UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2019**

[ ] Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number: **000-52690**

PETROLIA ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Texas	**86-1061005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
710 N Post Oak, Suite 512 **Houston, Texas**	**77024**
(Address of principal executive offices)	(Zip Code)

(832-941-0011)
(Issuer's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [X]

Smaller Reporting Company [X]

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 164,548,726 shares of common stock as of January 2, 2020.

TABLE OF CONTENTS

PART I

Item 1. Financial Statements

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2019		December 31, 2018
		(unaudited)		(audited)
ASSETS				
Current assets				
Cash	$	10,684	$	13,779
Accounts receivable		195,184		-
Other current assets		132,543		255,180
Total current assets		338,411		268,959
Property & equipment				
Oil and gas, on the basis of full cost accounting				
Evaluated properties		12,847,294		12,794,285
Furniture, equipment & software		201,110		201,110
Less accumulated depreciation and depletion		(799,863)		(586,488)
Net property and equipment		12,248,541		12,408,907
Total Assets	$	12,586,952	$	12,677,866
LIABILITIES & STOCKHOLDERS EQUITY				
Current liabilities				
Accounts payable	$	381,136	$	264,654
Accounts payable – related parties		42,766		42,494
Accrued liabilities		607,776		608,357
Accrued liabilities – related parties		730,436		649,633
Notes payable		423,963		335,877
Notes payable – related parties		550,242		610,748
Total current liabilities		2,736,319		2,511,763
Asset retirement obligations		1,546,386		1,509,622
Notes payable		724,295		725,999
Derivative liability		17,938		37,013
Total Liabilities		5,024,938		4,784,397
Stockholders' Equity				
Preferred stock, $0.001 par value, 1,000,000 shares authorized; 199,100 shares issued and outstanding	$	199	$	199
Common stock, $0.001 par value; 400,000,000 shares authorized; 162,673,726 shares issued and outstanding		162,674		162,674
Additional paid in capital		57,391,179		57,253,595
Accumulated other comprehensive income		(2,982)		8,273
Accumulated deficit		(49,989,056)		(49,531,272)
Total Stockholders' Equity		7,562,014		7,893,469
Total Liabilities and Stockholders' Equity	$	12,586,952	$	12,677,866

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018 *(revised - Note 12)z*
Oil and gas sales		
Oil and gas sales	$ 819,340	$ 29,980
Total revenue	819,340	29,980
Operating expenses		
Lease operating expense	694,945	73,562
Production tax	1,168	1,799
General and administrative expenses	329,707	1,897,123
Depreciation, depletion and amortization	205,215	19,157
Asset retirement obligation	9,479	5,639
Total operating expenses	1,240,514	1,997,280
Loss from operations	(421,174)	(1,967,300)
Other income (expenses)		
Interest expense	(38,926)	(29,764)
Foreign exchange gain	17,425	53,338
Change in fair value of derivative liabilities	19,075	—
Other income	10,000	—
Loss on acquisition of Bow Energy Ltd.	—	(32,999,330)
Loss on related party debt settlement	—	(203,349)
Total other income (expenses)	7,574	(33,179,105)
Net loss	(413,600)	(35,146,405)
Series A preferred dividends	(44,184)	(44,006)
Net loss attributable to common stockholders	$ (457,784)	$ (35,190,411)
Loss per share		
(Basic and diluted)	$ (0.00)	$ (0.29)
Weighted average number of shares of common stock outstanding - Basic	162,673,726	120,214,408
Weighted average number of shares of common stock outstanding - Diluted	162,673,726	120,214,408
Other comprehensive income, net of tax		
Foreign currency translation adjustments	$ (11,255)	$ (46,647)
Comprehensive loss	$ (469,039)	$ (35,237,058)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY

	Preferred stock		Common stock		Additional paid-in capital	Shares to be issued	Accumulated other comprehensive income	Accumulated deficit	Stockholders’ equity (deficit)
	Shares	Amount	Shares	Amount					
Balance at January 1, 2018	197,100	$ 197	111,698,222	$ 111,698	$ 22,730,974	$ —	$ —	$ (11,323,383)	$ 11,519,486
Preferred shares issued	2,000	2	—	—	19,998	—	—	—	20,000
Common shares issued	—	—	1,166,667	1,167	148,833	22,500	—	—	172,500
Exercise of warrants	—	—	2,100,000	2,100	199,165	—	—	—	201,265
Shares issued to settle liabilities	—	—	716,209	716	254,254	—	—	—	254,970
Stock-based compensation	—	—	600,000	600	1,573,584	—	—	—	1,574,184
Acquisition of Bow Energy Ltd.	—	—	106,156,712	106,157	34,500,931	—	—	—	34,607,088
Warrants issued related to acquisition of Bow Energy Ltd.	—	—	—	—	103,633	—	—	—	103,633
Series A preferred dividends	—	—	—	—	—	—	—	(44,006)	(44,006)
Other comprehensive loss	—	—	—	—	—	—	(46,647)	—	(46,647)
Net loss *(revised - Note 12)*	—	—	—	—	—	—	—	(35,146,405)	(35,146,405)
Balance at March 31, 2018	199,100	$ 199	222,437,810	$ 222,438	$ 59,531,372	$ 22,500	$ (46,647)	$ (46,513,794)	$ 13,216,068
Balance at January 1, 2019	199,100	$ 199	162,673,726	$ 162,674	$ 57,253,595	$ —	$ 8,273	$ (49,531,272)	$ 7,893,469
Stock-based compensation	—	—	—	—	121,680	—	—	—	121,680
Warrants issued as financing fees	—	—	—	—	15,904	—	—	—	15,904
Series A preferred dividends	—	—	—	—	—	—	—	(44,184)	(44,184)
Other comprehensive loss	—	—	—	—	—	—	(11,255)	—	(11,255)
Net loss	—	—	—	—	—	—	—	(413,600)	(413,600)
Balance at March 31, 2019	199,100	$ 199	162,673,726	$ 162,674	$ 57,391,179	$ —	$ (2,982)	$ (49,989,056)	$ 7,562,014

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018 *(revised - Note 12)*
Cash Flows from Operating Activities		
Net loss	$ (413,600)	$ (35,146,405)
Adjustment to reconcile net loss to net cash provided by/(used in) operating activities:		
Depletion, depreciation and amortization	205,215	19,157
Asset retirement obligation accretion	9,479	5,639
Change in fair value of derivative liabilities	(19,075)	—
Warrants issued as financing fees	15,904	—
Stock-based compensation	121,680	1,574,185
Loss on acquisition of Bow Energy Ltd.	—	32,999,330
Loss on related party debt settlement	—	203,349
Warrant expense related to business combination	—	103,632
Foreign currency remeasurement gain	(25,269)	(53,338)
Changes in operating assets and liabilities		
Accounts receivable	(225,046)	(31,268)
Other current assets	2,637	(634)
Accounts payable	101,482	17,278
Accounts payable – related parties	272	—
Accrued liabilities	(44,765)	—
Accrued liabilities – related parties	80,803	—
Net cash flows from operating activities	(190,283)	(309,075)
Cash Flows from Investing Activities		
Payments on sale of NOACK property	120,000	—
Net cash acquired in acquisition of Bow Energy Ltd.	—	3,784
Cash flows from investing activities	120,000	3,784
Cash Flows from Financing Activities		
Proceeds from notes payable	88,125	—
Repayments on notes payable	(1,743)	—
Proceeds from related party notes payable	137,136	—
Repayments on related party notes payable	(156,330)	(49,295)
Advances for the purchase of common stock	—	22,500
Proceed from issuance of common stock	—	238,675
Proceed from issuance of preferred stock	—	20,000
Cash flows from financing activities	67,188	231,880
Effect of exchange rate changes on cash	—	34
Net change in cash	(3,095)	(73,377)
Cash at beginning of period	13,779	82,593
Cash at end of period	$ 10,684	$ 9,216

SUPPLEMENTAL DISCLOSURES

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 309	$ 376
Income taxes paid	—	—
NON-CASH INVESTING AND FINANCIAL DISCLOSURES		
Common shares issued for acquisition of Bow Energy Ltd.	—	34,607,088
Settlement of accrued salaries for related parties with common shares	—	61,621
Settlement of account payable – related parties for common shares, related party	—	102,590
Series A preferred dividends accrued	44,184	44,006

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PETROLIA ENERGY CORPORATION
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION:

Petrolia Energy Corporation (the “Company”) is in the business of oil and gas exploration, development and production.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and the rules of the Securities and Exchange Commission (“SEC”), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for the interim periods presented have been reflected herein. The results of operations for such interim periods are not necessarily indicative of operations for a full year. Notes to the consolidated financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the year ended December 31, 2018, as reported in Form 10-K, have been omitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases are classified as operating leases or financing leases based on the lease term and fair value associated with the lease. The assessment is done at lease commencement and reassessed only when a modification occurs that is not considered a separate contract.

Lessee arrangements

Where the Company is the lessee, leases classified as operating leases are recorded as lease liabilities based on the present value of minimum lease payments over the lease term, discounted using the lessor’s rate implicit in the lease or the Company’s incremental borrowing rate, if the lessor’s implicit rate is not readily determinable. The lease term includes all periods covered by renewal and termination options where the Company is reasonably certain to exercise the renewal options or not to exercise the termination options. Corresponding right-of-use assets are recognized consisting of the lease liabilities, initial direct costs and any lease incentive payments.

Lease liabilities are drawn down as lease payments are made and right-of-use assets are depreciated over the term of the lease. Operating lease expenses are recognized on a straight-line basis over the term of the lease, consisting of interest accrued on the lease liability and depreciation of the right-of-use asset, adjusted for changes in index-based variable lease payments in the period of change.

Lease payments on short-term operating leases with lease terms twelve months or less are expensed as incurred.

Recent Accounting Pronouncements

Adopted in the current year

Effective January 1, 2019, the Company adopted Accounting Standards Update (“ASU”) 2016-02, “Leases”, using the modified retrospective method, whereby a cumulative effect adjustment was made as of the date of initial application. The Company elected the practical expedient to use the effective date of adoption as the date of initial application. Accordingly, financial information and disclosures in the comparative period were not restated. The Company also elected to apply the package of practical expedients such that for any expired or existing leases, it did not reassess lease classification, initial direct costs or whether the relevant contracts are or contain leases. The Company did not use hindsight to reassess lease term or for the determination of impairment of right-of-use assets.

Adoption of ASU 2016-02 did not have any impact on the Company as all its leases are short-term operating leases with lease terms twelve months or less.

