



**DECEMBER 31, 2010 SPINOUT OF PETROMINERALES LTD.
PETROBANK SHAREHOLDERS: JOINT TAX ELECTION – FREQUENTLY ASKED QUESTIONS**

For former holders (“Shareholders”) of common shares (“Petrobank Common Shares”) of Petrobank Energy and Resources Ltd. (“Petrobank”) who exchanged their Petrobank Common Shares for New Petrobank Common Shares and Petrominerales Ltd. (“New Petrominerales”) common shares (“New Petrominerales Common Shares”) pursuant to the Plan of Arrangement (the “Arrangement”) effective December 31, 2010.

IMPORTANT NOTE – A JOINT TAX ELECTION IS NOT REQUIRED TO BE FILED FOR ANY SHAREHOLDERS WISHING TO RECEIVE AN AUTOMATIC TAX DEFERRED ROLLOVER. A JOINT TAX ELECTION IS AVAILABLE FOR SHAREHOLDERS WHO DO NOT WISH TO RECEIVE AN AUTOMATIC TAX DEFERRED ROLLOVER AND WISH TO RECOGNIZE A PORTION OF ANY ACCRUED GAIN WITHIN THEIR PETROBANK SPECIAL SHARES.

DECEMBER 31, 2010 SPINOUT OF PETROMINERALES LTD.

Shareholders of Petrobank – Frequently asked questions on the Joint Tax Election

This document has been designed to assist Petrobank Shareholders in making a joint tax election (“Joint Tax Election”) with New Petrominerales in order to obtain a partial tax-deferred rollover for Canadian income tax purposes on the exchange of their Petrobank Special Shares for New Petrominerales shares and to elect out of the automatic tax-deferred rollover that is otherwise available. The actual tax consequences for any particular former holder of Petrobank Special Shares may vary from those described herein. Anyone using this information is urged to consult their own tax advisor.

IMPORTANT NOTE – A JOINT TAX ELECTION IS NOT REQUIRED TO BE FILED FOR ANY SHAREHOLDERS WISHING TO RECEIVE AN AUTOMATIC TAX DEFERRED ROLLOVER. A JOINT TAX ELECTION IS AVAILABLE FOR SHAREHOLDERS WHO DO NOT WISH TO RECEIVE AN AUTOMATIC TAX DEFERRED ROLLOVER AND WISH TO RECOGNIZE A PORTION OF ANY ACCRUED GAIN WITHIN THEIR PETROBANK SPECIAL SHARES.

For detailed step-by-step instructions on completion of the Joint Tax Election Form, please visit our website at <http://www.petrobank.com/investors/tax/pmgspinout/> and click on the heading “Tax Election Toolkit and Step-by-Step Guide”.

For additional information and answers to general tax questions on the Arrangement, please visit our website at <http://www.petrobank.com/investors/tax/pmgspinout/> and click on the heading “Tax Implications of the Spinout of Petrominerales Ltd. – Petrobank Shareholders”.

The information contained herein is applicable to Canadian resident shareholders only. Shareholders resident outside of Canada are urged to consult their own tax advisor to appropriately assess the tax impact of the Arrangement.

Overview

On December 17, 2010, the Shareholders of Petrobank approved the Arrangement involving Petrobank, New Petrominerales, and Petrobank Shareholders. The Arrangement became effective on December 31, 2010 and is described in further detail in the Joint Management Information Circular dated November 19, 2010.

Pursuant to the Arrangement, each Shareholder of Petrobank received one New Petrobank Common Share and one Petrobank Special Share in exchange for each existing common share of Petrobank, hereinafter referred to as the “First Exchange”. Each Petrobank Special Share was then exchanged for approximately 0.6142 of one New Petrominerales Common Share hereinafter referred to as the “Second Exchange”. For Canadian tax purposes, Canadian resident Shareholders of Petrobank receive an automatic tax-deferred rollover on both the First exchange and the Second exchange. **No Joint Tax Elections are required to be filed to receive the automatic tax-deferred rollovers on either exchange.** With respect to the First Exchange, there is no mechanism within the *Income Tax Act* (Canada) to recognize any portion of the accrued gain or loss a shareholder may have on their common shares of Petrobank. However, with respect to the Second Exchange, a Petrobank Shareholder has the choice of four possible tax treatments:

1. Automatic tax-deferred rollover – A Petrobank Shareholder choosing this tax treatment **is not required to file a Joint Tax Election** with New Petrominerales. A Petrobank Shareholder choosing an automatic tax-deferred rollover should report the disposition of their Petrobank Special Shares in

exchange for the New Petrominerales Common Shares for proceeds of disposition equal to the adjusted cost base of their Petrobank Special Shares.

