



AROWAY ENERGY INC.
ANNUAL INFORMATION FORM

For the year ended June 30, 2011

Dated September 27, 2011

AROWAY ENERGY INC.
Suite 1910 – 1055 West Hastings Street, Vancouver, BC V6E 2E9
Phone: (604) 304-4087 • Fax: (604) 909-2679 • www.arowayenergy.com

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GLOSSARY OF GENERAL TERMS

In this annual information form (“AIF”), unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms have the following meanings:

“AIF”	means this annual information form of the Company dated September 27, 2011;
“BCA”	means <i>Business Corporations Act</i> (British Columbia);
“BCSC”	means the British Columbia Securities Commission;
“Big Earl”	means Big Earl Resources Ltd.;
“Big Earl Purchase Agreement”	means the purchase and sale agreement dated July 20, 2010, between the Company and Big Earl, pursuant to which the Company acquired the right to earn a 50% working interest in the Worsley Property;
“Big Earl Royalty Agreement”	means the gross overriding royalty agreement dated July 20, 2010, between the Company and Big Earl, pursuant to which the Company granted Big Earl a gross overriding royalty of 6% of the Company’s interest in the Worsley Property;
“Board”	means the Board of Directors of the Company;
“Company”	means Aroway Energy Inc. (formerly Aroway Minerals Inc.), a company incorporated under the laws of the Province of British Columbia, the Shares of which are listed on the TSXV;
“Farmout Agreement”	means the farmout agreement dated July 2, 2010, and as amended August 9, 2010, between the Big Earl and Sydco Energy Inc., pursuant to which Big Earl acquired the right to earn a 50% working interest in the Worsley Property;
“IFRS”	means International Financial Reporting Standards;
“McDaniel”	means McDaniel & Associates Consultants Ltd., independent qualified reserves evaluators;
“McDaniel Report”	means the independent engineering evaluation dated September 27, 2011, prepared by McDaniel evaluating the oil and natural gas reserves attributable to the Company;
“MD&A”	means Management’s Discussion and Analysis;
“NI 51-101”	means National Instrument 51-101 “ <i>Standards of Disclosure for Oil and Gas Activities</i> ” adopted by the Canadian Securities Administrators;

“Options”	means options granted under the Stock Option Plan to acquire Shares;
“SEDAR”:	means the System for Electronic Document Analysis and Retrieval;
“Shares”	means the common shares of the Company;
“Shareholder”	means a holder of the Shares;
“Shareholder”	means a holder of the Shares;
“Stock Option Plan”	means the incentive stock option plan of the Company adopted by the Board on November 24, 2010 and subsequently approved by Shareholders at the annual general and special meeting of Shareholders held on January 10, 2011;
“TSXV”	means the TSX Venture Exchange; and
“Worsley Property”	means the property initially comprised of three petroleum and natural gas leases covering approximately 776 hectares of land located in the Peace River Arch area of Alberta.

GLOSSARY OF TECHNICAL TERMS

In this AIF, unless there is something in the subject matter or context inconsistent therewith, the following abbreviations, words and terms have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
bbls/d	barrels per day	MMcf/d	million cubic feet per day
NGLs	natural gas liquids		

“API”	means the American Petroleum Institute;
“API”	means an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil;
“BOE”	means barrels of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead;

“BOE/d”	means barrels of oil equivalent per day;
“\$M”	means thousands of dollars;
“\$MM”	means millions of dollars;
“MMBOE”	means million barrels of oil equivalent;
“MMBTU”	means million British thermal units;
“WTI”:	means West Texas Intermediate, the reference price paid in US\$ at Cushing, Oklahoma, for crude oil of standard grade;

CONVERSION TABLE

The following table sets forth certain factors for converting metric measurements into imperial equivalents:

To convert from	To imperial units	Multiply by
BOE	Mcf	6.00
Mcf	Cubic metres (“m ³ ”)	28.17
Cubic metres	Cubic feet	35.49
bbls	Cubic metres (“m ³ ”)	0.15
Cubic metres (“m ³ ”)	bbls	6.29
Feet (“ft”)	Metres	0.31
Metres	Feet (“ft”)	3.28
Miles	Kilometres (“km”)	1.61
Kilometres (“km”)	Miles	0.62
Acres	Hectares (“Ha”)	0.41

PRELIMINARY NOTES

Date of Information

All information in this AIF is as of June 30, 2011 unless otherwise indicated.

Currency

Unless otherwise indicated, all dollar amounts are in Canadian dollars.

Forward-Looking Statements

This AIF contains or incorporates by reference “forward-looking information” which means disclosure regarding possible events, conditions, acquisitions, or results of operations that are based on assumptions

about future conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements and information are only predictions and actual events or results may differ materially. Although the Company believes that the expectations reflected in the forward-looking statements and information are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements and information made by, or on behalf of, the Corporation.

In particular, forward-looking statements included in this AIF include, but are not limited to:

- the quantity of, and future net revenues from, the Company’s reserves;
- crude oil, natural gas and natural gas liquids production levels;
- commodity prices, foreign currency exchange rates and interest rates;
- capital expenditure programs, drilling programs and other future expenditures;
- supply and demand for oil, natural gas liquids and natural gas;
- waterflood and CO2 recoveries;
- the Company’s business strategy and planned acquisition and development strategy;
- expectations regarding the Company’s ability to raise capital and to continually add to reserves through acquisitions and development;
- schedules for and timing of certain projects and the Company’s strategy for growth;
- the Company’s future operating and financial results;
- future abandonment and reclamation costs;
- the Company’s tax pools and the time at which the Company may incur certain income or other taxes;
- Expectations as to the amount of production required to allow new wells to reach pay-out;
- treatment under governmental and other regulatory regimes and tax, environmental and other laws;
- future income tax laws and royalty regimes;

- First Nations land claims; and
- oil and gas pipeline transportation integrity and failures.

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Risks and uncertainties include, but are not limited to, volatility in market price for crude oil, condensate and natural gas; industry conditions; volatility of commodity prices; currency fluctuation; imprecision of reserve estimates; liabilities inherent in oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in income tax laws or changes in property tax laws relating to the oil and natural gas industry; ability to access sufficient capital from internal and external sources; and other risks identified in this AIF under the heading “*Risk Factors*”.

With respect to forward-looking statements and information contained in this AIF, the Company has made assumptions regarding: the impact of increasing competition; that the economic and political environment in which the Company operates will remain stable; that the Company will be able to obtain qualified staff, that equipment and services will be available in a timely and cost efficient manner; that the operator of the projects in which the Company has an interest will operate the field in a safe, efficient and effective manner; that the Company will be able to obtain financing on acceptable terms when necessary; the ability to acquire and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of facility construction and expansion; the ability of the Company to secure adequate product transportation; future crude oil prices; currency, exchange and interest rates; and the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates.

Readers are cautioned that the foregoing lists of risks and assumptions are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements or information. Forward-looking statements and information contained in this AIF are made as of the date of this AIF and the Company disclaims any intent or obligation to update publicly any forward-looking statements or information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Documents Incorporated by Reference

The following documents, filed by the Company with certain Canadian provincial securities commissions, are specifically incorporated by reference into, and form an integral part of, this AIF.

- (a) unaudited interim consolidated financial statements of the Company filed on SEDAR May 30, 2011 for the nine months ended March 31, 2011 and 2010;
- (b) management's discussion and analysis dated May 30, 2011 for the nine months ended March 31, 2011;

- (c) unaudited interim consolidated financial statements of the Company filed on SEDAR March 2, 2011 for the six months ended December 31, 2010;
- (d) management's discussion and analysis dated February 28, 2011 for the six months ended December 31, 2011;
- (e) the material change report of the Company dated February 11, 2011, with respect to the Company's name change from "Aroway Minerals Inc." to "Aroway Energy Inc.";
- (f) the material change report of the Company dated January 10, 2011, with respect to the Company announcing the closing of a non-brokered private placement;
- (g) the management information circular of the Company dated December 1, 2010 distributed in connection with the annual general and special meeting of Shareholders held on January 10, 2011;
- (h) unaudited interim consolidated financial statements of the Company filed on SEDAR November 29, 2010, for the three months ended September 30, 2010;
- (i) management's discussion and analysis dated November 29, 2010 for the three months ended September 30, 2010;
- (j) the material change report of the Company dated October 14, 2010, with respect to the Company announcing it had received TSXV approval of the Big Earl Purchase Agreement and the closing of a non-brokered private placement;
- (k) consolidated annual financial statements of the Company as at September 27, 2010 for the year ended June 30, 2010, together with the notes thereto and the auditor's report thereon; and
- (l) management's discussion and analysis dated October 28, 2010 for the year ended June 30, 2010.

Also specifically incorporated by reference and forming a part of this AIF is the NI 51-101 compliant statement of reserves data entitled "Statement of Oil and Gas Reserves Data and other Oil and Gas Information for the year ended June 30, 2011", as prepared by McDaniel & Associates Consultants Ltd.