To be Adopted in Future Years

In June 2016, Financial Account Standards Board ("FASB") issued ASU 2016-13, "Measurement of Credit Loss on financial Instruments". ASU 2016-13 replaces the current incurred loss impairment methodology with the expected credit loss impairment model, which requires consideration of a broader range of reasonable and supportable information to estimate expected credit losses over the life of the instrument instead of only when losses are incurred. This standard applies to financial assets measured at amortized cost basis and investments in leases recognized by the lessor. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact it will have on its consolidated financial statements.

3. GOING CONCERN

The Company has suffered recurring losses from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to generate profits by reworking its existing oil or gas wells. The Company will need to raise funds through either the sale of its securities or through debt funding to accomplish its goals. If additional financing is not available when needed, the Company may not be able to rework existing oil wells. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

4. EVALUATED PROPERTIES

The Company's current properties can be summarized as follows.

Cost	**Canadian properties**	**United States properties**	**Total**
As at January 1, 2018	$ —	$ 14,312,580	$ 14,312,580
Additions	1,246,216	—	1,246,216
Dispositions	—	(3,962,042)	(3,962,042)
Asset retirement cost additions	1,313,982	—	1,313,982
Foreign currency translation	(116,451)	—	(116,451)
As at December 31, 2018	$ 2,443,747	$ 10,350,538	$ 12,794,285
Foreign currency translation	53,009	-	53,009
As at March 31, 2019	$ 2,496,756	$ 10,350,538	$ 12,847,294
Accumulated depletion			
As at January 1, 2018	—	1,068,795	1,068,795
Dispositions	—	(3,340,779)	(3,340,779)
Impairment of oil and gas properties	—	2,322,255	2,322,255
Depletion	435,722	11,280	447,002
Foreign currency translation	(22,065)	—	(22,065)
As at December 31, 2018	$ 413,657	$ 61,551	$ 475,208
Impairment of oil and gas properties			
Depletion	197,168	—	197,168
Foreign currency translation	8,160	—	8,160
As at March 31, 2019	$ 618,985	$ 61,551	$ 680,536
Net book value as at December 31, 2018	$ 2,030,090	$ 10,288,987	$ 12,319,077
Net book value as at March 31, 2019	$ 1,877,771	$ 10,288,987	$ 12,166,758

5. NOTES PAYABLE

The following table summarizes the Company's notes payable:

	Interest rate	Date of maturity	Balance at: March 31, 2019	Balance at: December 31, 2018
Backhoe loan (i)	2.9%	May 8, 2017	$ 32,600	$ 32,601
Truck loan (ii)	5.49%	January 20, 2022	21,495	23,237
Credit note I (iii)	12%	May 11, 2021	800,000	800,000
Credit note II (iv)	12%	October 17, 2019	196,038	196,038
M. Hortwitz	10%	October 14, 2016	10,000	10,000
Credit note III	4%	January 15, 2020	88,125	—
			1,148,258	1,061,876
Current portion:			(423,963)	(335,877)
Long-term notes payable			$ 724,295	$ 725,999

(i) On May 8, 2014, the Company, with the primary guarantee provided by the Company's former CEO, David Baker, purchased a backhoe to use at the Texas field. David Baker entered into an installment note in the amount of $57,613 for a term of three years and interest at 2.9% per annum. On June 1, 2018, the equipment was returned to the seller with no further action taken by the Company, Mr. Baker, or the lender.

(ii) On January 6, 2017, the Company purchased a truck and entered into an installment note in the amount of $35,677 for a term of five years and interest at 5.49% per annum. Payments of principal and interest in the amount of $683 are due monthly.

(iii) On May 9, 2018, Bow Energy Ltd. ("Bow"), a former wholly-owned subsidiary of the Company, entered into an Amended and Restated Loan Agreement with a third party. The Loan Agreement increased by $800,000 the amount of a previous loan agreement entered into between Bow and the Lender, to $1,530,000. The amount owed under the Loan Agreement accrues interest at the rate of 12% per annum (19% upon the occurrence of an event of default) and is due and payable on May 11, 2021, provided that the amount owed can be prepaid prior to maturity, beginning 60 days after the date of the Loan Agreement, provided that the Company gives the Lender 10 days' notice of its intent to repay and pays the Lender the interest which would have been due through the maturity date at the time of repayment. The Loan Agreement contains standard and customary events of default, including cross defaults under other indebtedness obligations of the Company and Bow, and the occurrence of any event which would have a material adverse effect on the Company or Bow. The Company is required to make principal payments of $10,000 per month from January through September 2019 with the remaining balance of $710,000 due at maturity on May 11, 2021.

The additional $800,000 borrowed in connection with the entry into the Loan Agreement was used by the Company to acquire a 25% working interest in approximately 41,526 acres located in the Luseland, Hearts Hill, and Cuthbert fields, located in Southwest Saskatchewan and Eastern Alberta, Canada (collectively, the "Canadian Properties" and the "Working Interest").

In order to induce the Lender to enter into the Loan Agreement, the Company agreed to issue the Lender 500,000 shares of restricted common stock (the "Loan Shares"), which were issued on May 18, 2018, and warrants to purchase 2,320,000 shares of common stock (the "Loan Warrants"), of which warrants to purchase (a) 320,000 shares of common stock have an exercise price of $0.10 per share in Canadian dollars and expire in May 15, 2021, (b) 500,000 shares of common stock have an exercise price of $0.12 per share in U.S. dollars, and expire on May 15, 2021; and (c) 1,500,000 shares of common stock have an exercise price of $0.10 per share in U.S. dollars and expire on May 15, 2020.

The fair value of the 500,000 common shares issued were assessed at the market price of the stock on the date of issuance and valued at $47,500. The fair value of the Canadian dollar denominated warrants issued were assessed at $30,012 using the Black Scholes Option Pricing Model. The fair value of the U.S. dollar denominated warrants issued were assessed at $182,650 using the Black Scholes Option Pricing Model. The Company determined the debt modification to be an extinguishment of debt and recorded a total loss on extinguishment of debt of $260,162.

Upon the disposition of Bow, a total of $730,000 of the obligations owed under the Loan Agreement were transferred to Blue Sky Resources Ltd. (“Blue Sky”).

(iv) On September 17, 2018, the Company entered into a loan agreement with a third party for $200,000 to acquire an additional 3% working interest in the Canadian Properties. The loan bears interest at 12% per annum and has a maturity date of October 17, 2019. Payments of principal and interest in the amount of $6,000 are due monthly. The loan is secured against the Company’s 3% working interest in the Canadian Properties and has no financial covenants.

The following is a schedule of future minimum repayments of notes payable as at March 31, 2019:

2019	$	422,259
2020		7,502
2021		717,925
2022		572
2023		—
Thereafter		—
	$	1,148,258

6. RELATED PARTY NOTES PAYABLE

The following table summarizes the Company’s related party notes payable:

	Interest rate	Date of maturity	Balance at: March 31, 2019	Balance at: December 31, 2018
Leo Womack (i)	—	On demand	$ 3,000	$ 3,000
Lee Lytton (i)	—	On demand	3,500	3,500
Quinten Beasley	10%	October 14, 2016	10,000	10,000
Joel Oppenheim (i)	—	On demand	205,333	215,333
Bow (i)	—	On demand	33,144	33,144
Blue Sky Resources Ltd. (i)	—	On demand	82,421	131,699
Jovian Petroleum Corporation (ii)	3.5%	February 9, 2019	137,846	35,210
Ivar Siem (iii)	12%	October 17, 2018	20,000	20,000
Joel Oppenheim (iii)	12%	October 17, 2018	10,000	10,000
Blue Sky Resources Ltd. (iv)	9%	May 31, 2019	44,998	148,862
			$ 550,242	$ 610,748

(i) Balances are non-interest bearing and due on demand.

(ii) On February 9, 2018, the Company entered into a Revolving Line of Credit Agreement (“LOC”) for $200,000 (subsequently increased to $500,000 on April 12, 2018) with Jovian Petroleum Corporation (“Jovian”). The CEO of Jovian is Quinten Beasley, our former director (resigned October 31, 2018), and 25% of Jovian is owned by Zel C. Khan, our CEO and director. The initial agreement was for a period of 6 months and it can be extended for up to 5 additional terms of 6 months each. All amounts advanced pursuant to the LOC will bear interest from the date of advance until paid in full at 3.5% simple interest per annum. Interest will be calculated on a basis of a 360-day year and charged for the actual number of days elapsed. On December 31, 2018 the due date of this LOC was extended until December 31, 2019.

(iii) On August 17, 2018, the Company sold an aggregate of $90,000 in convertible promissory notes (the “Director Convertible Notes”), to the Company’s directors, Ivar Siem ($20,000) through an entity that he is affiliated with; Leo Womack ($60,000); and Joel Oppenheim ($10,000). The Director Convertible Notes accrue interest at the rate of 12% per annum until paid in full and were due and payable on October 17, 2018. The amount owed may be prepaid at any time without penalty. The outstanding principal and interest owed under the Director Convertible Notes are convertible into common stock of the Company, from time to time, at the option of the holders of the notes, at a conversion price of $0.10 per share. As additional consideration for entering into the notes, the Company agreed to grant warrants to purchase one share of the Company’s common stock at an exercise price of $0.10 per share for each dollar loaned pursuant to the Director Convertible Notes (the “Bridge Note Warrants”). The warrants had a contractual life of one year. As such, the Company granted (a) 20,000 Bridge Note Warrants to an entity affiliated with Ivar Siem; (b) 60,000 Bridge Note Warrants to Leo Womack; and (c) 10,000 Bridge Note Warrants to Joel Oppenheim. The Director Convertible Notes contain standard and customary events of default. The Company fair valued the warrants issued using the Black-Scholes Option Pricing Model for a total fair value of $6,249. On October 22, 2018, $60,000 in Director Convertible Notes were settled by offsetting against $60,000 proceeds required for the exercise of warrants.

(iv) On June 8, 2018, the Company entered into a promissory note (the “Acquisition Note”) with Blue Sky in the amount of CAD$406,181. The Note bears interest at 9% per annum and is due in full at maturity on November 30, 2018. The Company may, at its sole discretion, extend the maturity date for a period of six months with notice to the lender and payment of 25% of the principal amount. At December 31, 2018, the maturity date had been extended to May 31, 2019. On April 1, 2019, the Company utilized its LOC with Jovian to pay off in its entirety the June 8, 2018 Acquisition Note with Blue Sky.