2. Recognition of the full amount of the gain – A Petrobank Shareholder choosing to recognize the full amount of any gain on the disposition of their Petrobank Special Shares should do so by reporting a fair market value disposition of their Petrobank Special Shares on their 2010 tax return. A Petrobank Shareholder choosing this tax treatment **is not required to file a Joint Tax Election** with New Petrominerales.
3. Recognition of the full amount of the loss – A Petrobank Shareholder choosing to recognize the full amount of any loss on the disposition of their Petrobank Special Shares should do so by reporting a fair market value disposition of their Petrobank Special Shares on their 2010 tax return. A Petrobank Shareholder choosing this tax treatment **is not required to file a Joint Tax Election** with New Petrominerales.
4. Recognition of only a portion of the gain – New Petrominerales has agreed to file a Joint Tax Election with any Petrobank Shareholder wishing to recognize only a portion of the accrued gain on their Petrobank Special Shares on the second exchange. A Petrobank Shareholder choosing this tax treatment **is required to file a Joint Tax Election** with New Petrominerales.

The remainder of this document has been designed to assist former holders of Petrobank Special Shares choosing alternative 4 above in making a Joint Tax Election with New Petrominerales and obtaining a partial tax deferred “rollover” for Canadian income tax purposes. **Shareholders choosing alternatives 1, 2 or 3 are not required to file a Joint Tax Election Form.**

Summary Information

- The Arrangement closed on December 31, 2010.
- The First Exchange is an automatic tax-deferred rollover transaction for Canadian tax purposes. No gain or loss can be recognized on the transaction. No Joint Tax Election is required to be filed.
- The Second Exchange is an automatic tax-deferred rollover transaction for Canadian tax purposes. No Joint Tax Election is required to be filed. However, if a Petrobank Shareholder wishes to recognize all of their gain or loss, they can do so by recognizing such gain or loss on their 2010 tax return. No Joint tax election is required to be filed. If a Petrobank Shareholder wishes to recognize only a portion of their gain, they can do so by filing a Joint Tax Election with New Petrominerales. See the comments in the Overview section above for further detail on the four possible alternative tax treatments on the Second Exchange.
- For detailed step-by-step instructions on completing the Joint Tax Election, please visit our website at <http://www.petrobank.com/investors/tax/pmgspinout/> and click on the heading “Tax Election Toolkit and Step-by-Step Guide”.

- A partially completed Joint Tax Election Form (Form T2057) can be downloaded from our website at <http://www.petrobank.com/investors/tax/pmgspinout/>. Please click on the heading “Form T2057 – December 31, 2010”.
- Federal tax election forms are also available from the Canada Revenue Agency:
 - For individuals, corporations or trust – Form T2057 - <http://www.cra-arc.gc.ca/E/pbg/tf/t2057/t2057-08e.pdf>
 - For partnerships – Form T2058 - <http://www.cra-arc.gc.ca/E/pbg/tf/t2058/t2058-08e.pdf>

Important deadlines

- You must complete and sign **three (3) copies** of the Joint Tax Election Form. Completed and signed tax election forms must be received by New Petrominerales by **March 31, 2011**. New Petrominerales has agreed to execute and mail the Joint Tax Election to the Canada Revenue Agency within 30 days after it receives the election. Shareholders with a filing due date prior to or around the March 31, 2011 deadline are therefore advised to forward their completed Joint Tax Elections at an earlier date.
- No later than **March 31, 2011**, please mail completed forms to:

Petrominerales Ltd.
Suite 1900, 111 – 5th Avenue SW
Calgary, Alberta T2P 3Y6
Attention: Alison Howard

- New Petrominerales will sign the completed forms and forward one copy to the Canada Revenue Agency. A signed copy of the Joint Tax Election Form will be returned to the shareholder via the address on the election form.

Frequently Asked Questions

The information included in this list of frequently asked questions is provided for illustrative purposes only and is not binding on the tax authorities. Anyone using this information is therefore urged to consult their own tax advisors. Petrobank, New Petrominerales, or their respective successors, affiliates, advisors, agents, or employees shall not incur any liability in respect of the accuracy of such information.