All material change reports (other than confidential reports), audited annual financial statements and management's discussion and analysis and all other documents of the type referred to above by the Company filed with certain Canadian provincial securities commissions on SEDAR at www.sedar.com are deemed to be incorporated by reference into this AIF.

Any statement contained in this AIF or in any other document incorporated by reference in this AIF will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is deemed to be incorporated by reference in this AIF modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any statement so modified or superseded will not constitute a part of this AIF except as so modified or superseded.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company is a corporation governed by the BCA. The head office of the Company is located at Suite 1910, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9 and the records office of the Company is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Company was incorporated under the laws of the province of British Columbia under the name “Berglyn Resources Inc.” on June 19, 1978. On March 11, 1992, the Company changed its name to “Arkona Resources Inc.”. On August 11, 2004, the Company changed its name to “Action Minerals Inc.” and consolidated its share capital on a three for one basis. On February 5, 2009, the Company changed its name to “Aroway Minerals Inc.” and consolidated its share capital on a forty for one basis. On February 4, 2011, the Company changed its name to “Aroway Energy Inc.”.

At the Company’s annual general meeting held on August 11, 2004, the Shareholders voted to adopt a new set of articles in accordance with provincial laws governing corporations transitioning the Company from the British Columbia Company Act to the BCA. As a consequence of the enactment of the Securities Transfer Act (BC), at the Company’s annual general meeting held on January 10, 2011, the Shareholders voted to adopt a new set of articles to facilitate the use of uncertificated shares and electronic record keeping systems. The Company is a reporting issuer in British Columbia and Alberta. As at September 27, 2011, there were 39,425,262 Shares issued and outstanding.

Intercorporate Relationships

As of the date of this AIF, the Company does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a Canadian oil and gas company focused on the exploration and development of oil and gas properties. The Company’s principal asset is the Worsley Property.

Three-Year History

Year ending June 30, 2009

During the year ended June 30, 2009, the Company was focused on the exploration and development of its mineral properties.

On September 16, 2008, the TSXV approved an option agreement between the Company, Aries Resources Corp. and Churchill Mining Corp. (“**Churchill**”). Under the terms of the option agreement, Churchill received an option to acquire the Company’s 50% interest in the Neil Property comprised of ten mineralized quartz carbonate veins located in north-eastern British Columbia by paying \$50,000 to the Company and issuing common shares of Churchill to the Company in an amount equal to 9% of Churchill’s outstanding common shares on a fully diluted basis.

On October 16, 2008, the Company entered into a purchase agreement with an arm's length vendor to acquire a 100% interest in the George River Gold Property comprised of two tenured mineral claims, covering an area of approximately 900 hectares in south-eastern British Columbia, for the issuance of 7,000,000 Shares.

On November 4, 2008, the Company entered into a purchase agreement with an arm's length vendor to acquire a 100% interest in the Doratha Morton South Property comprised of three tenured mineral claims, covering an area of approximately 80 hectares in south-eastern British Columbia, for the issuance of 7,000,000 Shares.

On February 5, 2009, the Company changed its name from Action Minerals Inc. to Aroway Minerals Inc. and consolidated its share capital on a forty for one basis.

On March 6, 2009, the Company entered into an agreement with Alderon Resource Corp. ("**Alderon**") to acquire Alderon's 50% interest in the Missy Property, comprised of four copper-bearing quartz-carbonate veins located in northern British Columbia, in exchange for the Company's interest in the Sox Property covering approximately 253 hectares in the Liard Mining Division of British Columbia, and the Company's interest in the proceeds earned under an option agreement among the Company, Alderon and an arm's length purchaser.

During the year ended June 30, 2009, the Company wrote-off all deferred costs related to mineral properties.

Year ending June 30, 2010

On November 5, 2009, the BCSC issued an order that the Company be cease traded due to a failure to file certain financial information within the allowable time period. On November 17, 2009, the Company filed its 2009 audited financial statements along with other required documentation and on November 18, 2009, the cease trade order was revoked by the BCSC. Upon satisfying TSXV requirements, the Company commenced trading on November 26, 2009.

On December 21, 2009, the Company closed a private placement of 4,400,000 units at a price of \$0.10 per unit for gross proceeds of \$440,000. Each unit consisted of one Share and one common share purchase warrant, each warrant entitling the holder to purchase one additional Share at a price of \$0.105 until December 21, 2012.

Effective April 29, 2010, at the request of the Company, De Visser Gray LLP Chartered Accountants, Vancouver, British Columbia, resigned as the Company's auditor to facilitate the appointment of James Stafford Chartered Accounts, Vancouver, British Columbia.

On June 25, 2010, the Company issued 25,000 Shares at a price of \$0.10 per Share for gross proceeds of \$2,500.

Year ending June 30, 2011

On July 20, 2010, the Company entered into the Big Earl Purchase Agreement to acquire a 50% working interest in the Worsley Property. Pursuant to the Big Earl Purchase Agreement, Big Earl agreed to assign its farmin interest to earn by drilling a 50% working interest in the Worsley Property from a private oil and gas exploration and production company pursuant to the Farmout Agreement, and in consideration the Company granted Big Earl a gross overriding royalty of 6% pursuant to the Big Earl Royalty Agreement. Pursuant to the terms of the Farmout Agreement and as the assigned farmee under that

agreement, the Company agreed to fund aggregate expenditures of \$4,000,000 on the Worsley Property by April 1, 2011. In connection with the Big Earl Purchase Agreement, the Company issued 500,000 Shares on October 13, 2010 to the finder, 1285800 Alberta Ltd.

On October 13, 2010, the Company closed a non-brokered private placement of 6,845,420 flow-through units at a price of \$0.20 per flow-through unit and 3,750,000 non flow-through units at a price of \$0.16 per non flow-through unit for aggregate gross proceeds of \$1,969,084. Each flow-through unit consisted of one Share designated as a flow-through share for the purposes of the *Income Tax Act* (Canada) and one Share purchase warrant. Each non flow-through unit consisted of one Share and one Share purchase warrant. Each Share purchase warrant entitles the holder to acquire one Share at a price of \$0.20 until October 13, 2011.

On October 28, 2010, the Company announced that the first well on the Worsley Property had been completed and that the Company had earned a 50% interest in the well as a result of funding 75% of all costs associated with the initial well.

On October 28, 2010, the Company announced that it would issue options exercisable to acquire 820,000 Shares to directors, employees and consultants of the Company at an exercise price of \$0.30 until October 28, 2015.

Effective November 1, 2010, the Company engaged Investor Cubed Inc. (“**Investor Cubed**”) to provide investor relations and Shareholder communications services. Pursuant to the terms of the agreement, the Company agreed to pay Investor Cubed \$5,000 per month for a term of twelve months. In addition, the Company granted Investor Cubed options to acquire 200,000 Shares at an exercise price of \$0.30 per Share until October 31, 2011.

On November 22, 2010, the Company entered into an amending agreement with respect to the Worsley Property. Pursuant to the amending agreement, upon completion of the initial four wells, the Company may participate in the drilling of additional earning wells on the Worsley Property and/or in the shooting or acquisition of seismic programs.

On December 22, 2010, the Company announced that it would issue options exercisable to acquire 450,000 Shares to a director and consultants of the Company at an exercise price of \$0.50 until January 5, 2016.

On December 22, 2010, the Company closed a non-brokered private placement of 8,325,750 flow-through units at a price of \$0.40 per flow-through unit and 4,638,056 non flow-through units at a price of \$0.36 per non flow-through unit for aggregate gross proceeds of \$5,000,000. Each flow-through unit consists of one Share designated as a flow-through share for the purposes of the *Income Tax Act* (Canada) and one-half of one Share purchase warrant (each whole warrant, a “**FT Warrant**”). Each FT Warrant entitles the holder the purchase one Share at a price of \$0.50 until December 22, 2011. Each non flow-through unit consists of one Share and one-half of one Share purchase warrant (each whole warrant, a “**NFT Warrant**”). Each NFT Warrant entitles the holder to purchase one Share at a price of \$0.45 until December 22, 2011. In connection with the non-brokered private placement, the Company also issued 1,034,883 Share purchase warrants to certain finders (the “**Finder’s Warrants**”). Each Finder’s Warrant entitles the holder to purchase one Share at a price of \$0.50 per Share until December 22, 2011.

On January 31, 2011, the Company announced it had acquired five sections of land adjoining the Worsley Property for a cash payment of \$690,000. The Company paid 50% of the acquisition costs associated with the additional lands, being \$345,000, and will pay 50% of all costs associated with its development to earn 50% of all revenue generated from these additional lands.

On February 4, 2011, the Company changed its name from Aroway Minerals Inc. to Aroway Energy Inc.

On February 14, 2011, the Company and Sydco Energy Inc. (“**Sydco**”) entered into a rolling farmout agreement with a private oil and gas company to earn by drilling all or portions of 29 sections of land in the Peace River Arch area of Northern Alberta. Pursuant to the terms of the rolling farmout agreement, the Company and its JV Partner were committed to drill one well on the land before February 28, 2011 and an additional well before August 1, 2011. The Company paid 50% of the acquisition costs associated with the additional lands and will pay 50% of all costs associated with the development of the lands to 50% of all revenue generated from these additional lands. In consideration for the acquisition, the private oil and gas company will retain a variable royalty depending on the location of the drilling target that will range from 7.5% to 12.5%.