The following is a schedule of future minimum repayments of related party notes payable as of March 31, 2019:

2019	$ 560,242
2020	—
2021	—
2022	—
2023	—
Thereafter	—
	$ 560,242

7. DERIVATIVE FINANCIAL INSTRUMENTS

On May 18, 2018, as an inducement to enter into an Amended and Restated Loan Agreement, the Company issued, among other instruments, warrants to acquire 320,000 shares of common stock with an exercise price of $0.10 per share in Canadian dollars (see Note 5). The warrants are valued using the Black Scholes Option Pricing Model and the derivative is fair valued at the end of each reporting period. The Company valued the derivative liability at initial recognition as $30,012.

A summary of the activity of the Company’s derivative liabilities is shown below:

Balance, January 1, 2018	$ —
Additions	30,012
Fair value adjustments	7,001
As at December 31, 2018	37,013
Fair value adjustments	(19,075)
As at March 31, 2019	$ 17,938

Derivative liability classified warrants were valued using the Black Scholes Option Pricing Model with the range of assumptions outlined below. Expected life was determined based on historical exercise data of the Company.

	March 31, 2019	December 31, 2018
Risk-free interest rate	2.27%	2.48% - 2.88%
Expected life	2.1 years	2.4 - 3.0 years
Expected dividend rate	0%	0%
Expected volatility	208%	202% - 293%

8. ASSET RETIREMENT OBLIGATIONS

The Company has a number of oil and gas wells in production and will have Asset Retirement Obligations ("AROs") once the wells are permanently removed from service. The primary obligations involve the removal and disposal of surface equipment, plugging and abandoning the wells and site restoration.

AROs associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date of the working interest. The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company's credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated discount rates and changes in the estimated timing of abandonment.

The Company's ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs. For the Canadian properties, abandonment and reclamation liabilities are prescribed by the province in which the Company operates in. For the purpose of determining the fair value of AROs incurred during the years presented, the Company used the following assumptions:

	December 31, 2018
Inflation rate	1.92 - 2.15%
Estimated asset life	15 - 21 years

The following table shows the change in the Company's ARO liability:

	Canadian properties	**United States properties**	**Total**
Asset retirement obligations, December 31, 2017	$ —	$ 473,868	$ 473,868
Additions	1,313,882	—	1,313,982
Accretion expense	4,353	23,618	27,971
Disposition	—	(246,263)	(246,263)
Foreign currency translation	(59,936)	—	(59,936)
Asset retirement obligations, December 31, 2018	1,258,399	251,223	1,509,622
Accretion expense	3,183	6,296	9,479
Foreign currency translation	27,285	—	27,285
Asset retirement obligations, March 31, 2019	$ 1,288,867	$ 257,519	$ 1,546,386

9. EQUITY

Preferred stock

The holders of Series A Preferred Stock are entitled to receive cumulative dividends at a rate of 9% per annum. The Preferred Stock will automatically convert into common stock when the Company's common stock market price equals or exceeds $0.28 per share for 30 consecutive days. At conversion, the value of each dollar of preferred stock (based on a $10 per share price) will convert into 7.1429 common shares (which results in a $0.14 per common share conversion rate).

In accordance with the terms of the Preferred Stock, cumulative dividends of $44,184 were declared for the three months ended March 31, 2019.

Common stock

During the three months ended March 31, 2019, there was no common stock activity.

Warrants

On September 24, 2015, the Board of Directors of the Company approved the adoption of the 2015 Stock Incentive Plan (the "Plan"). The Plan provides an opportunity, subject to approval of our Board of Directors, of individual grants and awards, for any employee, officer, director or consultant of the Company. The maximum aggregate number of shares of common stock which may be issued pursuant to awards under the Plan, as amended on November 7, 2017, was 40,000,000 shares. The plan was ratified by the stockholders of the Company on April 14, 2016.

Continuity of the Company's common stock purchase warrants issued and outstanding is as follows:

	Warrants	**Weighted Average Exercise Price**
Outstanding at January 1, 2018	35,087,197	$ 0.24
Granted	24,829,666	0.11
Exercised	(3,910,000)	0.09
Expired	(4,940,000)	0.10
Outstanding at December 31, 2018	51,066,864	$ 0.20
Granted	2,250,000	0.10
Exercised	—	—
Expired	(635,000)	0.07
Outstanding at March 31, 2019	52,681,864	$ 0.20

As of March 31, 2019, the weighted-average remaining contractual life of warrants outstanding was 1.51 years (December 31, 2018 – 1.71 years).

As of March 31, 2019, the intrinsic value of warrants outstanding is $1,403 (December 31, 2018 - $711,978).

The table below summarizes warrant issuances during the three months ended March 31, 2019 and year ended December 31, 2018:

	March 31, 2019	**December 31, 2018**
Warrants granted:		
Board of Directors and Advisory Board service	2,000,000	7,750,000
Private placements	—	5,312,500
Pursuant to termination agreements	—	5,250,000
Pursuant to financing arrangements	250,000	3,810,000
Pursuant to consulting agreements	—	2,000,000
Pursuant to acquisition of Bow Energy Ltd., a related party	—	368,000
Deferred salary – CEO, CFO	—	339,166
Total	2,250,000	24,829,666

Warrants granted during the three months ended March 31, 2019 and the year ended December 31, 2018were valued using the Black Scholes Option Pricing Model with the range of assumptions outlined below. Expected life was determined based on historical data of the Company.

	March 31, 2019	**December 31, 2018**
Risk-free interest rate	2.39%	2.39%
Expected life	2.0 -3.0 years	1.0 - 3.0 years
Expected dividend rate	0%	0%
Expected volatility	274%	274% - 283%

Stock options

Upon closing of the acquisition of Bow on February 27, 2018, the Company granted stock options to purchase 3,500,000 shares of common stock to former Bow employees and directors, exercisable at $0.12 per share, expiring February 27, 2021. The stock options were valued at $1,131,639 using the Black Scholes Option Pricing Model with expected volatility of 283%, a discount rate of 2.42%, a dividend yield of 0% and an expected life of three years.

10. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2019, warrants to purchase 250,000 shares of common stock with a fair value of $15,904 were granted to director Joel Oppenheim, pursuant to a loan agreement. Each warrant is exercisable for one share of common stock at an exercise price of $0.10 per share and has a contractual life of three years. The warrants were valued using the Black-Scholes Option Pricing Model.

11. SEGMENT REPORTING

The Company has a single reportable operating segment, Oil and Gas Exploration and Production, which includes exploration, development, and production of current and potential oil and gas properties. Results of operations from producing activities were as follows:

	Canada	United States	Total
Three months ended March 31, 2019			
Revenue	$ 796,776	$ 22,564	$ 819,340
Production costs	(636,239)	(59,874)	(696,113)
Depreciation, depletion, amortization and accretion	(200,351)	(10,296)	(210,647)
Results of operations from producing activities	$ (39,814)	$ (47,606)	$ (87,420)
Total long-lived assets, March 31, 2019	$ 1,877,771	$ 10,370,770	$ 12,248,541
Three months ended March 31, 2018			
Revenue	$ —	$ 29,980	$ 29,980
Production costs	—	(75,361)	(75,361)
Depreciation, depletion, amortization and accretion	—	(15,176)	(15,176)
Results of operations from producing activities	$ —	$ (60,557)	$ (60,557)
Total long-lived assets, December 31, 2018	$ 2,030,090	$ 10,378,817	$ 12,408,907

The Company's revenues are derived from the following major customers:

	Three months ended	
	March 31, 2019	**March 31, 2018**
Customer A	$ 796,776	$ —
Customer B	22,564	29,980
Total revenues	$ 819,340	$ 29,980

12. REVISION OF PRIOR PERIOD INTERIM FINANCIAL STATEMENTS

While preparing the interim condensed consolidated financial statements for the period ending September 30, 2018, Management identified that it had made an incorrect judgment in accounting for the acquisition of Bow on February 27, 2018. Accordingly, the Company has revised the comparative figures for three months ended March 31, 2018 to reflect this revision. The revision had no impact on the financial statements for the three and nine months ended September 30, 2018 and for the year ended December 31, 2018.

In accordance with the guidance provided by the SEC's Staff Accounting Bulletin 99, Materiality and Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements", the Company has determined that the impact of adjustments relating to the correction of this accounting error was derived from a judgment, has no impact on compliance with regulatory requirements or loan covenants and has no impact on the Company's cash flows. Accordingly, these changes are disclosed herein and have been disclosed prospectively.

The impact of the revision for the three months ended March 31, 2018 is summarized below:

Condensed Consolidated Statement of Operations and Comprehensive Loss

	Three months ended March 31, 2018		
	As reported	**Adjustment**	**Revised**
Impairment of goodwill	$ 27,129,963	$ (27,129,963)	$ —
Loss on acquisition of Bow Energy Ltd.	—	32,999,330	32,999,330
Net loss	(29,277,038)	(5,869,367)	(35,146,405)
Net loss attributable to common stockholders	(29,321,044)	(5,869,367)	(35,190,411)
Loss per share – Basic and diluted	(0.24)	(0.05)	(0.29)
Comprehensive loss	$ (29,367,691)	$ (5,869,367)	$ (35,237,058)

Condensed Consolidated Statement of Changes in Stockholders' Equity

	As at March 31, 2018		
	As reported	**Adjustment**	**Revised**
Accumulated deficit	$ (40,644,427)	$ (5,869,367)	$ (46,513,794)
Total stockholders' equity	$ 19,085,435	$ (5,869,367)	$ 13,216,068

Consolidated Statement of Cash Flows

	Three months ended March 31, 2018		
	As reported	**Adjustment**	**Revised**
Operating activities			
Net loss	$ (29,277,038)	$ (5,869,367)	$ (35,146,405)
Adjustment to reconcile net loss to net cash used in operating activities:			
Impairment of goodwill	27,129,963	(27,129,963)	—
Loss on acquisition of Bow Energy Ltd.	$ —	$ 32,999,330	$ 32,999,330

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company granted warrants to purchase an aggregate of 8,250,000 shares of common stock for director compensation, financing arrangements and private placements of units. The warrants have a contractual life ranging from one to two years and an exercise price of $0.10 per warrant.

On April 1, 2019, the Company utilized its LOC with Jovian to settle the June 8, 2018 Acquisition Note with Blue Sky.

On April 3, 2019, the Company's foreclosed on its promissory note receivable for the sale of the NOACK field, which was secured by lien under the note. On August 6, 2019, the Company entered into a Purchase and Sale Agreement ("PSA") for the sale of the 83% leasehold net revenue interest and 100% working interest in the NOACK Field Assets, i.e., the Company's leasehold in the Noack Farms, Minera Lease and all related leases and assets located in Milam County, Texas (the "NOACK Assets"). The Sale Agreement includes customary indemnification obligations of the parties. The purchaser agreed to pay $400,000 for the NOACK Assets with a $20,000 deposit received on August 15, 2019 and the entire balance of $355,000 to be received by September 30, 2019 (of which $155,000 was received on August 30, 2019 and the balance remains outstanding) with a final payment of $25,000 to be received on August 30, 2020. The sale had an effective date of September 1, 2019.

