469
Telecommunications	1,884	2,020	2,471	4,810
Depreciation of property, plant and equipment	49,674	34,286	98,850	67,833
Other expenses	3,409	2,986	3,649	3,749
Allocation to deferred exploration work	(176,181)	(365,530)	(1,015,455)	(774,200)
Under (over) charge	212,945	42,110	-	75,712
C – FINANCIAL INCOME AND EXPENSES				
Interest income	(30,294)	(39,555)	(68,427)	(98,774)
Bank fees	1,565	1,973	3,155	2,932
Interest on debt		-		8,315
	(28,729)	(37,582)	(65,272)	(87,527)