Events Subsequent to June 30, 2011

On July 7, 2011, the Company announced that together with Sydco had completed a transaction to acquire 10 additional sections of land in the Peace River Arch area of Northern Alberta that includes six existing wellbores. In consideration for the acquisition, the vendor will retain a variable royalty that will range from 6% to 8%.

On July 21, 2011, the Company announced that together with its JV Partner they have acquired 15 sections of land from the Alberta Provincial Government at a Crown land sale.

Significant Acquisitions

The Company did not have any significant acquisitions for which disclosure was required under Part 8 of National Instrument 51-102 for the year ended June 30, 2011.

DESCRIPTION OF THE BUSINESS

General

The Company is an oil and gas exploration and development company with operations based in the Peace River Arch region of north-western Alberta. The Company is listed on the TSXV and trades under the symbol “ARW”. The primary objective of the Company is to explore and develop prospective oil and gas properties in the Peace River Arch area of Alberta and the wider region.

The Company has interests in nine crude oil and natural gas wells on lands known as the Worsley Property. As at the date of this AIF, three of these nine wells are producing.

Summary

All production, including natural gas and crude oil, are transported to Sydco’s gas processing plant via a pipeline operated by Sydco. The processed gas and liquids are then sent to the market via a TransCanada pipeline. The condensate and oil is trucked to the market.

Product Information:

During the years ended June 30, 2010 and 2011, the Company’s production volume consisted entirely of natural gas and crude oil produced from its operations at the Worsley Property.

Revenues by Product:

Total sales were \$982,114.03 from July 1, 2010 to June 30, 2011. For the year ended June 30, 2011, oil sales were \$3,731.73, gas sales were \$341,753.28 and sales of natural gas liquids were \$644,671.63. There were no sales in the year ended June 30, 2010.

Stage of Development

At present, the Company has two natural gas producing wells and one crude oil producing well. As at June 30, 2011, the Company had completed the drilling, casing, completion and equipping of its fifth well which has been tied-in to Sydco's pipeline and facilities. The Company anticipates that 12 additional wells will be drilled and/or completed in 2011 and tied into Sydco's pipeline. To reach commercial production on the non-producing wells, the Company will need to equip and tie-in the wells to Sydco's pipeline and facilities, or perform minor workovers on the wells to enhance production.

Production and Services

In most cases, the natural gas has no artificial lift and flows directly through the gathering system into Sydco's facility. In other cases, the gas may require an artificial lift to unload the well water and allow the gas to flow. Currently, all oil production is flowing with no artificial list.

Specialized Skill and Knowledge

Operations in the oil and natural gas industry mean that the Company requires professionals with skill and knowledge in diverse fields of expertise. In the course of its exploration, development and production of oil and gas, the Company utilizes the expertise of geophysicists, geologists, petroleum engineers and other local and international advisors. The Company faces the challenge of attracting and retaining sufficient employees to meet its needs. See also "Risk Factors".

Competitive Conditions

Companies involved in the petroleum industry must manage many risks which are beyond their direct control. Among these risks are risks associated with exploration, environment, commodity prices, foreign exchange and interest rates. The oil and natural gas industry is intensely competitive and the Company competes with a substantial number of other companies, many of whom have greater financial resources. Many of such companies not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a world-wide basis. There is also competition between the petroleum industry and other industries supplying energy and fuel to industrial, commercial and individual customers. There is no assurance that the Corporation will be able to successfully compete against its competitors. See also "Risk Factors".

Cycles

The level of activity in the oilfield industry is influenced by seasonal weather. The spring thaw makes the ground unstable and less capable of supporting heavy weights. Consequently, municipalities and transportation departments enforce road bans that restrict the movement of heavy equipment, thereby reducing drilling and well servicing activity levels. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting production.

There is increased activity in the winter season when the occurrence of freezing permits the movement and operation of heavy equipment. Consequently, drilling and construction activities leading to production tends to increase in the fall and peak in the winter months of November through March.

Environmental Protection

The oil and natural gas industry is subject to environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances associated with certain oil and natural gas industry operations. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in the imposition of material fines and penalties.

The Company did not incur any material expenditure in the past year as a result of environmental protection requirements, nor does it anticipate environmental protection requirements to have any material financial or operational effects on the capital expenditures, earnings or competitive position of the Company in 2011. See “*Risk Factors*”.

Employees

As of June 30, 2011, the Company had no full-time employees. The Company uses a number of consultants and contractors.

Bankruptcy and Similar Procedures

As at the date hereof, the Company has not been the subject of any bankruptcy, receivership or similar proceedings.

The Company currently has positive working capital and no debt and does not anticipate going into bankruptcy, receivership or any similar proceedings during the current financial year.

Reorganizations

During the year ended June 30, 2009, the Company disposed all of its mineral assets and wrote-off all deferred costs related to its mineral properties.

On July 20, 2010, the Company acquired a 50% interest in the Worsley Property, consisting of petroleum and natural gas assets, shifting the Company’s primary focus from the exploration and development of mineral properties to the exploration and development of oil and gas properties. On February 4, 2011, the Company changed its name from Aroway Minerals Inc. to Aroway Energy Inc. to reflect the Company’s change in business.

Social and Environmental Policies

The Company seeks to conduct its activities in accordance with the highest environmental standards by complying in all material respects with all environmental laws, policies, regulations and plan, conducting extensive on going environmental operations, keeping environmental impacts of its operations to a minimum and rectifying or rehabilitating those impacts that necessarily occur as part of it operations.

Risk Factors

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this AIF, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

The Company is a junior exploration company involved in the exploration and development of oil and natural gas properties and is exposed to a business that is inherently speculative in nature, immensely competitive and generally risky for many and varied reasons. There are numerous factors that may affect the success of the Company's business, which are beyond the Company's control, including local, national and international economic and political conditions. The Company's business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not overcome. The Company has a limited history of operations and there can be no assurance the Company's business will be successful or profitable.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

The Company's future ability to generate revenue and profit from its oil and gas properties, or any other resource property it may acquire, is dependent upon a number of factors including, without limitation, the following:

Acquisition, Exploration, Exploitation, Development and Production Risks

An investment in the Shares is highly speculative due to the nature of the Company's involvement in the acquisition, exploration, exploitation, development and production of oil and natural gas and its present stage of development.

Oil and natural gas exploration, exploitation and development involves a high degree of risk and there is no assurance that expenditures made on future exploration, exploitation and development by the Company will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing drilling programs due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior wells or additional seismic data and interpretations thereof.

The Company currently has a limited number of potential acquisition, exploration, exploitation, development and production prospects. Management of the Company will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and their past practices. The long-term commercial success of the Company depends on its ability to acquire, exploit, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and natural gas exploration, exploitation and development may involve unprofitable efforts, not only from any wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While close well-supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash-flow levels to varying degrees.

In addition, oil and natural gas operations are subject to the usual risks involved in the acquisition, exploration, exploitation, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Project Risks

Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Company's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- the availability and productivity of skilled labour; and
- regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Company may be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it hopes to produce.

Reserves Replacement

The Company's future oil and natural gas reserves, production, and cash-flows to be derived therefrom are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are produced. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's exploration, exploitation, development and production efforts will result in the discovery and development of commercial accumulations of oil and natural gas.

Reserve Estimates

The value of the Shares depends upon, among other things, the reserves attributable to the Company's properties. The actual reserves contained in the Company's properties will vary from the estimates summarized in this AIF and those variations could be material. Estimates of reserves are by necessity projections, and thus are inherently uncertain. The process of estimating reserves requires interpretations and judgments on the part of petroleum engineers, resulting in imprecise determinations, particularly with respect to new discoveries. Different engineers may make different estimates of reserve quantities and revenues attributable thereto based on the same data. Ultimately, actual reserves attributable to the Company's properties will vary and be revised from current estimates, and those variations and revisions may be material. The reserve information contained in this AIF is only an estimate. A number of factors are considered and a number of assumptions are made when estimating reserves. These factors and assumptions include, among others:

- historical production in the area compared with production rates from similar producing areas;
- future commodity prices, production and development costs, royalties and capital expenditures;
- initial production rates;
- production decline rates;
- ultimate recovery of reserves;
- success of future exploitation activities;
- marketability of production;
- effects of government regulation; and
- other government levies that may be imposed over the producing life of reserves.