On August 21, 2019, the Company closed private placements with related parties for gross proceeds of $150,000, and issued 1,875,000 shares of common stock and warrants to purchase 3,750,000 shares of common stock, exercisable at a price of $0.10 per share, at any time prior to November 1, 2020.

FORWARD LOOKING STATEMENTS

This Report contains statements which, to the extent that they do not recite historical fact, constitute forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts and may include the words “may,” “will,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan” or other words or expressions of similar meaning. We have based these forward-looking statements on our current expectations about future events. The forward-looking statements include statements that reflect management’s beliefs, plans, objectives, goals, expectations, anticipations and intentions with respect to our financial condition, results of operations, future performance and business, including statements relating to our business strategy and our current and future development plans.

The potential risks and uncertainties that could cause our actual financial condition, results of operations and future performance to differ materially from those expressed or implied in this report include:

- The sale prices of crude oil;
- The amount of production from oil wells in which we have an interest;
- Lease operating expenses;
- International conflict or acts of terrorism;
- General economic conditions; and
- Other factors disclosed in this report.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Many factors discussed in this report, some of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from the forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Report as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read the matters described in “Risk Factors” and the other cautionary statements made in, and incorporated by reference in, this Report as being applicable to all related forward-looking statements wherever they appear in this Report. We cannot assure you that the forward-looking statements in this Report will prove to be accurate and therefore prospective investors are encouraged not to place undue reliance on forward-looking statements. Other than as required by law, we undertake no obligation to update or revise these forward-looking statements, even though our situation may change in the future.

Please see the “Glossary of Oil and Gas Terms” on page 9 of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on October 16, 2019 (the “2018 Annual Report”) for a list of abbreviations and definitions used throughout this Report.

This information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto included in this Quarterly Report on Form 10-Q and Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our 2018 Annual Report.

Certain capitalized terms used below and otherwise defined below, have the meanings given to such terms in the footnotes to our consolidated financial statements included above under “Part I - Financial Information” - “Item 1. Financial Statements”.

Unless the context requires otherwise, references to the “Company,” “we,” “us,” “our,” “Petrolia” and “Petrolia Energy Corp.” refer specifically to Petrolia Energy Corp. and its wholly-owned subsidiaries.

In addition, unless the context otherwise requires and for the purposes of this Report only:

- “Bbl” refers to one stock tank barrel, or 42 U.S. gallons liquid volume, used in this Report in reference to crude oil or other liquid hydrocarbons;
- “Boe” barrels of oil equivalent, determined using the ratio of one Bbl of crude oil, condensate or natural gas liquids, to six Mcf of natural gas;
- “Mcf” refers to a thousand cubic feet of natural gas;
- “SEC” or the “Commission” refers to the United States Securities and Exchange Commission; and
- “Securities Act” refers to the Securities Act of 1933, as amended.

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Background

We were incorporated in Colorado on January 16, 2002. In February 2012, we decided it would be in the best interests of our shareholders to no longer pursue our original business plan (the sale of custom framed artwork, art accessories and interior design consulting) and, in April 2012, we became active in the exploration and development of oil and gas properties.

Effective September 2, 2016, we formally changed our name to Petrolia Energy Corporation, pursuant to the filing of a Statement of Conversion with the Secretary of State of Colorado and a Certificate of Conversion with the Secretary of State of Texas, authorized by the Plan of Conversion which was approved by our stockholders at our April 14, 2016, annual meeting of stockholders, each of which are described in greater detail in the Definitive Proxy Statement on Schedule 14A, which was filed with the Securities and Exchange Commission on March 23, 2016. In addition to the Certificate of Conversion filing, we filed a Certificate of Correction filing with the Secretary of State of Texas (correcting certain errors in our originally filed Certificate of Formation) on August 24, 2016.

As previously reported, although the stockholders approved the Plan of Conversion at the annual meeting, pursuant to which our corporate jurisdiction was to be changed from the State of Colorado to the State of Texas by means of a process called a "Conversion" and our name was to be changed to "Petrolia Energy Corporation", those filings were not immediately made and the Conversion did not become legally effective until September 2, 2016. Specifically, on June 15, 2016, the Company filed a Certificate of Conversion with the Texas Secretary of State, affecting the Conversion and the name change, and including a Certificate of Formation as a converted Texas corporation; however, the Statement of Conversion was not filed with the State of Colorado until a later date. As a result, and because FINRA and the Depository Trust Company (DTC) had advised us that they would not recognize the Conversion or name change, or update such related information in the marketplace until we became current in our periodic filings with the Securities and Exchange Commission and they had a chance to review and approve such transactions, we took the position that the Conversion and name change were not legally effective until September 2, 2016.

As a result of the filings described above, and FINRA and the Depository Trust Company (DTC) formally recognizing and reflecting the events described above in the marketplace, the Company has formally converted from a Colorado corporation to a Texas corporation, and has formally changed its name to "Petrolia Energy Corporation".

Two significant acquisitions were made in 2015 and additional working interests in the same properties were acquired in 2016 and 2017, as described in greater detail in the "Plan of Operation" section below. Additionally, in February 2018, we acquired Bow Energy Ltd. and its assets ("Bow"), provided that in September 2018, we divested Bow, each as described in greater detail in the "Plan of Operation" section below. During 2018, we acquired an aggregate of a 28% working interest in properties consisting of approximately 41,526 acres located in the Luseland, Hearts Hill, and Cuthbert fields, located in Southwest Saskatchewan and Eastern Alberta, Canada, as described in greater detail in the "Plan of Operation" section below.

Plan of Operation

Since 2015, we have established a clearly defined strategy to acquire, enhance and redevelop high-quality, resource in place assets. The Company has been focusing on acquisitions in the Southwest United States and Canada while actively pursuing our strategy to offer low-cost operational solutions in established Oil and Gas regions. We believe our mix of assets-oil-in-place conventional plays, low-risk resource plays and the redevelopment of our late-stage plays is a solid foundation for continued growth and future revenue growth.

Our strategy is to acquire low risk, conventionally producing oil fields. This strategy allows us to incorporate new technology to minimize risk and maximize the recoverability of existing reservoirs. This approach allows us to minimize the environmental impact caused by exploratory development.

Our activities will primarily be dependent upon available financing.

Oil and gas leases are considered real property. Title to properties which we may acquire will be subject to landowner’s royalties, overriding royalties, carried working and other similar interests and contractual arrangements customary in the oil and gas industry, to liens for current taxes not yet due, liens for amounts owing to persons operating wells, and other encumbrances. As is customary in the industry, in the case of undeveloped properties, little investigation of record title will be made at the time of acquisition (other than a preliminary review of local records). However, drilling title opinions may be obtained before commencement of drilling operations.

Minerva-Rockdale Field

The Minerva-Rockdale Field, which is located approximately 30 miles Northeast of Austin, Texas, was first discovered in 1921 and is approximately 50 square miles in size. The main producing formation for this field is the Upper Cretaceous Navarro Group of sands and shales. The Navarro is typically subdivided into several producing zones from the uppermost “A” and “B” sands to the lower “C” and “D” sands. The “B” sand is the primary producing zone. These sands are commonly fine grained and poorly sorted and were deposited close to a shoreline during a cycle of marine regression.

In April 2013, the Company entered into a lease pertaining to a 423-acre tract in Milam County, Texas, which is adjacent to the Company’s original 200 acre lease. The Company issued 500,000 shares of its common stock as consideration for a 100% working interest (83.33% net revenue interest) in such lease.

In August 2013, we became an oil and gas operator and took over the operation of 100% of our wells. During the fourth quarter of 2014, the Company hired Jovian Petroleum Corporation (“Jovian”) to survey the operations and well performance at the NOACK field. Their report identified paraffin buildup problems in the well bores and gathering lines as the main production issue for the Company to overcome. In December 2014, the Company signed an operating agreement with Jovian to assume full operational responsibility for the NOACK field under a fixed fee agreement of $10,000 per month for full operating field services. On March 1, 2015, the Company hired Zel C. Khan, our current CEO and director, who is a stockholder and former employee of Jovian. The CEO and President of Jovian is Quinten Beasley, our former director (resigned October 31, 2018).

During the period from our inception to December 31, 2011, we did not drill any oil or gas wells. During the year-ended December 31, 2012, we drilled and completed six (6) oil wells. During 2013, the Company drilled and completed three (3) wells of which one (1) was converted to an injection well. During 2014, the Company drilled seven (7) new wells. In 2015, six (6) of the wells were completed, five (5) wells produced, one (1) did not produce, and one (1) well was not completed. During 2016, the Company had three (3) wells producing, ten (10) wells to workover, with one (1) injection well, one (1) that did not produce, and one (1) well not completed. During 2017, the Company had four (4) wells producing, ten (10) wells to workover, with one (1) injection well, and one (1) well not completed. During 2018, the Company had six (6) wells producing, eight (8) wells to workover, with one (1) injection well, and one (1) well not completed. During 2019 to date, the Company had six (6) wells producing, eight (8) wells to workover, with one (1) injection well, and one (1) well not completed.

On November 1, 2018, the Company entered into a Purchase and Sale Agreement ("PSA") with Crossroads Petroleum L.L.C. and Houston Gulf Energy ("HGE") to sell 100% working interest in the NOACK field assets located in Milam County, Texas (the "NOACK Assets"). The Sale Agreement included customary indemnification obligations of the parties. HGE agreed to pay $375,000 for the NOACK Assets plus $5,000 per month, on a month-to-month basis, until they are granted official operatorship by the Railroad Commission, the payment plan was as follows: (a) a $13,500 deposit which was made on October 12, 2018; (b) $121,500 which was paid on November 7, 2018, (c) $60,000 which was paid on February 8, 2019; (d) $65,000 which was paid on February 28, 2019; and (e) $125,000 which was due March 31, 2019 and was not paid. The sale had an effective date of November 1, 2018. Until paid in full, the Company maintained a secured lien against the assets sold which could be foreclosed upon after a 30-day cure period. The Company recognized impairment on the property of $2,322,255 on September 30, 2018, to write it down to its sale price. Upon sale, the Company derecognized the cost and accumulated depletion and impairment with no gain or loss and removed the carrying value of the ARO of $246,263 from the cost pool of the United States properties. As of March 31, 2019, the balance receivable for the sale of $120,000 is included in other current assets.