1. What happened to my Petrobank Common Shares on December 31, 2010?

On December 31, 2010 each Petrobank Common Share was first exchanged for one New Petrobank Common Share and one Petrobank Special Share. Immediately thereafter, each Petrobank Special Share was exchanged for approximately 0.6142 of one New Petrominerales Common Share.

2. I have obtained a copy of the Joint Tax Election Form. What do I do now?

Each Petrobank shareholder who is an Eligible Shareholder wishing to file a Joint Tax Election is solely responsible for ensuring that the Joint Tax Election Form is completed and returned to New Petrominerales by the applicable deadline. Consult the Tax Election Toolkit for information concerning the filing deadline and detailed step-by-step instructions. A copy of the Tax Election Toolkit and Step-by-Step Guide can be found on our website at <http://www.petrobank.com/investors/tax/pmgspinout/> under the heading "Tax Election Toolkit and Step-by-Step Guide". **Please note that a Joint Tax Election is not required to be filed to receive an automatic tax-deferred rollover.**

3. My wife and I own our shares together. Who should complete and sign the Joint Tax Election?

The Joint Tax Election should list all co-owners and provide their name, address, social insurance number (or business number) and taxation year. The Joint Tax Election should be signed by the person designated by the co-owners to act on their behalf. All co-owners must authorize, in writing, the person who signs the form on their behalf.

4. How do I determine how many shares of Petrobank I owned on December 31, 2010?

Your securities broker can provide you with this information.

5. How do I determine how many shares of New Petrobank and New Petrominerales I received upon completion of the Arrangement?

After completion of the Arrangement, each Petrobank Shareholder will have one New Petrobank Common Share and approximately 0.6142 of one New Petrominerales Common Share in exchange for each Petrobank Common Share.

6. What was the fair market value of the Petrobank Special Shares I disposed of on December 31, 2010 and the consideration I received in return?

Petrobank has estimated the fair market value of the Petrobank Special Shares to be \$20.05 per share. This is based on the weighted average trading price of Petrominerales Ltd. on the Toronto Stock Exchange for the last 10 trading days prior to the completion of the Arrangement assuming that each Petrobank Special Share is valued at approximately 0.6142 of one New Petrominerales Common Share. The fair market value of New Petrominerales has been adjusted to remove the value of the fourth quarter dividend having a record date of December 30, 2010.

Please be advised that any estimate of fair market value is not binding on the Canada Revenue Agency or any particular shareholder of Petrobank. You should consult your own tax advisor to assist you in determining the fair market value if you have any doubt.

7. How do I calculate the adjusted cost base of my Petrobank Special Shares?

Each shareholder's existing adjusted cost base in their Petrobank Shares will be allocated between their New Petrobank Common Shares and Petrobank Special Shares in proportion to the relative fair market value of such shares at the time of the Reorganization. The fair market value of the New Petrobank Shares will be equivalent to the fair market value of the existing Petrobank Shares excluding the value

associated with Petrobank's proportionate interest in Petrominerales. The fair market value of the Petrobank Special Shares will be equivalent to the fair market value of Petrobank's proportionate interest in Petrominerales. Each Shareholder's adjusted cost base in Petrobank will be allocated proportionately between New Petrobank Shares and Petrobank Special Shares.

Petrobank's estimate of the allocation of the adjusted cost base in each Petrobank Shareholder's Petrobank Common Shares between the New Petrobank Common Shares and the Petrobank Special Shares immediately after the exchange is as follows:

New Petrobank Common Shares	54.35%
Petrobank Special Shares	45.65%

The estimate of the allocation was determined based on the weighted average trading price of the Petrobank Common Shares and the weighted average trading price of the Petrominerales Ltd. Common Shares for the last 10 trading days prior to the completion of the Arrangement and assumes that the fair market value of a Petrobank Special Share is approximately 0.6142 of the fair market value of a Petrominerales Ltd. Common Share. The fair market value of Petrominerales Ltd. has been adjusted to remove the value of the fourth quarter dividend having a record date of December 30, 2010.

Please be advised that any estimate of fair market value used to calculate the above noted allocation is not binding on the Canada Revenue Agency or any particular Shareholder. However, it is recommended that the allocations made by Petrobank Shareholders for Canadian tax purposes be consistent with that estimated by Petrobank.