Reserve estimates are based on the relevant factors, assumptions and prices on the date the evaluations were prepared. Many of these factors are subject to change and are beyond the Company's control. If these factors, assumptions and prices prove to be inaccurate, the Company's actual reserves could vary materially from its estimates. Additionally, all such estimates are, to some degree, uncertain, and classifications of reserves are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable quantities of oil and natural gas, the classification of such reserves based on risk of recovery and associated contingencies, and the estimates of future net

revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric or probabilistic calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history may result in variations or revisions in the estimated reserves, and any such variations or revisions could be material. Reserve estimates may require revision based on actual production experience. Such figures have been determined based upon assumed oil, natural gas and NGLs prices and operating costs. Market price fluctuations of commodity prices may render uneconomic the recovery of certain categories of petroleum or natural gas.

Environmental Concerns

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge.

In certain areas where the Company operates, spills, releases and other environmental and safety issues can also occur as a result of sabotage and damage to the pipelines. Depending on the cause and severity of an environmental incident, the Company's reputation may also be adversely affected, which could limit our ability to obtain permits and implement our future plans. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Additionally, although the Company is currently not a party to any material environmental litigation, there can be no assurance that the Company will not become subject to such legal proceedings in the future, which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Availability of Drilling Equipment and Access Restrictions

Oil and natural gas exploration, exploitation, development and production activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration, exploitation, development and production activities.

Infrastructure

Oil and gas exploration, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect future operations of the Company.

Uninsurable Risks

In the course of exploration, development and production of oil and gas properties, several risks, and in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company.

The Company is insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has been acquired and the coverage is an industry standard available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks that is available to determine if it would be appropriate to amend such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Insurer be unable to fully fund the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

Management of Growth

The Company may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of the Company's focus on exploration and development of oil and natural gas properties.

The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability to deal with this growth could have a material adverse impact on its business, operations and prospects.

Expiration of Licenses and Leases

The Company's properties will generally be held in the form of licenses and working interests in licenses and leases. If the Company or the holder of the license or lease fails to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of the Company's licenses or leases or the working interests relating to a license or lease may have a material adverse effect on the Company's results of operations and business.

Governmental Regulation

The oil and gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights and property interests, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for oil and natural gas, increase the Company's costs and have a material adverse effect on the Company.

Dependence on Key Personnel and Employees

The success of the Company is dependent on the services of its directors, officers and key employees. The experience of these individuals is a factor contributing to the Company's continued success and growth. The ability of the Company to conduct its operations is also highly dependent on the availability of skilled workers. The Company does not intend to get any key man insurance policies, and therefore there would be a risk that the death or departure of any member of management or any key employee would have a material adverse effect on the Company. Investors who are not prepared to rely on the proposed management of the Company should not invest in securities of the Company.

Industry Risks

The Company's ability to acquire reserves will depend on its ability to select and acquire suitable producing properties or prospects. Competitive factors in the distribution and marketing of oil and gas include pricing methods and reliability of delivery. The marketability of oil and natural gas produced by the Company could also be affected by numerous other factors beyond the control of the Company.

These factors include market fluctuations, the world price of oil, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, production allowable, the import and export of oil and natural gas and environmental protection. The effect of these factors cannot be accurately predicted.

Prices and Markets for Crude Oil, Condensate and Natural Gas

Oil and natural gas are commodities, the prices of which are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil and natural gas prices, leading to a reduction in the volume of oil and natural gas reserves.

Also, following the Company's earning of working interests in oil and natural gas properties, an operator or the Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's future net production revenue, causing a reduction in its oil and gas acquisition, exploration, exploitation, development and production activities.

In addition to establishing markets for its oil and natural gas, the Company must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The

Company will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil that may in the future be produced by the Company. The ability of the Company to market natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. The Company will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company has no direct experience in the marketing of oil and natural gas.

Substantial Capital Requirements: Liquidity

The Company will require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain business opportunities and reduce or terminate its operations. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes, or if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition

The oil and gas industry is highly competitive. The Company will actively compete for oil and gas rights and lands, reserve acquisitions, exploration, exploitation and development leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and natural gas companies, many of which have significantly greater financial and other resources than the Company. The Company's competitors for the acquisition, exploration, exploitation, production and development of oil and natural gas properties, and for capital to finance such activities, include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers.

Environmental Regulation

The Company's future operations will be subject to environmental regulations promulgated by governments from time to time in the regions where the Company carries on business. Current environmental legislation in Canada provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments.

Environmental legislation and policies are periodically amended. Such amendments may result in stricter standards and enforcement, and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects have the potential to hold companies and their directors, officers and employees responsible for previously unidentified environmental liabilities. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of fines and penalties, any of which may be material. There can be no assurance that these environmental regulations and associated costs would not have a material adverse effect on the Company's financial condition or results of operations in the future.

No Assurance of Title

Title to or rights in oil and gas properties may involve certain inherent risks due to problems, among others, arising from the conveyancing history characteristic of many such properties. Although the Company conducts reasonable investigations with respect to the validity of ownership, there can be no assurance that it holds good and marketable title to its properties.

Dividends

The Company has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. The future payment of dividends on the Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the board of directors of the Company may consider appropriate in the circumstances.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company may be subject in connection with the operations of the Company. Some of the directors and officers of the Company may be, or may become, engaged in other ventures in the oil and gas industry in which the Company would not have an interest, and situations might arise where proposed directors and officers of the Company will be in direct conflict with the Company. Conflicts of interest will be subject to procedures under the applicable corporate laws.

Possible Failure to Realize Anticipated Benefits of Acquisitions

The Company may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits, including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions.

COMPANIES WITH OIL AND GAS ACTIVITIES

Reserves Data and Other Information

In accordance with NI 51-101, the McDaniel Report was prepared by McDaniel and is dated as of September 27, 2011. The McDaniel Report evaluated the oil, NGL's and natural gas reserves attributable to the Company effective as at July 1, 2011.

The information below is a summary of the oil, NGLs and natural gas reserves attributable to the Company and the net present value of future net revenue attributable to such reserves as evaluated in the McDaniel Report, based on forecast price and cost assumptions. The tables summarize the data contained in the McDaniel Report, and as a result, may contain slightly different numbers than those contained in the McDaniel Report due to rounding. Also due to rounding, certain columns may not add exactly.

Readers should review the definitions and information contained in the “Glossary of Technical Terms” in this AIF in conjunction with the following table and notes. All of Company’s reserves are on-shore in Canada.

The Company’s Form 51-101F2 is attached to this AIF as Schedule “A” and its Form 51-101F3 is attached to this AIF as Schedule “B”.

The estimated net present value of future net revenues attributable to the Company’s reserves in Alberta is based upon royalty costs passed into law as of December 2010. The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by McDaniel. The undiscounted or discounted net present value of future net revenue attributable to reserves estimated by McDaniel do not represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

The values shown for income taxes and future net revenue after income taxes were calculated on a stand-alone basis in the McDaniel Report. The values shown may not be representative of future income tax obligations, applicable tax horizon or after-tax valuation.

The McDaniel Report is based on certain factual data supplied by the Company and incorporates McDaniel’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Company to McDaniel. McDaniel accepted this data as presented and neither title searches nor field inspections were conducted.

Date of Statement

This statement of oil and gas reserves data is dated September 27, 2011. The financial and reserves information provided below is dated effective July 1, 2011. McDaniel & Associates Consulting Ltd., the author of the McDaniel Report, is an independent reserves evaluator.

Summary of Oil and Gas Reserves – Forecast Prices and Cost

Reserves Classification	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)
Proved Producing	77.6	47.8	252.0	214.4	3.3	2.2
Proved Non-Producing	-	-	20.8	18.5	0.3	0.3
Proved Undeveloped	-	-	-	-	-	-
Total Proved	77.6	47.8	272.8	232.9	3.6	2.4
Probable	27.9	15.2	216.1	188.3	3.1	2.0
Total Proved & Probable	105.5	63.1	488.9	421.3	6.7	4.5

Net Present Value of Future Net Revenue – Forecast Prices and Cost

Reserves Classification	Before Income Taxes Discounted at (%/year)				
	@0.0% (MMS)	@5.0% (MMS)	@10.0% (MMS)	@15.0% (MMS)	@20.0% (MMS)
Proved Producing	4.65	4.53	4.44	4.35	4.28
Proved Non-Producing	-0.03	-0.02	-0.01	-0.01	-0.01
Proved Undeveloped	-	-	-	-	-
Total Proved	4.62	4.51	4.42	4.34	4.27
Probable	1.87	1.73	1.61	1.51	1.42
Total Proved & Probable	6.49	6.24	6.03	5.85	5.69

Reserves Classification	After Income Taxes Discounted at (%/year)				
	@0.0% (MMS)	@5.0% (MMS)	@10.0% (MMS)	@15.0% (MMS)	@20.0% (MMS)
Proved Producing	4.65	4.53	4.44	4.35	4.28
Proved Non-Producing	-0.03	-0.02	-0.01	-0.01	-0.01
Proved Undeveloped	-	-	-	-	-
Total Proved	4.62	4.51	4.42	4.34	4.27
Probable	1.87	1.73	1.61	1.51	1.42
Total Proved & Probable	6.49	6.24	6.03	5.85	5.69

Future Net Revenue by Production Group – Forecast Prices and Cost

Production Group	Future Net Revenue before Income Taxes (Discounted at 10%/Yr)	
	(MMS)	(M\$)
Proved	Light & Medium Oil (Mbbbl)	3,854.8
	Natural Gas (MMcf)	408.8
	Natural Gas Liquids (Mbbbl)	157.8
		4,421.4
Proved plus Probable	Light & Medium Oil (Mbbbl)	5,009.7
	Natural Gas (MMcf)	727.6
	Natural Gas Liquids (Mbbbl)	290.9
		6,028.2

Additional Information Concerning Future Net Revenue—Forecast Prices and Cost

Undiscounted Future Net Revenue Forecast Prices and Costs as of July 1, 2011 Total Reserves Total of All Area								
Reserves Classification	Sales Revenue⁽¹⁾ M\$	Royalties⁽²⁾ M\$	Operating Costs M\$	Total Development Costs M\$	Well Abandonment Costs M\$	Future Net Revenue Before Tax M\$	Income Taxes M\$	Future Net Revenue After Tax M\$

Total Proved Reserves	8,985	3,063	1,165	26	111	4,622	-	4,622
Total Proved & Probable Reserves	13,101	4,471	1,871	153	115	6,492	-	6,492

Notes:

- (1) Sales Revenue includes all non-producing income.
- (2) Royalties includes any net profits interests paid, as well as the Saskatchewan Corporation Capital Tax Surcharge.