HGE defaulted on the PSA as described above and the Company took proper measures to foreclose on the NOACK Assets on April 3, 2019 and reclaimed title to the property. The property was subsequently sold to FlowTex Energy L.L.C. for $400,000 with an effective closing date of September 1, 2019. The Sale Agreement includes customary indemnification obligations of the parties. As per the Sale Agreement, a $20,000 deposit was received on August 15, 2019 and a $355,000 payment on August 30, 2019; a $25,000 payment is due on August 30, 2020.

Slick Unit Dutcher Sands ("SUDS") Field

The SUDS oilfield consists of 2,600 acres located in Creek County, Oklahoma and carries a 76.5% net revenue interest (NRI). The first oil producer was completed in 1918 by Standard Oil of Ohio ("Sohio"), which at that time was owned by John D. Rockefeller. By 1959, approximately 14,000,000 barrels of oil had been recovered at an average well depth of 3,100 feet and over 100 wells in production. Through a series of events, the infrastructure had deteriorated, and the field suffered a lot of neglect. Since 2011, Jovian has invested an estimated $1.6 million into the restoration of the field; rebuilding the infrastructure and putting wells back in production. To date, 22 wells have been worked over and 9 are fully operational with considerable reserves remaining.

The Company has developed a new well drill plan alongside its consultant geologist, RKR Services Company, LLC. ("RKR"). RKR interpreted the Initial Potential Flow map, the Net Dutcher Sands map, and the top of Dutcher Sand Structure map for the optimum locations of five proposed new drill wells in the SUDS field. The new well locations are situated in those locations where oil saturations are projected to be the highest. The Company intends to drill these 5 wells in the 1st Quarter of 2020, funding permitted.

SUDS 10% Acquisition

The Company acquired a 10% working interest in the SUDS field located in Creek County, Oklahoma on September 23, 2015, in exchange for 10,586,805 shares of restricted common stock. Based on the then current market value of our common stock, $0.068 per share, the price paid was $719,903 or $4.77 dollars per barrel of oil (Bbl). Through this transaction, the Company increased its reserve base by approximately 151,000 Bbls of (1P) proven reserves. Concurrently with the purchase, Jovian agreed to assign to the Company the right to be the operator of record of the SUDS field, governed by an American Association of Professional Landmen (AAPL) standard Joint Operating Agreement (JOA).

SUDS 90% Acquisition

On the effective date of September 28, 2016, the Company acquired a 90% net working interest in the SUDS field as a result of two separate agreements, Purchase and Sale Agreement and the Share Exchange Agreement, both between the Company and Jovian.

The Company issued two notes for a combined value of $4,000,000 in exchange for a cumulative 50% working interest in SUDS. A Promissory Note to Jovian for $1,000,000 was executed bearing interest at 5% and due on December 31, 2016 related to the acquisition of a 50% working interest in the SUDS field. The Promissory Note was secured by a 12.5% undivided working interest in the SUDS field. In addition, a Production Payment Note was executed for the same 50% working interest in the SUDS field. This note was for $3,000,000, paid out of twenty percent (20%) of the 50% undivided interest of net revenues received by the Company that is attributable to the SUDS field assets. The Production Payment Note was secured by a 12.5% undivided working interest in the SUDS field.

The Company issued 24,308,985 shares of its restricted common stock to Jovian to acquire an additional 40% working interest ownership of SUDS. The purchase price of the shares equates to a $4,373,186 value, based on the $0.1799 per share market price of our common stock on September 28, 2016 (the effective date of the transaction).

Jovian converted its outstanding $4,000,000 of debt in two tranches, a $2,000,000 first tranche on May 30, 2017 and a $2,000,000 second tranche on July 19, 2017. Although the two transactions occurred in different reporting periods, the two transactions were contemplated together, and they were accounted for as one extinguishment that was accomplished in two tranches, the first in May 2017 and the second in July 2017.

Tranche 1 - On May 30, 2017, Jovian converted $2 million of its $4 million debt into 10 million shares of the Company's common stock. The $2 million debt included a $1 million Promissory Note and $1 million of the $3 million Production Payment Note as well as interest payable of $33,151.

Tranche 2 - On July 19, 2017, Jovian converted $2 million of its remaining debt (outstanding under a Production Payment Note) into 12,749,286 shares of the Company's common stock and 21,510 shares of the Company's Preferred Stock.

The consideration for the debt extinguished consisted of the following:

- 10 million shares of common stock which were valued using the market price on the date of issuance of $0.14 per share ($1,400,000).
- Warrants to purchase 6 million shares of common stock with an exercise price of $0.20 per share based on a $0.12 valuation, volatility of 293%, a discount rate of 1.09% and warrants to purchase 4 million shares of common stock with an exercise price of $0.35 per share based on a $0.12 valuation, volatility of 293%, and a discount rate of 1.09%. All warrants expire in 3 years. The 6 million warrants were valued at $709,776 while the 4 million warrants were valued at $471,104, totaling $1,180,880.
- 12,749,286 shares of common stock which were valued using the market price on the date of issuance of $0.104 per share ($1,325,926).
- The Preferred Stock was valued at $10.00 per share, the cash price paid by third party investors for the same stock with an aggregate value of $215,100.

The combination of the two transactions resulted in an $88,755 loss which was recognized in the second quarter of 2017. The extinguishment of tranche 2 was recognized in the third quarter of 2017, with no impact on the consolidated statement of operations.

The Company is currently working on a 5 well drill program where 5 infill locations have been identified already and are planned to be drilled in the first quarter of 2020, funding permitting.

Twin Lakes San Andres Unit ("TLSAU") Field

TLSAU is located 45 miles from Roswell, Chaves County, New Mexico and consists of 4,864 acres with 130 wells. The last independent reserve report prepared by MKM Engineering on December 31, 2018, reflects approximately 1.6 million barrels of proven oil reserves remaining for the 100% working interest. As of March 31, 2019, the Company took control of thirty-eight (38) wells of which twenty-one (21) were re-worked of which three (3) wells remain producing and the remaining wells experienced repairable mechanical failure after several weeks of production. Five (5) wells were dedicated for injection purpose and are awaiting permits from the New Mexico Energy, Minerals and Natural Resources Department. Petrolia owns a 100% working interest in the field and is the designated Operator.

TLSAU 15% Acquisition

On November 4, 2015, the Company acquired a 15% net working interest in the TLSAU field located in Chaves County, New Mexico (the "Net Working Interest") and all operating equipment on the field. Through this transaction, the Company increased its reserve base by approximately 384,800 Bbls of (1P) proven reserves. The Company was also assigned all rights to be the operator of the TLSAU unit under a standard operating agreement.

The total purchase price for the acquisition of the Net Working Interest and equipment rights was $196,875 or $0.52 per barrel of oil (Bbl) and was paid to Blue Sky NM, Inc. ("BSNM"). The Company paid $50,000 in cash and gave a promissory note in the amount of $146,875. The $50,000 was paid by the CEO of the Company for the benefit of the Company and recorded as a shareholder advance. Subsequently, the $50,000 advance was converted into 800,000 shares of common stock at $0.06 per share and warrants to purchase 800,000 shares of common stock that have since expired as they had a three (3) year term at an exercise price of $0.10. In addition, a $1.3 million face value note payable to BSNM was purchased for $316,800 (the "BSNM Note") (6,000,000 shares of common stock valued at $0.0528 per share). With the inclusion of the note receivable, the price per barrel would have been $1.33 dollars per barrel of oil (Bbl).

TLSAU 25% Acquisition

On September 1, 2016, the Company acquired an additional 25% working interest ownership in the TLSAU field in consideration for the issuance of 3,500,000 shares of its restricted common stock to an unrelated party. The purchase price of the shares equates to a $350,000 value, based on the $0.10 per share market price of Petrolia's shares on September 1, 2016. After the purchase, the Company owned a total working interest ownership of 40%. The final purchase price allocation of the transaction is as follows: oil and gas properties acquired $392,252, and asset retirement obligations assumed of $42,252.

TLSAU 60% Acquisition

Effective February 12, 2017, the Company acquired an additional 60% working interest ownership in the TLSAU field (the "Net Working Interest") resulting from the execution of a Settlement Agreement on February 12, 2017. The agreement assigned Dead Aim Investments' ("Dead Aim's") 60% ownership interests to the Company. As a result of this transaction, Petrolia now owns a 100% working interest in TLSAU. Consideration of $465,788 was given in exchange for Dead Aim's working interest. The consideration includes the forgiveness of the BSNM Note of $316,800 (with a $1.3 million face value) which we acquired in November 2015 and the write-off of $148,988 of Dead Aim's outstanding accounts receivable to Petrolia. Dead Aim assumed liability (prior to the acquisition) for the forgiveness of the Orbit Petroleum Inc Bankruptcy Estate ("OPBE") note that the Company previously purchased.

Since the acquisition of this field, the Company has worked on various environmental remediation and compliance items required by the New Mexico Energy Department. To date, the Company has worked over twenty-one (21) wells. As of the end of the 3rd Quarter of 2019, the Company has resumed its workover plan to bring additional wells online and update the general facility infrastructure, such as electric lines, flow lines and roadways.

The Company is actively seeking a partnership in developing the San Andres formation at this lease.

Askarii Resources, LLC

Effective February 1, 2016, the Company acquired 100% of the issued and outstanding interests of Askarii Resources LLC ("Askarii"), a private Texas based oil & gas service company. The Company acquired Askarii by issuing one (1) million restricted shares of common stock. Based on the then market value of the Company's common stock of $0.05 per share, the aggregate value of the transaction was $50,000.

Askarii, while dormant for the last few years, has a significant history with major oil companies providing services both onshore and offshore- Gulf of Mexico. Using Askarii, the Company plans to engage in the oil field service business as well as the leasing of field related heavy equipment. It is also contemplated that Askarii will research various enhanced oil recovery (EOR) technologies and methods which it can use for the benefit of the Company's oil fields.

Bow Energy Ltd., a related party

On February 27, 2018, we acquired all of the issued and outstanding shares in Bow Energy Ltd., which has contracts covering a total land position in Indonesia of 948,029 net acres.

Effective on August 31, 2018, the Company entered into and closed the transactions contemplated by a Share Exchange Agreement with Blue Sky Resources Ltd. ("Blue Sky" and the "Exchange Agreement") to sell Bow Energy Ltd. while retaining a 20% interest in Bow's subsidiary, Bow Energy International Holdings Inc. ("BEIH"). The President, Chief Executive Officer and 100% owner of Blue Sky is Ilyas Chaudhary, the father of Zel C. Khan, the Company's Chief Executive Officer.