8. Is there a fee for filing the Joint Tax Election Form (or any relevant provincial election forms)?

You are not required to pay any fees to file the Joint Tax Election (or any relevant provincial election forms) provided the forms are filed prior to their due date. Otherwise, a late filing penalty may have to be remitted with the form(s) when filed. Late-filing penalties or interest are the sole responsibility of the shareholder. **Please note that a Joint Tax Election is not required to be filed to receive an automatic tax-deferred rollover.**

9. Will Petrobank or New Petrominerales help me complete the Joint Tax Election Form (or any relevant provincial election forms)?

Each shareholder is responsible for completing his or her own Joint Tax Election Form (and any relevant provincial election forms). However, the Joint Tax Election Toolkit and Step-by-Step Guide provides detailed step-by-step instructions on how to complete the Joint Tax Election Form. The Joint Tax Election Toolkit and Step-by-Step Guide can be found by visiting our website at <http://www.petrobank.com/investors/tax/pmgspinout/> under the heading "Tax Election Toolkit and Step-by-Step Guide".

10. What happens if I miss the March 31, 2011 deadline to submit by Federal (or provincial) Joint Tax Election Form to New Petrominerales but still wish to file the Joint Tax Election?

If you miss the deadline, you may not be entitled to the benefits afforded by the Joint Tax Election as New Petrominerales has no obligation to pursue the procedure in such a case. Please note that the actual deadline for filing Joint Tax Elections with the Canada Revenue Agency is based on each

shareholder's due date of their 2010 income tax return, which differs depending on whether the shareholder is an individual, a partnership, a trust, or a corporation. The Canada Revenue Agency may accept a late-filed election; however, it will be subject to a late-filing penalty. **Please note that a Joint Tax Election is not required to be filed to receive an automatic tax-deferred rollover.**

11. What happens if I do not wish to file the Joint Tax Election?

As discussed in the "Overview" section above, there is an automatic tax deferred rollover available on the Arrangement. Therefore, if you do not wish to file the Joint Tax Election, you will be deemed to have disposed of your Petrobank Special Shares for proceeds of disposition equal to their adjusted cost base, resulting in no gain or loss recognition for tax purposes. You must still report the disposition on your 2010 tax return, with your proceeds of disposition disclosed as your adjusted cost base in your Petrobank Special Shares. For additional information, please visit our website at <http://www.petrobank.com/investors/tax/pmgspinout/> and click on the heading "Tax Implications of the Spinout of Petrominerales Ltd. – Petrobank Shareholders".

12. What happens if my Joint Tax Election Form is incomplete when it is received by New Petrominerales?

If the form(s) are obviously incomplete, they will be returned unsigned. It will then be your responsibility to complete the form(s) and resubmit them prior to March 31, 2011. Late-filed election forms may be subject to penalties and interest and are the sole responsibility of the shareholder. As discussed above, a Joint Tax Election is not required to be filed to obtain a tax-deferred rollover. An automatic tax-deferred rollover is available.

13. Do I have to report the First Exchange and the Second Exchange on my tax return for the period that includes the transaction on December 31, 2010?

Yes. Both the First Exchange and the Second Exchange must be reported on your 2010 tax return. Even if you deferred all of the gain arising on the exchange by virtue of the automatic rollover, you still disposed of your Petrobank Common Shares (in the First Exchange) and your Petrobank Special Shares (in the Second Exchange). Your proceeds of disposition for the purpose of filing your income tax return will depend on whether you took advantage of the automatic tax deferred rollover or recognized only a portion of the gain. For additional information, please visit our website at <http://www.petrobank.com/investors/tax/pmgspinout/> and click on the heading "Tax Implications of the Spinout of Petrominerales Ltd. – Petrobank Shareholders". See item 9 on page 6 for further information.

14. I have completed and signed the Federal tax election form (and any relevant provincial tax election forms). What do I do next?

Forward three (3) copies of each completed and signed election form to the address below prior to March 31, 2011:

Petrominerales Ltd.
Suite 1900, 111 – 5th Avenue SW
Calgary, AB T2P 3Y6
Canada
Attention: Alison Howard

After receiving the completed forms, New Petrominerales will determine whether the form appears to be complete. If so, New Petrominerales or its successor will sign the forms and forward one copy to the Canada Revenue Agency. Another copy will be returned to the shareholder via the address on the Joint Tax Election. As noted above, any forms that are obviously incomplete will be returned to the shareholder unsigned, and will have to be resubmitted prior to March 31, 2011.

None of Petrobank, New Petrominerales, or their respective successors, affiliates, advisors, agents, or employees will be responsible or liable for any taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly complete or file any election forms in the form and manner and within the time prescribed by the relevant tax laws.