Pricing Assumptions – Forecast Prices and Costs

The summaries of reserves and of net present value of future net revenue from reserves, which are based on McDaniel's forecast prices and costs, were prepared using:

- (a) prices reflecting the reference prices shown in the McDaniel Report's "Summary of Price Forecasts" tables with further adjustments for quality and transportation; and
- (b) costs reflecting cost estimates as of July 1, 2011 adjusted by the inflation rate.

If, and only to the extent that there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs were used, rather than the prices or costs referred to in paragraphs (a) and (b) above.

Year	Oil		Gas			US/CAN Exchange Rate
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API (\$Cdn/bbl)	Natural Gas AECO Gas Prices (\$Cdn/MMBtu)	Edmonton Condensate & Natural Gas (\$Cdn/bbl)	Butanes FOB Field Gate (\$Cdn/bbl)	
Historical						
2007	72.30	76.35	6.65	77.36	63.75	0.935
2008	99.60	102.20	8.15	104.75	75.25	0.943
2009	61.80	65.90	4.20	68.15	49.25	0.880
2010	79.50	77.50	4.15	84.25	66.05	0.971
2011 (6 mos)	98.10	94.40	3.80	101.40	88.75	1.024
Forecast						
2011 (6 mos)	98.00	95.00	4.00	99.00	76.60	1.000
2012	98.40	98.90	4.60	100.90	79.70	0.975

Year	Oil		Gas			US/CAN Exchange Rate
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API (\$Cdn/bbl)	Natural Gas AECO Gas Prices (\$Cdn/MMBtu)	Edmonton Condensate & Natural Gas (\$Cdn/bbl)	Butanes FOB Field Gate (\$Cdn/bbl)	
2013	98.80	100.30	5.15	102.40	80.80	0.975
2014	98.20	99.70	5.55	101.80	80.30	0.975
2015	97.40	98.90	6.10	101.10	79.70	0.975
2016	99.40	100.90	6.45	103.10	81.30	0.975
2017	101.40	102.90	6.75	105.20	82.90	0.975
2018	103.40	104.90	7.05	107.20	84.50	0.975
2019	105.40	107.00	7.40	109.30	86.20	0.975
2020	107.60	109.20	7.55	111.60	88.00	0.975
2021	109.70	111.30	7.65	113.70	89.70	0.975
2022	111.90	113.60	7.85	116.10	91.50	0.975
2023	114.10	115.80	8.00	118.30	93.30	0.975
2024	116.40	118.10	8.20	120.70	95.20	0.975
2025	118.80	120.60	8.30	123.20	97.20	0.975

Thereafter Escalate oil, gas and product prices at 2.0% per year

Note:

(1) Provided by McDaniel & Associates Consultants Ltd.

Reconciliation of Changes in Reserves and Future Net Revenues

Reconciliation of Company Net Reserves By Principal Product Type As of July 1, 2011 Forecast Prices and Costs									
Category	Oil			Gas			Gas Liquids		
	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)
01-Jul-10		0	0	0	0	0	0	0	0
Extensions	83.8	27.9	111.7	601.8	118.3	750.3	3.6	3.1	6.7
Improved Recovery									
Technical Revisions									
Discoveries									
Acquisitions									
Dispositions									
Production	(6.2)		(6.2)	(329)		(329)			
01-Jul-11	77.6	27.9	105.5	272.8	216.1	488.9	3.6	3.1	6.7

Undeveloped Reserves

As at the date of this AIF, the Company does not have any proved undeveloped reserves or probable undeveloped reserves.

Significant Factors or Uncertainties Affecting Reserves Data:

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs:

The table below sets out the total development costs deducted in the estimation of future net revenue attributed to Proved reserves and Proved plus Probable reserves (using forecast prices and costs).

Year	For Proved Reserves (\$M)	For Proved Plus Probable Reserves (\$M)
2011	25.5	153.0
2012	-	-
2013	-	-
2014	-	-
2015	-	-
Total for First 5 Years	25.5	153.0

The Company expects to continue to fund development activities through a combination of internally generated cash-flow, debt and equity financing. It is further anticipated that the cost of capital for the Company will be within normal industry averages and the proposed development expenditures will proceed.

Oil and Gas Properties and Wells:

As at the date of this AIF, the Company's primary producing property is the Worsley Property. The Worsley Property is located onshore in Alberta, Canada. The Worsley property is located in townships 85-88 and Ranges 4-11 W5M approximately 135 kilometers north of the city of Grand Prairie, Alberta. The Company owns between 32.5% and 50% working interest in six gas wells and one oil well most of which are producing from the Leduc zone. The majority of these wells were drilled recently in the first

half of 2011. Additionally, the Company has identified by-pass potential in the upper Triassic zones within several of these wells. Additional wells will be tied-in to Sydco's pipeline during 2011.

The following table sets forth the number of wells in which the Corporation held a working interest as at July 1, 2011:

	Oil		Natural Gas	
	Gross	Net	Gross	Net
Alberta, Canada				
Producing	1	0.5	2	0.825
Non-Producing	-	-	4	2.0

The non-producing wells are generally pending re-completions or equipment installation to put them on stream.

Properties with no Attributed Reserves:

The following table sets out the Company's undeveloped land position effective June 30, 2011.

Reserves Classification	Undeveloped (acres)	
	Gross	Net
Total Acres	25,552	11,776

All of the undeveloped properties are in Worsley, Alberta. The Company has no material unproved properties where there are work commitments or on which the Company's rights to explore, develop and exploit expire within one year. The Company is focusing on adding to its unproved property inventory.

Forward Contracts:

As at the date of this AIF, the Company has not entered into any forward-looking contracts.

Additional Information Concerning Abandonment and Reclamation Costs:

Abandonment and reclamation costs are estimated based on typical industry average costs for wellbore abandonment work and the surface reclamation work required for returning well sites to their original state.

As of July 1, 2011 the Company expects to incur future abandonment and reclamation costs for 3.325 net wells. The Company expects to incur a total of \$111,000 (undiscounted) future net abandonment and reclamation costs for the 3.325 net wells. These costs are disclosed in the future net revenue projections in this AIF under the heading "Companies with Oil and Gas Activities – Net Present Value of Future Net Revenue". The Company does not expect to incur any abandonment and reclamation costs in the next three financial years.

Tax Horizon:

Based on existing reserves and an estimated \$25,400,000 in tax pools as at July 1, 2011, the Company estimates that it will not be required to pay income taxes until after 2016.

Costs Incurred:

The following table summarizes the capital expenditures made by the Company on the Worsley Property for the year ended June 30, 2011:

Tangibles (M\$)	Property Acquisition Costs (M\$)		Exploration Costs (M\$)	Development Costs (M\$)
	Proved Properties	Unproved Properties		
0	145	360	5,848,724	0

Exploration and Development Activities:

The following table sets forth the number of exploratory and development wells which the Company completed during the financial year ended June 30, 2011:

Alberta, Canada	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil Wells	1	0.5	0	0
Gas Wells	5	2.5	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	6	3	0	0

Depending on financing and joint venture activities, the Company could drill three development wells and seven exploratory wells on its undeveloped land.

Production Estimates:

SUMMARY OF GROSS PRODUCTION ESTIMATES BY PRODUCTION GROUP TOTAL PROVED RESERVES FOR YEAR ENDED JUNE 30, 2011 (Forecast Prices & Costs)	
Reserves Category	Forecast Prices & Costs Gross Production ⁽²⁾
Light & Medium Oil (Mbbbls)	65.9
Heavy Oil (bbls/d)	-
Associated & Non-Associated Gas (MMcf)	113.1
Natural Gas Liquids (Mbbbls)	1.3
TOTAL⁽¹⁾ (BOE)	471

Notes:

(1) Barrels of Oil Equivalent (boe) have been reported based on natural gas conversion of 6Mcf/1 bbl.

