

The Depository Trust Company
IMPORTANT

B#: 2941-08
DATE: January 30, 2008
TO: All Participants
CATEGORY: Dividends
FROM: Specialist, Stock Dividend Department
ATTENTION: Dividend Managers, Cashiers, and Reorganization Managers
SUBJECT: Rights: Petrolia Inc.
CUSIP: 716685102
Type of Right: Adoption Shareholder Rights Plan

*******POISON PILL NOTICE*******

Petrolia Inc. (the “Company”) has declared an Adoption Shareholder Rights Plan (the “Rights Plan”) to shareholders. The Rights Plan is intended to discourage coercive or unfair takeover bids and gives the Board of Directors time to pursue alternatives to maximize shareholder value, if appropriate, in event of an unsolicited takeover bid.

For more information see the attached letters provided by the company.

If participants have any questions in regarding this Important Notice, please contact DTC’s Customer Service Helpline at (888) 360-3822.

APPROVAL OF SHAREHOLDERS RIGHTS PLAN

At the Meeting, the shareholders will be asked to approve the Shareholders Rights Plan (the "Rights Plan") adopted by the Board of Directors on January 16, 2008. The agreement dated January 16, 2008 between the Company and Computershare Trust Company of Canada, as Rights Agent, containing the terms and conditions of the Rights Plan (the "Rights Agreement") is available on SEDAR at www.sedar.com.

The Board of Directors has determined that the Rights Plan is in the best interests of the shareholders and the Company and recommends that shareholders vote for its approval. The Rights Plan will provide the Board of Directors and the shareholders more time to fully consider any unsolicited takeover bid for the Company. The Rights Plan is intended to discourage coercive or unfair takeover bids and gives the Board of Directors time to pursue alternatives to maximize shareholder value, if appropriate, in the event of an unsolicited takeover bid.

The Rights Plan is effective as of January 16, 2008 and is subject to approval by the shareholders at the Meeting. To continue to be effective, the Rights Plan must be approved by a resolution passed by a majority of the votes cast at the Meeting in person or by proxy. Should the resolution not be passed by a majority of the votes so cast at the Meeting, the Rights Plan and any then outstanding Rights shall be of no further force and effect from the date of the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, by a simple majority of votes cast at the Meeting, a resolution to approve the Rights Plan.

Background: The primary objective of the Rights Plan is to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made for the Company and to provide every shareholder with an equal opportunity to participate in such a bid. The Rights Plan encourages a potential acquirer to proceed either by way of a Permitted Bid (as defined in the Rights Plan), with requires the takeover bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

In adopting the Rights Plan, the Board of Directors considered the legislative framework in Canada governing takeover bids. Under provincial securities legislation, a takeover bid generally means an offer to acquire voting or equity shares of a person or persons, where the shares subject to the offer to acquire together with shares already owned by the bidder and certain related parties thereto, aggregate 20 % or more of the outstanding shares of a corporation.

The existing legislative framework for takeover bids in Canada continues to raise the following concerns for shareholders of the Company:

- (i) **Time:** Current legislation permits a takeover bid to expire 21 days after it is initiated. The Board of Directors is of the view that this is not sufficient time to permit shareholders to consider a takeover bid and make a reasoned and unhurried decision.
- (ii) **Pressure to Tender the Shares:** A shareholder may feel compelled to tender its shares to a takeover bid which the shareholder considers to be inadequate out of a concern that in failing to do so, the shareholder may be left with illiquid or minority discounted Common Shares. This is particularly so in the case of a partial takeover bid for less than all of the Common Shares, where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. The Rights Plan provides a shareholder tender approval mechanism which is intended to ensure that a shareholder can separate the decision to tender from the approval or disapproval of a particular takeover bid.
- (iii) **Unequal Treatment: Full Value:** While existing provincial securities legislation has substantially addressed many concerns in this regard, there remains the possibility that control of the Company may be acquired pursuant to a private agreement in which one or a small group of shareholders disposes of Common Shares at a premium to market price which premium is not shared with the other shareholders. In addition, a person may slowly accumulate Common Shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders.

Summary: The following is a summary of the principal terms of the Rights Plan which is qualified in its entirety by reference to the text of the Rights Plan which is filed on the Company's Website at www.petroliagas.com and on SEDAR at www.sedar.com. A shareholder or any other interested party may also obtain a copy of the Rights Plan by writing to the Secretary of the Company, Pétrolia Inc., 212 de la Cathédrale Ave., Rimouski, Québec G5L 5J2.

All capitalized expressions or terms in the following summary have the meaning ascribed to them in the Rights Plan.

Effective Date: The effective date of the Rights Plan is January 16, 2008.

Term: Unless otherwise terminated in accordance with its terms, the Rights Plan will terminate at the close of the third annual meeting of the Company's shareholders following the meeting at which the Rights Plan is approved by shareholders, unless the Rights Plan is reconfirmed and extended at such meeting.