In connection with the closing of the Exchange Agreement, the Company cancelled shares of common stock previously held by Blue Sky (and affiliates) and returned such shares to the status of authorized but unissued shares of common stock. The 70,807,417 shares returned to treasury were subsequently cancelled.

Canadian properties – Luseland, Hearts Hill and Cuthbert fields

Effective on June 29, 2018, the Company acquired a 25% working interest in approximately 41,526 acres located in the Luseland, Hearts Hill, and Cuthbert fields, located in Southwest Saskatchewan and Eastern Alberta, Canada (collectively, the "Canadian Properties" and the "Working Interest"). The Canadian Properties currently encompass 64 sections, with 240 oil and 12 natural gas wells currently producing on the properties. Additionally, there are several idle wells with potential for reactivation and 34 sections of undeveloped land (approximately 21,760 acres). The Canadian Properties and the Working Interest were acquired from Blue Sky (a related party, as described above). Blue Sky had previously acquired an 80% working interest from Georox Resources Inc., who had acquired the Canadian Properties from Cona Resources Ltd.

On September 17, 2018, the Company entered into a Memorandum of Understanding ("MOU") with Blue Sky to obtain the rights to acquire an additional 3% working interest in the Canadian Properties, increasing our Working Interest to 28%. Total consideration paid from the Company to Blue Sky for the additional 3% Working Interest was $150,000.

Results of Operations

Revenues

Our oil and gas revenue reported for the three months ended March 31, 2019 was $819,340, an increase of $789,360 from the three months ended March 31, 2018. A total of $796,776 of the increase was attributable to the new operations associated with the Canadian Properties which were acquired after March 31, 2018. Revenues associated with our U.S. properties totaled $22,564.

Operating Expenses

Operating expenses decreased by $756,766, to $1,240,514 for the three-month period ended March 31, 2019, compared to $1,997,280 for the three months ended March 31, 2018. Operating expenses decreased over the comparative period due to a significant decrease of $1,567,416 in general and administrative costs from highs in the prior period associated with stock-based compensation. The decrease was partially offset by an increase in lease operating expenses of $621,383 for the three months ended March 31, 2019, compared to the prior period and an increase in depreciation, depletion and amortization expense for $186,058, both related to the acquisition of the Canadian properties on June 29, 2018.

Other income (expense)

Foreign exchange gain decreased by $35,913, to $17,425 for the three-month period ended March 31, 2019, compared to $53,338 for the three months ended March 31, 2018. The decrease resulted from fluctuations in the value of the United States dollar against the Canadian dollar.

Interest expense increased for the three-month period ended March 31, 2019, compared to the three-month period ended March 31, 2018, by $9,162. The increase for the three months ended March 31, 2018, was due to a decrease in debt carried during the relevant period.

The Company incurred a gain of $19,075 for the three-month ended March 31, 2019, relating to the change in fair value of derivative liabilities. A derivative liability was recognized upon issuing Canadian dollar denominated warrants to a debt holder. The gain resulted primarily from time decay.

The Company recorded a loss on related party debt settlement of $203,349 for the three months ended March 31, 2018, relating to accrued salaries. No such loss was incurred in the three months ended March 31, 2019.

The Company incurred a loss of $32,999,330 for the three-month ended March 31, 2018, relating to the acquisition of Bow Energy Ltd. No such loss was incurred in the three months ended March 31, 2019.

Net Income (Loss)

Net loss for the three months ended March 31, 2019 was $413,600, compared to a net loss of $35,146,405 for the three months ended March 31, 2018. The primary reason for the decrease in net loss is due to the loss on disposition of Bow Energy Ltd. of $32,999,330, which was incurred during the three months ended March 31, 2018.

Liquidity and Capital Resources

The financial condition of the Company has not changed significantly throughout the period from December 31, 2018, to March 31, 2019.

As of March 31, 2019, we had total current assets of $338,411 and total assets of $12,586,952. Our total current liabilities as of March 31, 2019 were $2,736,319 and our total liabilities as of March 31, 2019 were $5,024,938. We had negative working capital of $2,397,908 as of March 31, 2019.

Our material asset balances are made up of oil and gas properties and related equipment. Our most significant liabilities are accounts payable and accrued liabilities, including amounts due to related parties, mainly consisting of accrued officer salaries of $1,840,239, in addition to asset retirement obligations and note payables of $1,546,386 and $1,640,375, respectively (see "Part I – Item 1. Financial Statements - Note 5. Notes Payable", above for information regarding outstanding debt obligations).

Net cash used in operating activities was $190,283 and $309,075 for the three months ended March 31, 2019 and 2018, respectively. The decrease was primarily due to reductions in net loss.

Net cash provided by investing activities was $120,000 and $3,784 for the three months ended March 31, 2019 and 2018, respectively. The increase was primarily due to the funds used to acquire the Canadian Properties.

Net cash provided by financing activities was $67,188 and $231,880 for the three months ended March 31, 2019 and 2018, respectively. The decrease was primarily due to repayments of the notes payable of $156,330. Additionally, during the three-month period ended March 31, 2019, the Company did not sell securities, while the Company raised $238,675 during the prior comparative period through the sale of securities.

The Company continues to operate at a negative cash flow of approximately $35,000 per month which raises substantial doubt about our ability to continue as a going concern. Management is pursuing several initiatives to secure funding to increase production at both the SUDS and TLSAUs fields which together with anticipated increases in the price of crude oil may reduce the Company's monthly cash shortfall. The total amount required by the Company to accomplish this objective is approximately $500,000. The sale of the NOACK field and the addition of the revenue from our 28% ownership of the Canadian Properties has enhanced cashflow and allowed the Company to allocate funds for SUDS and TLSAU development plans. The Company has resumed workover activities at SUDS and TLSAU and expects progress to continue past the first quarter of 2020, funding permitting.

The Company has suffered recurring losses from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. We plan to generate profits by working over existing wells and drilling productive oil or gas wells. However, we will need to raise additional funds to workover or drill new wells through the sale of our securities, through loans from third parties or from third parties willing to pay our share of drilling and completing the wells. We do not have any commitments or arrangements from any person to provide us with any additional capital. If additional financing is not available when needed, we may need to cease operations. There can be no assurance that we will be successful in raising the capital needed to drill oil or gas wells nor that any such additional financing will be available to us on acceptable terms or at all. Any wells which we may drill may not be productive of oil or gas. Management believes that actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty. Moving forward we may sell certain of our oil and gas properties in an effort to raise funds to support our operations and future planned oil and gas operations.

Off-Balance Sheet Arrangements

As of March 31, 2019, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity or capital resources or change our financial condition.

Trends Affecting Future Operations

The factors that will most significantly affect our results of operations will be (i) the sale prices of crude oil and natural gas, (ii) the amount of production from oil or gas wells in which we have an interest, and (iii) lease operating expenses. Our revenues will also be significantly impacted by our ability to maintain or increase oil or gas production through exploration and development activities, and the availability of funding to complete such activities.

It is expected that our principal source of cash flow will be from the production and sale of crude oil and natural gas reserves which are depleting assets. Cash flow from the sale of oil and gas production depends upon the quantity of production and the price obtained for the production. An increase in prices will permit us to finance our operations to a greater extent with internally generated funds, may allow us to obtain equity financing more easily or on better terms, and lessens the difficulty of obtaining financing. However, price increases heighten the competition for oil and gas prospects, increase the costs of exploration and development, and, because of potential price declines, increase the risks associated with the purchase of producing properties during times that prices are at higher levels.

A decline in oil and gas prices (i) will reduce the cash flow internally generated by the Company which in turn will reduce the funds available for exploring for and replacing oil and gas reserves, (ii) will increase the difficulty of obtaining equity and debt financing and worsen the terms on which such financing may be obtained, (iii) will reduce the number of oil and gas prospects which have reasonable economic terms, (iv) may cause us to permit leases to expire based upon the value of potential oil and gas reserves in relation to the costs of exploration, (v) may result in marginally productive oil and gas wells being abandoned as non-commercial, and (vi) may increase the difficulty of obtaining financing. However, price declines reduce the competition for oil and gas properties and correspondingly reduce the prices paid for leases and prospects. During the last 5 months, oil prices have trended upward to approximately $58.00 per barrel.
Other than the foregoing, we do not know of any trends, events or uncertainties that will have, or are reasonably expected to have, a material impact on our sales, revenues or expenses.

Critical Accounting Policies and New Accounting Pronouncements

See Note 2 to the financial statements included in the 2018 Annual Report for a description of our critical accounting policies. See Note 2 to the unaudited condensed consolidated interim financial statements and the notes thereto included in this Quarterly Report on Form 10-Q for a description of the impact of recently adopted accounting pronouncements and the potential impact of the adoption of any new accounting pronouncements.

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future sales of common stock and other securities is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

Item 4 Controls and Procedures

(a) We maintain a system of controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As of March 31, 2019, our Principal Executive Officer and Principal Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective. Such disclosure controls and procedures were deemed ineffective due to material weaknesses in connection with disclosure and related issues associated with related party transactions involving the Company and its officers and directors, and recording, presentation and disclosure issues associated with acquisition transactions.

(b) *Changes in Internal Controls*. There were no changes in our internal controls over financial reporting during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1 Legal Proceedings

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. We are not currently a party to any material legal proceeding. In addition, we are not aware of any material legal or governmental proceedings against us, or contemplated to be brought against us.

Item 1A Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Commission on October 15, 2019, under the heading "Risk Factors", except as set forth below and investors should review the risks provided in the Form 10-K and below, prior to making an investment in the Company. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the Form 10-K for the year ended December 31, 2018, under "Risk Factors" and below, any one or more of which could, directly or indirectly, cause the Company's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price.

We are currently behind in our SEC filing obligations.

This filing is being filed well past the due date of such filing with the SEC. Additionally, as of the date of this filing, we are deficient in filing our quarterly reports on Form 10-Q for the quarters ended June 30, 2019 and September 30, 2019. While we hope to be in a position to file such reports in the near future, we may be unable to timely file such reports and may fail to timely further reports in the future. Shareholders may have less information to determine the value of our common stock if we fail to timely make filings with the SEC and/or fail to make such filings with the SEC. Our securities may be trading higher, or lower, than they would be if current information regarding our financial condition and results of operations was publicly available.

Debts owed to us may not be timely paid, if at all.