(2) Gross Production is Company interest before all royalty deductions

Production History – July 1, 2010 to June 30, 2011:

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

COMPANY INTEREST QUARTERLY PRODUCTION HISTORY JULY 1, 2010 - JUNE 30, 2011				
PRODUCT	Q1	Q2	Q3	Q4
Oil				
Production (bbl/day)	0	0	0	56.42
Price (\$/bbl)	0	0	0	95
Royalties (\$/bbl)	0	0	0	24.84
Production Cost (\$/bbl)	0	0	0	5.24
Netback (\$/bbl)	0	0	0	64.92
Natural Gas				
Production (mcf/day)	0	267	362	442
Price (\$/mcf)	0	3.34	3.45	3.66
Royalties (\$/mcf)	0	0.36	0.4	0.61
Production Cost (\$/mcf)	0	1.92	2.25	1.81
Netback (\$/mcf)	0	1.06	0.8	1.24
Natural Gas Liquids				
Production (bbl/day)	0	4.9	7.2	8.61
Price (\$/bbl)	0	76.6	73.01	95.12
Royalties (\$/bbl)	0	10.84	9.87	10.18
Production Cost (\$/bbl)	0	4.9	5.51	7.16
Netback (\$/bbl)	0	60.86	57.63	77.78

DIVIDENDS

To date, the Company has not paid any dividends on the Shares and has no dividend policy with respect to the payment of dividends.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Shares without par value.

Common Shares

As at the date of this AIF, 39,425,262 Shares are issued and outstanding. The holders of Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders of the Company and each Share will confer the right to one vote in person or by proxy at all meetings of the Shareholders. The

holders of Shares are also entitled to dividends if, as and when declared by the directors, and, upon dissolution, to share equally in such assets of the Issuer as are distributable to the holders of the Shares.

There are no pre-emptive rights or conversion rights attached to the Shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Shares.

Warrants

As at the date of this AIF, the following common share purchase warrants are outstanding:

Date of Issue	Warrants Outstanding	Exercise Price (\$)	Expiration Date
December 18, 2009	1,500,000	\$0.105	December 18, 2012
October 13, 2010	5,718,518	\$0.20	October 13, 2011
December 22, 2010	5,197,758	\$0.50	December 22, 2011
December 22, 2010	2,319,028	\$0.45	December 22, 2011
Total	14,735,304		

Options

The following table sets forth all Options to purchase securities of the Company that are currently outstanding:

Persons holding Options (as a group)	Number of Shares Under Option	Purchase Price of Shares Under Option	Expiration Date
Executive officers ⁽¹⁾	180,000	\$0.30	October 28, 2015
	200,000	\$0.50	January 5, 2016
	200,000 ⁽²⁾	\$0.35	5 years from grant date
Directors (who are not also executive officers) ⁽³⁾	360,000	\$0.30	October 28, 2015
	180,000 ⁽⁴⁾	\$0.35	5 years from grant date
Consultants	200,000	\$0.30	October 31, 2011
	100,000	\$0.30	October 28, 2015
	50,000	\$0.50	January 5, 2016
	200,000	\$0.32	March 10, 2016
	150,000	\$0.40	March 10, 2016
	180,000 ⁽⁵⁾	\$0.30	October 28, 2015
Total	2,000,000		

Notes:

(1) Consists of Chris Cooper (President, CEO and a director) and Daryn Gordon (CFO and a director).

- (2) In connection with the appointment of Mr. Gordon as CFO and a director, the Company intends to grant these options on or before October 15, 2011.
- (3) Consists of Brad Nichol, Mike Veldhuis and Desmond Balakrishnan.
- (4) In connection with the appointment of Mr. Veldhuis as a director, the Company intends to grant these options on or before October 15, 2011.
- (5) These options are held by Dennis Mee (former CFO, Corporate Secretary and director of the Company). Mr. Mee resigned as CFO, Corporate Secretary and as a director effective October 5, 2011. Pursuant to the Company's share option plan approved by Shareholders at the Company's Annual and Special Meeting held on January 10, 2011 the options held by Mr. Mee will expire ninety (90) days from the date he ceased to be employed by the Company.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Shares trade on the TSXV under the symbol "ARW". The following table shows the high and low trading prices and monthly trading volume of the Shares on the TSXV for the periods listed:

Period	High	Low	Total Volume
TSX Venture Exchange			
2010			
July	\$0.235	\$0.160	54,444
August	\$0.200	\$0.200	8,923
September	\$0.300	\$0.205	72,958
October	\$0.350	\$0.235	209,651
November	\$0.550	\$0.330	370,105
December	\$0.550	\$0.460	229,791
2011			
January	\$0.570	\$0.440	897,186
February	\$0.435	\$0.300	2,710,979
March	\$0.450	\$0.310	4,776,443
April	\$0.400	\$0.265	1,606,131
May	\$0.360	\$0.270	2,240,530
June	\$0.335	\$0.265	3,021,204
July	\$0.355	\$0.280	3,471,338
August	\$0.380	\$0.295	3,567,955
September 1 to 27	\$0.420	\$0.310	4,751,315

Prior Sales

During the financial year ended June 30, 2011, the following securities of the Company, which are not listed or quoted on a marketplace, were issued:

Date of Issue	Type of Securities	No. of Securities	Exercise Price	Expiry Date
October 13, 2010	Warrants	10,595,420	\$0.20	October 13, 2011
October 13, 2010	Broker's Warrants	779,289	\$0.20	October 13, 2011

October 28, 2010	Options	820,000	\$0.30	October 28, 2015
November 1, 2010	Options	200,000	\$0.30	October 31, 2011
December 22, 2010	Warrants	4,162,875	\$0.50	December 22, 2011
December 22, 2010	Broker's Warrants	1,034,883	\$0.50	December 22, 2011
December 22, 2010	Warrants	2,319,028	\$0.45	December 22, 2011
January 5, 2011	Options	450,000	\$0.50	January 5, 2016
March 10, 2011	Options	200,000	\$0.32	March 10, 2016
March 10, 2011	Options	150,000	\$0.40	March 10, 2016

Escrowed Securities

The Company has no securities held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following are the names and jurisdiction of residence of the directors and executive officers of the Company, the positions and offices they hold with the Company and their principal occupations. The directors are elected at the Annual General Meeting for a period of one year. Each director will hold office until the next annual general meeting of the Company unless his office is earlier vacated in accordance with the BCA and the articles of the Company. Effective October 5, 2011, Dennis Mee resigned as CFO, Corporate Secretary and director of the Company. Daryn Gordon was appointed as the Company's new CFO and as a director effective October 5, 2011.

Directors and Officers

Name and Jurisdiction of Residence	Current Position with Company	Date of Appointment	Principal Occupation
Christopher Cooper Vancouver, British Columbia	Chief Executive Officer President and Director	January 10, 2011 July 6, 2010	President and Director of the Company (July 2010 to present), CEO of the Company (January 2011 to present), Director of Watch Resources Ltd. (December 1999 to October 2010), Director of Healthscreen Solutions Incorporated (September 1999 to May 2007), Director and officer of Explortex Energy Inc. (March 2004 to December 2007), Director of Choice Resources Corp. (September 2000 to August 2007), Director of Benchmark Energy Corp. (February 2002 to October 2010), Director of Copacabana Capital Corp. (February 2004 to present), Director of Counterpath Corporation (August 2005 to present), Director of Edge Resources Inc. (June 2008 to present), Director and officer of El Condor Minerals Inc. (formerly Lagasco Corp.) (December 2003 to September 2009), Chairman, President, CEO, CFO and Director of Northern Sun Exploration Company Inc. (April 2003 to present), Director of Polar Resources Corporation (December 2007 to present)
Daryn Gordon ⁽¹⁾ Calgary, Alberta	Chief Financial Officer Director	October 5, 2011	CFO of Silver Mountain Mines Inc. (November 2010 to present), Senior Financial Analyst at Maxim Power Corp. (2006 to 2010), Manager at Gant Thornton LLP (2004 to 2006)
Dennis Mee ⁽²⁾ White Rock, British Columbia	Chief Financial Officer Director Corporate Secretary	April 23, 2010 April 23, 2010 January 10, 2011	Chartered Accountant, a member of both the BC and Ontario Institute of Chartered Accountants and is also a member of F.E.I. (Financial Executive Institute). The owner and President of Part Time CFO Inc., a Vancouver firm specializing in providing financial management to start-ups in both the public and private sector. CFO of Cable & Wireless Telecommunication Canada Ltd. from 1988 to 1993 and served on its board of directors from 1990 to 1993.