Shareholder Approval: The Rights Plan must be approved by shareholders within six months of its effective date. For the Rights Plan to continue to be effective following the Meeting, the Rights Plan Resolution must be approved by a majority of the votes cast at the Meeting by shareholders voting in person or by proxy.

Issue of Rights: On the Effective Date, one right to purchase a Common Share, upon the terms and subject to the conditions set forth in the Rights Plan, was issued and attached to each Common share outstanding and attached to each Common Share subsequently issued.

Rights Exercise Privilege: The Rights will separate from the Common Shares and will be exercisable on the tenth Business Day after the earlier of (i) the Stock Acquisition Date (ii) the date of the commencement of, or first public announcement of the intent of any Person to commence a Triggering event, other than a Permitted Bid or Competing Permitted Bid; (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such; or (iv) such later date as may be determined by the Board of Directors in good faith.

Triggering event: The acquisition by any Person (an "Acquiring Person") of 20% or more of the outstanding Common Shares of the Company, other than by way of a Permitted Bid, a Voting Share Reduction, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition is referred to as a "Triggering event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Triggering event. Ten Business Days after the occurrence of the Triggering event, each Right (other than those held by the Acquiring Person), will permit the purchase of Common Shares at a substantial discount to the market price at the time.

Issuance of the Rights is not initially dilutive. Upon a Triggering event occurring and the Rights separating from the Common Shares, reported earnings per share on a fully diluted or non-diluted basis may be amended. Holders of Rights not exercising their Rights upon the occurrence of a Triggering event may suffer substantial dilution.

Certificates and Transferability: Prior to the Separation Time, the Rights are evidenced by a legend imprinted on certificates for the Common Shares issued from and after the Effective Date and are not to be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

Permitted Bid Requirements: Under the Rights Plan, a "Permitted Bid" is a bid made to all shareholders of the Company and that is open for acceptance for not less than 60 days. If, at the end of such 60-day period, at least 50 percent of the outstanding shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the shares but must extend the bid for a further 10 days to allow other shareholders to tender.

The Rights Plan is similar to other shareholders rights plans adopted by several other Canadian companies and approved by their respective shareholders.

Waiver: The Board of Directors may, until the occurrence of a Triggering event, waive the application of the Rights Plan to a particular Triggering event (an "Exempt Acquisition") where the Takeover Bid is made by a takeover bid circular to all holders of Common Shares. Where the Board of Directors exercises the power of waiver for one Takeover Bid, the waiver will also apply to any other Takeover Bid for the Company made by a takeover bid circular

to all holders of Common Shares prior to the expiry of the other bid for which the Rights Plan has been waived by the Board of Directors.

Redemption: The Board of Directors, with the majority approval of shareholders (or the holders of Rights if the Separation Time has occurred) at a meeting duly called for that purpose, may redeem the Rights at \$0.0001 per Right. Rights may also be redeemed by the Board of Directors without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

Amendment: The Company may amend the Rights Plan with the majority approval of shareholders (or the holders of Rights, if the Separation Time has occurred) at a meeting duly called for that purpose. The Company, without such approval, may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan which the Board of Directors acting in good faith considers necessary or desirable.

Board of Directors: The Rights Plan will not lessen the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Company. The Board of Directors, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate.

Exemptions for Investment Advisors: Persons whose ordinary business is managing investment funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in-Event, provided that they are not making, or are not part of a group making, a takeover bid.

Recommendation of the Board of Directors: The Board of Directors has determined that the Rights Plan is in the best interests of the Company and its shareholders. The Board of Directors unanimously recommends that shareholders vote in favor of the Right Plan Resolution.

The Rights Plan has not been adopted in response to, or in contemplation of, any specific proposal to acquire control of the Company. At the present time, the Company has not knowledge of any Takeover Bid, or any intended Takeover Bid from any person.

The persons named in the accompanying form of proxy intend to vote in favor of the resolution approving the Rights Plan unless the shareholder signing the proxy has indicated his/her intention to abstain from voting or to vote against the resolution approving the Rights Plan.

COMPENSATION OF EXECUTIVES AND DIRECTORS

COMPENSATION OF SPECIFIED EXECUTIVES:

Name and principal position	Fiscal year	Annual compensation			Long-term compensation			All other compensation (\$)
		Salary (\$)	Bonus (\$)	Other annual compensation (\$)	Grants		Payments	
					Securities under option/Rights to appreciation of shares	Tied shares or tied-share units (\$)	Payments under LICP terms (1) (\$)	
André Proulx President and CEO	2007	98,125	10,000	-	300,000	-	-	-
	2006	75,325	-	-	500,000	-	-	-
	2005	41,666	-	-	150,000	-	-	-