On April 3, 2019, the Company's foreclosed on its promissory note receivable for the sale of the NOACK field, which was secured by lien under the note. On August 6, 2019, the Company entered into a Purchase and Sale Agreement ("PSA") for the sale of the 83% leasehold net revenue interest and 100% working interest in the NOACK Field Assets, i.e., the Company's leasehold in the Noack Farms, Minera Lease and all related leases and assets located in Milam County, Texas (the "NOACK Assets"). The Sale Agreement includes customary indemnification obligations of the parties. The purchaser agreed to pay $400,000 for the NOACK Assets with a $20,000 deposit received on August 15, 2019 and the entire balance of $355,000 to be received by September 30, 2019 (of which $155,000 was received on August 30, 2019 and the balance remains outstanding) with a final payment of $25,000 to be received on August 30, 2020. We may not receive the $225,000 owed to us pursuant to the agreement described above, which may have an adverse effect on our operations, cash flow and the value of our securities.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Below is a summary of all equity securities sold by the Company during the period covered by this report and through the date of filing of this report, that were not registered under the Securities Act, which has not previously been included in a Current Report on Form 8-K or the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

On March 31, 2019, warrants to purchase 250,000 shares of common stock with an exercise price of $0.10 per share, a contractual life of three years and a fair value of $15,904 were granted to director Joel Oppenheim, pursuant to a loan agreement.

On June 30, 2019, warrants to purchase 250,000 shares of common stock with an exercise price of $0.10 per share and a contractual life of three years were granted to director Joel Oppenheim, pursuant to a loan agreement.

On August 21, 2019, the Company closed private placements with related parties for gross proceeds of $150,000, consisting of 1,875,000 shares of common stock and warrants to purchase 3,750,000 shares of common stock, exercisable at a price of $0.10 per share at any time prior to November 1, 2020. American Resources Offshore Inc. (of which Ivar Siem, our director) subscribed for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock. Leo Womack, our director, subscribed for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock. Jovian Petroleum Corporation, a greater than 5% shareholder of the Company, subscribed for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock. Joel Martin Oppenheim, our director, subscribed for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock.

On September 30, 2019, warrants to purchase 250,000 shares of common stock with an exercise price of $0.10 per share and a contractual life of three years were granted to director Joel Oppenheim, pursuant to a loan agreement.

We claim an exemption from registration pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, and the rules and regulations promulgated thereunder in connection with the sales, grants and issuances described above since the foregoing issuances and grants did not involve a public offering, the recipients were (a) "accredited investors", and/or (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act. With respect to the transactions described above, no general solicitation was made either by us or by any person acting on our behalf. The transactions were privately negotiated, and did not involve any kind of public solicitation. No underwriters or agents were involved in the foregoing issuances and we paid no underwriting discounts or commissions. The securities sold are subject to transfer restrictions, and the certificates evidencing the securities contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom.

Item 3 Defaults Upon Senior Securities

None.

Item 4 Mine Safety Disclosures

Not Applicable.

Item 5 Other Information

On August 21, 2019, the Company closed private placements with related parties for gross proceeds of $150,000, consisting of 1,875,000 shares of common stock and warrants to purchase 3,750,000 shares of common stock, exercisable at a price of $0.10 per share at any time prior to November 1, 2020. American Resources Offshore Inc. (of which Ivar Siem, our director) subscribed for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock. Leo Womack, our director, subscribed for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock. Jovian Petroleum Corporation, a greater than 5% shareholder of the Company, subscribed for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock. Joel Martin Oppenheim, our director, subscribed for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock.

We claim an exemption from registration pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, and the rules and regulations promulgated thereunder in connection with the sales, grants and issuances described above since the foregoing issuances and grants did not involve a public offering, the recipients were (a) "accredited investors", and/or (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act. With respect to the transactions described above, no general solicitation was made either by us or by any person acting on our behalf. The transactions were privately negotiated and did not involve any kind of public solicitation. No underwriters or agents were involved in the foregoing issuances and we paid no underwriting discounts or commissions. The securities sold are subject to transfer restrictions, and the certificates evidencing the securities contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom.

On January 15, 2019, the Company entered into an agreement to borrow up to $125,000 from an unrelated third-party, pursuant to a Loan Agreement. The amount borrowed, is due on January 15, 2020 (subject to our option to extend such date for an additional one year by paying interest which has accrued through such date and providing notice to the holder), and accrues interest at the rate of 4% per annum, payable at maturity. The loan may be prepaid, provided we give notice to the holder and pay the holder the interest which would have accrued through maturity. The loan includes customary events of default and indemnification requirements.

Item 6 Exhibits

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PETROLIA ENERGY CORPORATION
January 2, 2020	By: */s/ Zel C. Khan* Zel C. Khan Chief Executive Officer (Principal Executive Officer
January 2, 2020	By: */s/ Horacio Alfredo Fernandez* Horacio Alfredo Fernandez Interim Chief Financial Officer (Principal Financial and Accounting Officer

EXHIBIT INDEX

Exhibit Number		Filed or Furnished Herewith	Incorporated by Reference			
			Form	Exhibit Number	Filing Date/ Period End Date	File No.
2.1	Purchase and Sale Agreement effective October 1, 2015, by and between SUDS Properties, LLC and the Company		8-K	2.1	9/28/2015	000-52690
2.2	Arrangement Agreement, dated November 30, 2017 by and between the Company and Bow Energy Ltd.		8-K	10.1	12/5/2017	000-52690
2.3	Bukit Energy Inc. Share Purchase Agreement Dated May 16, 2017		10-Q	2.2	3/31/2018	000-52690
2.4	Share Exchange Agreement by and between Petrolia Energy Corporation and Blue Sky Resources Ltd, dated August 31, 2018 and effective July 1, 2018		8-K	2.1	9/5/2018	000-52690
3.1	Original Colorado Articles of Incorporation		SB-2	3.1	7/25/2006	333-136012
3.2	Amended and Restated Colorado Articles of Incorporation		SB-2	3.2	7/25/2006	333-136012
3.3	Amendment to Colorado Articles of Incorporation		S-1	3.3	10/24/2012	333-184575
3.4	Texas Certificate of Conversion Converting From Rockdale Resources Corporation (Colorado) to Petrolia Energy Corporation (Texas) filed with the Secretary of State of Texas on June 15, 2016		8-K	3.1	9/12/2016	000-52690
3.5	Certificate of Correction to Texas Certificate of Formation filed with the Secretary of State of Texas on August 24, 2016		8-K	3.2	9/12/2016	000-52690
3.6	Statement of Conversion as filed with the Secretary of State of Colorado on August 30, 2016		8-K	3.3	9/12/2016	000-52690
3.7	Certificate of Amendment to Certificate of Formation to Increase the Company's Authorized Shares of Common Stock to 400,000,000 Shares and to amend the par value of the Preferred Stock to $0.001 per share, filed with the Secretary of State of Texas on November 9, 2017		10-Q	3.1	3/31/2018	000-52690
3.8	Certificate of Designations of Series A Convertible Preferred Stock of Petrolia Energy Corporation, filed with the Secretary of State of Texas on May 3, 2017		10-Q	3.1	3/31/2017	000-52690
3.9	Bylaws of Petrolia Energy Corporation (Texas)		8-K	3.4	9/12/2016	000-52690
10.1***	Employment Agreement with Mr. Zel C. Khan dated September 23, 2015		8-K	10.1	9/28/2015	000-52690
10.2***	Form of Warrant Agreement for the deferral of Mr. Khan's salary		8-K	10.2	9/28/2015	000-52690
10.3	Memorandum of Agreement dated November 4, 2015, by and between Blue Sky NM, Inc. and the Company, relating to the 15% Net Working Interest in the Twin Lakes San Andres Unit		8-K	10.1	11/10/2015	000-52690
10.4	$146,875 Promissory Note with Financial Assurance & Bonds dated November 4, 2015, owed by the Company to Blue Sky NM, Inc.		8-K	10.2	11/10/2015	000-52690
10.5	Memorandum of Agreement dated November 4, 2015, by and between Blue Sky NM, Inc. and the Company, relating to the acquisition of a $1.3 million promissory note in connection with the Bankruptcy of Orbit Petroleum, Inc.		8-K	10.3	11/10/2015	000-52690

10.6	$1.3 million Installment Promissory Note due from Canyon E&P Company dated September 24, 2010	8-K	10.4	11/10/2015	000-52690
10.7***	Amended and Restated Petrolia Energy Corporation 2015 Stock Incentive Plan	8-K	10.1	11/16/2017	000-52690
10.8	Agreement for Share Exchange, dated January 29, 2016 and effective February 1, 2016 between the Company and Askarii Resources, LLC	8-K	10.2	2/9/2016	000-52690
10.9***	Employment Agreement dated August 17, 2016, with Paul M. Deputy as Chief Financial Officer	10-Q	10.1	6/30/2016	000-52690
10.10***	Option Agreement with Paul M. Deputy dated August 17, 2016	10-Q	10.2	6/30/2016	000-52690
10.11	Rick Wilber Note Extension Agreement dated June 30, 2016	10-Q	10.3	6/30/2016	000-52690
10.12	Purchase and Sale Agreement effective September 1, 2016, by and between Whistler Ventures, LLC and Petrolia Energy Corporation, relating to the 25% Net Working Interest in the Twin Lakes San Andres Unit	8-K	10.1	9/22/2016	000-52690
10.13	Assignment and Transfer of Interest effective September 1, 2016 between Petrolia Energy Corporation and Whistler Ventures LLC	8-K	10.2	9/22/2016	000-52690
10.14	Purchase and Sale Agreement effective September 28, 2016, by and between Jovian Petroleum Corporation and Petrolia Energy Corporation, relating to the 50% Net Working Interest in the Slick Unit Dutcher Sands	8-K	10.1	10/5/2016	000-52690
10.15	Assignment and Transfer of Interest (50%) effective September 28, 2016 between Petrolia Energy Corporation and Jovian Petroleum Corporation	8-K	10.2	10/5/2016	000-52690
10.16	Share Exchange Agreement effective September 28, 2016, by and between Jovian Petroleum Corporation and Petrolia Energy Corporation, relating to the 40% Net Working Interest in the Slick Unit Dutcher Sands	8-K	10.3	10/5/2016	000-52690
10.17	Promissory Note ($1M) effective September 28, 2016, by and between Jovian Petroleum Corporation and Petrolia Energy Corporation, relating to the 50% Net Working Interest in the Slick Unit Dutcher Sands	8-K	10.4	10/5/2016	000-52690
10.18	Production Payment Note ($3M) effective September 28, 2016, by and between Jovian Petroleum Corporation and Petrolia Energy Corporation, relating to the 50% Net Working Interest in the Slick Unit Dutcher Sands	8-K	10.5	10/5/2016	000-52690
10.19	Settlement Agreement effective February 12, 2017 between Petrolia Energy Corporation and Dead Aim Investments	8-K	10.1	2/21/2017	000-52690
10.20	Quitclaim Deed effective February 12, 2017 by and between Dead Aim Investments and Petrolia Energy Corporation, relating to the 60% Net Working Interest in the Twin Lakes San Andres Unit	8-K	10.2	2/21/2017	000-52690
10.21	Second Amendment to Rick Wilber Note Agreement effective as of December 31, 2016	10-K	99.2	12/31/2016	000-52690
10.22	Series A Convertible Preferred Stock Offering Memorandum (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the Securities and Exchange Commission on May 15, 2017 (File Number 000-52690), and incorporated by reference herein)	10-Q	10.3	3/31/2017	000-52690
10.23	Form of Preferred Stock Subscription Agreement for the Company's Series A Convertible Preferred Stock Offering (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the Securities and Exchange Commission on May 15, 2017 (File Number 000-52690), and incorporated by reference herein)	10-Q	10.4	3/31/2017	000-52690
10.24	Debt Conversion Agreement, dated June 30, 2011, by and between the Company, Jovian Petroleum Corporation and its subsidiary, Jovian Resources LLC	8-K	10.1	5/31/2017	000-52690
10.25	Debt Conversion Agreement, dated July 19, 2017 by and between the Company and Jovian Petroleum Corporation and its subsidiary, Jovian Resources LLC	8-K	10.1	7/24/2017	000-52690
10.26	Debt Conversion Agreement, dated July 6, 2017 by and between the Company and Rick Wilber	8-K	10.2	7/24/2017	000-52690