Name and Jurisdiction of Residence	Current Position with Company	Date of Appointment	Principal Occupation
Brad Nichol ⁽¹⁾ Calgary, Alberta	Director	July 30, 2010	President and CEO of Edge Resources Inc. (June 2009 to present), President and CEO of Poplar Point Energy Ltd. (September 2006 to December 2009)
Desmond M. Balakrishnan ⁽¹⁾ Vancouver, British Columbia	Director	July 30, 2010	Corporate Securities Lawyer (2002 to present), Partner at McMillan LLP (formerly Lang Michener LLP) (2004 to present)
Mike Veldhuis Vancouver, British Columbia	Director	October 5, 2011	Director of Upton Capital Corp. (March 2006 to present), President of RPC Strategies Inc. (April 2006 to present), Director of American Petro-Hunter Inc. (May 2006 to December 2007)

(1) Member of the Audit Committee.

(2) Mr. Mee resigned as CFO, Corporate Secretary and as a director of the Company effective October 5, 2011.

The following sets out the principal occupation of the directors and executive officers of the Company who act as officers of a company other than Aroway Energy Inc., with the principal business of the person or company as also set forth below:

Name	Company	Official Title	Principal Business of the Company
Brad Nichol	Edge Resources Inc.	President and Chief Executive Officer	Oil and gas exploration, development and production company.
Desmond Balakrishnan	McMillan LLP	Partner	Corporate law firm

As at the date of this AIF, 1,146,555 Shares are beneficially owned, or controlled or directed, directly or indirectly by the directors and executive officers, as a group, representing approximately 2.91% of the issued and outstanding Shares.

Principal Occupations and Other Information

Additional biographic information about the directors and officers of the Issuer is provided below.

Chris Cooper – President, Chief Executive Officer and Director

Mr. Cooper has over 14 years experience in oil and gas management and finance. Mr. Cooper earned a Bachelor of Business Administration degree from Hofstra University in Hempstead, New York, and his Masters of Business Administration (“MBA”) in Business from Dowling College in Oakdale, New York.

Mr. Cooper co-founded several successful junior oil and gas companies including Benchmark Energy Corp., Choice Resources Corp., Watch Resources Ltd. and Banks Energy Inc.

Daryn Gordon – Chief Financial Officer and Director

Mr. Gordon has over twelve years of finance and accounting experience with publicly traded companies. He obtained his Chartered Accountant (C.A.) designation at an international accounting firm in which he

has obtained extensive audit, corporate reporting and financial control analysis experience. As a manager with a national accounting firm, Mr. Gordon acquired experience with junior energy and mining companies. After leaving public practice, Mr. Gordon was employed as a Senior Financial Analyst at Maxim Power Corp. from 2006 to 2010, an independent power producer which owns and operates power plants in Canada, the United States and France. Mr. Gordon has been the Chief Financial Officer of Silver Mountain Mines Inc. since November 2010, a mineral exploration company listed on the Canadian National Stock Exchange.

Brad Nichol – Director

Mr. Nichol has held roles in the executive suite of junior oil and gas exploration and production companies. His experiences are in private and public startups, takeovers and turnarounds. In his position as Management Consultant at a top-tier international firm, Mr. Nichol advised the CEOs and CFOs of Fortune 500 corporations on business and corporate strategies, mergers & acquisitions and corporate reorganizations throughout Europe and the US. Mr. Nichol joined Schlumberger in 1992, and enjoyed an international career focused on technical excellence, project management and field operations. His early career focused on reservoir evaluation and enhancement strategies. In 1996 he assumed responsibility for reservoir stimulation and wellbore construction services for BP in Colombia. In 1999 Mr. Nichol joined a U.K business unit in the Measurement and Systems division of Schlumberger, and was on the team responsible for the corporate turnaround and eventual sale of that business. Mr. Nichol is a Professional Engineer (Mechanical) and earned his MBA, with honours, from the London Business School.

Desmond M. Balakrishnan – Director

Mr. Balakrishnan has been a partner of McMillan LLP (formerly Lang Michener LLP), since 2004. His areas of practice focus on mergers, acquisitions, listed company maintenance, international public listings, gaming and entertainment law. He graduated from the University of Alberta in 1997 with an LL.B and was called to the Bar in British Columbia in 1998. He is a member of the Vancouver Bar Association, the Canadian Bar Association and the International Masters of Gaming Law.

Mike Veldhuis – Director

Mr. Veldhuis has assisted both private and public companies in structuring and obtaining debt and equity facilities since 2003. Mr. Veldhuis previously worked for GE Capital Solutions, a division of GE Capital, where he specialized in providing structured asset-based lending facilities to companies operating in the mining, forestry and construction industries. Mr. Veldhuis is currently a director of Upton Capital Corp., a privately held mortgage investment corporation that specializes in residential mortgages in western Canada.

Mr. Veldhuis received Bachelor of Arts degree from Simon Fraser University and a Masters degree in Economics from McGill University.

Cease Trade Orders and Bankruptcies

Except as disclosed below, during the ten years preceding the date of this AIF, no director, officer or promoter of the Company is or has been a director, officer or promoter of any person or company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days.

Chris Cooper, a director and officer of the Company, and Desmond Balakrishnan, a director of the Company, are currently directors of Copacabana Capital Limited (“**Copacabana**”), a financial services company incorporated under the laws of and managed in Bermuda. On May 9, 2006 and September 13, 2006, Copacabana was issued a cease trade order by the BCSC and the Alberta Securities Commission (the “**ASC**”) respectively due to a failure to file certain financial information. As at the date of this AIF, Copacabana remains under the cease trade orders.

Chris Cooper is the President and Chief Executive Officer of Northern Sun Exploration Company Inc. (“**Sun Exploration**”), a junior oil and gas exploration company. On December 23, 2008, the TSXV halted the trading of Sun Exploration’s common shares due to a failure to maintain a transfer agent. Trading of Sun Exploration’s common shares resumed trading on the TSXV on December 23, 2008. On March 6, 2009 and March 11, 2009, Sun Exploration was issued a cease trade order by the the ASC and the BCSC respectively due to a failure file certain financial information. As at of the date of this AIF, Sun Explorations remains under the cease trade orders. On August 1, 2008, Sun Exploration filed a Notice of Intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act* (Alberta). As at the date of this AIF, Sun Exploration has been discharged from bankruptcy protection.

Chris Cooper is a director of Benchmark Energy Corp. (“**Benchmark**”). On November 10, 2006, the ASC and BCSC granted Benchmark’s request for the institution of a management cease trade order in connection with the delay in filing its June 30, 2006 audited annual financial statements and the related management’s discussion and analysis. The order only affected trading in Benchmark’s securities by certain directors and insiders of Benchmark, including Mr. Cooper. The delay in filing its June 30, 2006 audited annual financial statements and the related management’s discussion and analysis resulted from the resignation of its independent auditor, Tony M. Ricci Inc. Benchmark subsequently filed its audited annual financial statements and management’s discussions and analysis for the year ended June 30, 2006 and the order was revoked on January 11, 2007.

Desmond Balakrishnan is a director of Probe Resources Ltd. (“**Probe**”). On January 3, 2008, the BCSC granted Probe’s request for the institution of a management cease trade order in connection with the failure to file its annual financial statements within the required time period. On February 18, 2008, Probe filed its annual financial statements and on February 29, 2008, the cease trade order was revoked by the BCSC. Probe announced by press release dated November 16, 2010 that Probe’s U.S. subsidiaries had filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. Probe and its subsidiaries will continue to operate their business and manage their properties as debtors in possession. Probe has appointed a debt restructuring agent to assist with Probe’s restructuring efforts.

As at the date of this AIF and within ten years before the date of this AIF, no director or executive officer of the Issuer, or a Shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer is or has been a director or executive officer of a company, that while that person was acting in that capacity:

- (a) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director, officer or promoter of the Company, or a securityholder holding sufficient securities of the Company to affect materially the control of the Company:

- (a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making an investment decision.

Personal Bankruptcies

No proposed director, officer or promoter of the Company, or a securityholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of such persons, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its promoters, directors, officers or other members of management of the Company as a result of their outside business interests, except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties to the company and their duties as a director, officer, promoter or member of management of such other companies. Conflicts, if any, will be subject to the procedures and remedies under the BCA or other applicable corporate legislation.

PROMOTERS

There is no person or company that has been, within the two most recently completed financial years or during the current financial year, a promoter of the Corporation or a subsidiary of the Corporation, as such term is defined in the *Securities Act* (British Columbia).

LEGAL PROCEEDINGS

Legal Proceedings

As at the date of this AIF, the Company was not a party, whether as claimant or defendant, to any legal or administrative proceedings, had not received any legal claims or proceedings and had not received notice of any threatened or pending proceedings by government authorities or third parties, which, if adversely determined, would materially and adversely affect the financial condition or exploration operations of the Company.

Regulatory Actions

On November 5, 2009, the BCSC issued an order that the Company be cease traded due to a failure to file certain financial information within the allowable time period. On November 17, 2009, the Company filed its 2009 audited financial statements along with other required documentation and on November 18, 2009, the cease trade order was revoked by the BCSC. Upon satisfying TSXV requirements, the Company commenced trading on November 26, 2009.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Interest of Management and Others in Material Transactions

Since July 1, 2008, no director, executive officer or 10% shareholder of the Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

Transfer Agents and Registrars

The Registrar and Transfer Agent for the Company is:

Equity Transfer & Trust Company
1185 West Georgia Street, Suite 1620
Vancouver, B.C. V6E 4E6

MATERIAL CONTRACTS

Material Contracts

Set forth below are details of every contract, other than a contract entered into in the ordinary course of business, that is material to the Company and that was entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect:

1. On July 20, 2010, the company entered into the Big Earl Purchase Agreement. Pursuant to the terms of the Big Earl Purchase Agreement, the Company acquired the right to earn a 50% interest in the Worsley Property in consideration for a gross overriding royalty of 6% pursuant to the Big Earl Royalty Agreement.

2. On July 20, 2010, the Company entered into the Big Earl Royalty Agreement. Pursuant to the terms of the Big Earl Royalty Agreement, the Company granted Big Earl a gross overriding royalty of 6% of the Company's interest in the Worsley Property.

3. On November 1, 2010, the Company entered into an investor relations agreement with Investor Cubed for the provision of investor relations and Shareholder communications services. Pursuant to the terms of the agreement, the Company agreed to pay Investor Cubed \$5,000 per month for a term of twelve months. In addition, the Company granted Investor Cubed options to acquire 200,000 Shares at an exercise price of \$0.30 per Share.

4. On November 22, 2010, the Company entered into an amending agreement with respect to the Worsley Property. Pursuant to the amending agreement, upon completion of the initial four wells, the Company may participate in the drilling of additional earning wells on the Worsley Property and/or in the shooting or acquisition of seismic programs.

INTERESTS OF EXPERTS

Names and Interests of Experts

The following persons, firms and companies are named as having prepared or certified a report, valuation statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Company during, or relating to, its most recently completed financial year and whose profession or business gives authority to the report, valuation statement or opinion made by the person, firm or company.

Name	Description
James Stafford Chartered Accountants	Independent Auditor, Auditor's Report dated September 27, 2010, for the year ended June 30, 2010.
McDanial & Associates Consultants Ltd.	Author, statement of reserves data dated September 27, 2011, in respect of the Worsley Property

The following is the statement of reserves data prepared in accordance with NI 51-101 from which certain technical information relating to the Company's oil and gas property material to the Company contained in this AIF has been derived:

1. Worsley Property – "Statement of Oil and Gas Reserves Data and other Oil and Gas Information for the year ended June 30, 2011" dated September 27, 2011.

None of the aforementioned firms or persons held any securities of the Company when they prepared the reports referred to above or following the preparation of such reports.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company.

James Stafford Chartered Accountants has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information concerning the Company is available through the Internet on SEDAR which may be accessed at www.sedar.com. Copies of such information may also be obtained on the Company's website at www.arowayenergy.com or on request without charge from the Company, located at Suite 1910 – 1055 West Hastings Street, Vancouver, B.C. V6E 2E9.

Additional information, including information as to directors and officers remuneration and indebtedness, principal holders of the Company's securities and options to purchase securities under equity compensation plans is contained in the Management Information Circular of the Company provided for the annual Shareholder meeting of the Company to held on January 10, 2011. Additional financial information is provided in the Company's financial statements and the MD&A for the year ended June 30, 2011. Copies of such documents may be obtained in the manner set forth above.

Set forth below is the additional information required pursuant to Form 52-110F1, Audit Committee Information Required in an AIF:

The Audit Committee's Charter

The Company's audit committee (the "**Audit Committee**") is governed by an audit committee charter, the text of which is attached as Schedule "C" to this AIF.

The purpose of the Audit Committee is to act as the representative of the Board in carrying out its oversight responsibilities relating to:

1. the audit process;
2. the financial accounting and reporting process to Shareholders and regulatory bodies; and
3. the system of internal financial controls.

Composition of the Audit Committee

The Company's audit committee is comprised of two directors and the Chief Financial Officer of the Company, as set forth below:

1. Daryn Gordon;
2. Brad Nichol; and
3. Desmond Balakrishnan

Mssrs. Nichol and Balakrishnan are independent members. All members are considered financially literate.

Relevant Education and Experience

See disclosure under heading "*Principal Occupations and Other Information*" in this AIF. Each member of the audit committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended June 30, 2011. This exemption exempts a "venture issuer" from the requirement to have 100% of the members of its audit committee independent, as would otherwise be required by NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year, has a recommendation of the Committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the audit committee charter.

External Auditor Service Fees (By Category)

Set forth below are details of fees billed by the Company's external auditor in each of the last two fiscal years for audit services:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
June 30, 2011	\$22,639	Nil	\$888	Nil
June 30, 2010	\$19,888	Nil	Nil	Nil

Schedule “A” to the AIF of Aroway Energy Inc. (the “Company”)

**FORM 51-101F2 – REPORT ON RESERVES DATA BY MCDANIEL
& ASSOCIATES CONSULTANTS LTD.**

To the board of directors of Aroway Energy Inc. (the “Company”):

1. We have evaluated the Company’s reserves data as at July 1, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at July 1, 2011, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

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

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended June 30, 2011, and identifies the respective portions thereof that we have evaluated and reported on to the Company’s board of directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of [Audit/ Evaluation/ Review] Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
McDaniel & Associates Ltd.	Aroway Energy Inc Reserve Estimation and Economic Evaluation July 1, 2011	Canada	-	\$6,028	-	\$6,028

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

McDaniel & Associates Ltd,
Suite 2200
Bow Valley Square 3
255 – 5 Avenue SW
Calgary, Alberta
T2P 3G6

(signed) "C.B. Kowalski"

C.B. Kowalski, P.Eng.

Vice President

Execution Date: September 27, 2011

Schedule “B” to the AIF of Aroway Energy Inc. (the “Company”)

**FORM 51-101F3 – REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

Terms to which a meaning is ascribed in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* have the same meaning in this form.

Management of Aroway Energy Inc. (the “**Company**”) are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at June 30, 2011 estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

- (a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) “Christopher Cooper”

Christopher Cooper
President and Chief Executive Officer

(signed) "*Dennis Mee*"

Dennis Mee
Director and Chief Financial Officer

(signed) "*Brad Nichol*"

Brad Nichol
Director

(signed) "*Desmond Balakrishnan*"

Desmond Balakrishnan
Director

September 27, 2011

Schedule “C” to the AIF of Aroway Energy Inc. (the “Company”)

AUDIT COMMITTEE CHARTER

Purpose:

The purpose of the Committee is to:

- (a) ensure the quality of financial reporting;
- (b) assist the Board to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the Board and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the outside members of the Board by facilitating in-depth discussions between Members, management and external auditors.

1.1 Definitions:

“**accounting principles**” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“**Affiliate**” means a company that is a subsidiary of another company or companies that are controlled by the same entity;

“**audit services**” means the professional services rendered by the Company’s external auditor for the audit and review of the Company’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“**Board**” means the board of directors of the Company;

“**Charter**” means this audit committee charter;

“**Company**” means AROWAY ENERGY INC.;

“**Committee**” means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;

“**Control Person**” means any person that holds or is one of a combination persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company, except where there is evidence showing that the holder of those securities does not materially affect control of the Company;

“**executive officer**” means an individual who is:

- (a) the chair of the Company;
- (b) the vice-chair of the Company;
- (c) the President of the Company;
- (d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the Company or any of its subsidiary entities who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company.

“**financially literate**” has the meaning set forth in Section 1.3;

“**immediate family member**” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual's home;

“**independent**” has the meaning set forth in Section 1.2;

“**Instrument**” means Multilateral Instrument 52-110;

“**MD&A**” has the meaning ascribed to it in National Instrument 51-102;

“**Member**” means a member of the Committee;

“**National Instrument 51-102**” means National Instrument 51-102 *Continuous Disclosure Obligations*; and

“**non-audit services**” means services other than audit services.

1.2 Meaning of Independence:

1. A Member is independent if the Member has no direct or indirect material relationship with the Company.

2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.

3. Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Company:

- (a) a Control Person of the Company;
- (b) an Affiliate of the Company; and
- (c) an employee of the Company.

1.3 Meaning of Financial Literacy:

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

2.1 Audit Committee:

The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors:

The Company will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities:

1. The Committee shall be responsible for making the following recommendations to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
 - (a) reviewing the audit plan with management and the external auditor;
 - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtain an explanation from management of all significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

- (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the issuer's external auditor.
4. The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
5. The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy 31, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. As applicable, the Committee shall establish, periodically review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimus Non-Audit Services:

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- (b) the Company or the subsidiary of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function:

- 1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
- 2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.1 Composition:

- 1. The Committee shall be composed of a minimum of three Members.
- 2. Every Member shall be a director of the issuer.
- 3. The majority of Members shall be independent.
- 4. Every audit committee member shall be financially literate.

4.1 Authority:

Until the replacement of this Charter, the Committee shall have the authority to:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the Board.

5.1 Disclosure in Information Circular:

If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to the Board, the Company shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*).

6.1 Meetings:

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.