10.27	Employment Agreement dated April 18, 2017, with James E. Burns as President of Petrolia Energy Corporation		10-Q	10.6	6/30/2017	000-52690
10.28	$500,000 Convertible Promissory Note dated April 1, 2018 entered into with Blue Sky International Holdings Inc.		10-K	10.28	12/30/2017	000-52690
10.29	Amended Revolving Line of Credit Agreement with Jovian Petroleum Corporation dated February 9, 2018 and amended April 12, 2018		10-K	10.29	12/30/2017	000-52690
10.30	Separation and Release Agreement dated April 19, 2018, by and between James E. Burns and Petrolia Energy Corporation		8-K	10.1	5/1/2018	000-52690
10.31	Chairman Offer Letter dated April 20, 2018, by and between James E. Burns and Petrolia Energy Corporation		8-K	10.2	5/1/2018	000-52690
10.32	Warrant to Purchase Common Stock, evidencing warrants to purchase 5,000,000 shares of common stock granted to James E. Burns on April 19, 2018		8-K	10.3	5/1/2018	000-52690
10.33	Tariq Chaudhary Offer Letter dated January 12, 2018		10-Q	10.6	3/31/2018	000-52690
10.34	Bukit Energy Inc. $500,000 Promissory Note dated August 31, 2017 and amendment		10-Q	10.7	3/31/2018	000-52690
10.35	Memorandum of Understanding between Blue Sky Resources Ltd. and Petrolia Energy Corporation dated June 29, 2018		8-K	10.1	7/6/2018	000-52690
10.36	Conveyance between Blue Sky Resources Ltd. and Petrolia Energy Corporation dated June 29, 2018		8-K	10.2	7/6/2018	000-52690
10.37	CAD $406,181 Promissory Note by Petrolia Energy Corporation in favor of Blue Sky Resources Ltd. dated June 8, 2018		8-K	10.3	7/6/2018	000-52690
10.38	EJL Debt Repayment Agreement effective July 31, 2018, by and between Petrolia Energy Corporation and Blue Sky Resources Ltd (incorporated by reference to Schedule 2A of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.1	9/5/2018	000-52690
10.39	Assignment of 20% BOW EIH effective July 31, 2018, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 3 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.2	9/5/2018	000-52690
10.40	Assignment of Petrolia Royalty effective July 31, 2018, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 4 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.3	9/5/2018	000-52690
10.41	Petrolia Carry Agreement, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 5 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.4	9/5/2018	000-52690
10.42	Form of 12% Bridge Note – 2018		8-K	10.5	9/5/2018	000-52690
10.43	Purchase and Sale Agreement dated and effective November 1, 2018, by and between Petrolia Energy Corporation and Crossroads Petroleum L.L.C.		10-Q	10.16	9/30/2018	000-52690
10.44	$240,000 Promissory Note dated November 2, 2018, by Crossroads Petroleum L.L.C. in favor of Petrolia Energy Corporation		10-Q	10.17	9/30/2018	000-52690
10.45	Loan Agreement dated September 17, 2018 with Emmett Lescroart		10-Q	10.18	9/30/2018	000-52690
10.46	Purchase and Sale Agreement dated and effective August 6, 2019, by and between Petrolia Energy Corporation and FlowTex Energy LLC		10-K	10.46	12/31/2018	000-52690
10.47	Jovian Petroleum Corporation Line of Credit Extension, dated December 31, 2018		10-K	10.47	12/31/2018	000-52690
10.48*	$125,000 Loan Agreement, dated January 15, 2019 entered into with Arshad M. Farooq	X				

14.1	Code of Ethical Business Conduct		10-Q	14.1	9/30/2015	000-52690
14.2	Whistleblower Protection Policy		8-K	14.1	5/24/2018	000-52690
14.3	Related Party Transaction Policy		10-K	14.3	12/31/2018	000-52690
16.1	Letter to Securities and Exchange Commission from MaloneBailey, LLP, LLP, dated February 22, 2019		8-K	16.1	2/25/2019	000-52690
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X				
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X				
99.1	Charter of the Audit Committee		8-K	99.1	5/24/2018	000-52690
99.2	Charter of the Compensation Committee		8-K	99.2	5/24/2018	000-52690
99.3	Charter of the Nominating and Corporate Governance Committee		8-K	99.3	5/24/2018	000-52690
101.INS+	XBRL Instance Document	X				
101.SCH+	XBRL Taxonomy Extension Schema Document	X				
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE+	XBRL Taxonomy Presentation Linkbase Document	X				

LOAN AGREEMENT

January 15, 2019

WHEREAS Arshad M Farooq (the **"Lender"**) and Petrolia Energy Corporation (the **"Borrower"**) wish to enter into this loan agreement (the "Loan Agreement") which provides a loan of US $125,000 at an interest rate of 4%

NOW THEREFORE, in consideration of the increase of the loan upon the terms hereof, the Lender and the Borrower covenant and agree as follows:

Borrower:	Petrolia Energy Corporation
Lender:	Arshad M Farooq.
Loan:	US $125,000 ("Loan").
Effective Date:	January 15, 2019
Maturity Date:	January 15, 2020
Renewal Option:	Borrow has an option to extend the Principal loan for one (1) additional year commencing January 15, 2020 by paying the Year 1 Interest payment and providing a written notice 14 days prior to the Maturity Date
Interest Rate:	The Borrower shall pay interest on the total Loan at a rate of 4% per annum or until Maturity.
Repayment:	Principal and Accrued Interest paid January 15, 2020
Prepayment:	Prepayment is permitted any time subject to a written notification period of 5 calendar days. In the event of early payout, the Borrower shall ensure total interest paid to the lender for the entire term of this loan.
Representations and Warranties:	Borrower represents and warrants to the Lender that:

1. it has been duly incorporated and is in good standing under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage, and administer its property;

2. it has the right to pledge, charge, mortgage, or lien its assets in accordance with the Security contemplated by this Loan Agreement;

3. it is not involved in any dispute or legal proceedings likely to materially affect its financial position or its capacity to operate its business;

4. it has all the requisite power, authority and capacity to execute and deliver this Loan Agreement and the Security (to which it is a party) and to perform its obligations hereunder and thereunder;

Affirmative Covenants: Each of the Loan Parties covenants and agrees that it shall:

1. pay all sums of money when due and payable by it to the Lender under this Loan Agreement and the Security;

2. in the case of the Borrower, carry on business and operate its petroleum and natural gas reserves in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws;

3. maintain its corporate existence and comply with all applicable laws;

4. comply with all regulatory bodies and provisions regarding environmental procedures and controls;

5. upon reasonable notice, allow the Lender access to its books and records and to visit and inspect its assets and place of business; and

Events of Default: The Lender may accelerate the payment of any such outstanding amounts and cancel availability of any undrawn portion of any of the Loan at any time after the occurrence of anyone or more of the following events (each an **"Event of Default"**):

1. failure by the Borrower to pay principal. interest and fees when due;

2. any material representations and warranties made by a Loan Party are incorrect in any material respect;

3. any breach of applicable law by a Loan Party;

4. any cross default as a result of a failure in the performance or observance of any material term or condition in respect of any other indebtedness or obligation of a Loan Party under this Loan Agreement or any of the Security to which it is a party or under any other material agreement to which it is a party; or any event which has happened or is expected to happen which would have a material adverse effect on a Loan Party.

Indemnity: The Loan Parties jointly and severally indemnify the Lender against any loss, costs, claims, actions, suits, damages, expenses or liabilities of any and every kind which the Lender may sustain or incur, directly or indirectly, as a consequence of the entry into and performance of this Loan Agreement and any of the Security, the use of funds advanced under this Loan Agreement, the consummation of any transaction contemplated by this Loan Agreement, any litigation or claim commenced arising out of the execution, delivery or performance of, or the enforcement of any right under this Loan Agreement or any of the Security, a default by any Loan Party in the payment or performance of any obligations (including any representation or warranty made herein by a Loan Party being incorrect at the time it was made or deemed to have been made), the failure by a Loan Party to comply with any of its covenants in this Loan Agreement or in any of the Security, or the occurrence of any other default or Event of Default, except where such loss, costs, claims, actions, suits, damages, expenses or liabilities arise by reason of the gross negligence or willful misconduct of the Lender. The indemnities in this Loan Agreement shall extend to the agents and assignees of the Lender and. for certainty, those for whom the Lender acts as agent hereunder, and the Loan Parties shall hold the benefit of such indemnities in trust for such indemnified parties to the extent necessary to give effect hereto.

The provisions, undertakings, and indemnifications set out in this Loan Agreement, shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Loan Parties to the Lender.

Costs: Each party shall be responsible for its own legal costs.

Requirements: The Borrower hereby agrees to provide to the Lender written notice of a change in name or address immediately.

Assignment: The rights or obligations of the Borrower herein and the amount of the Loan may be transferred or assigned by the Borrower subject to written approval of the Lender, acting reasonably. The Lender may assign all or any part of the Loan, the Security and this Loan Agreement without the consent of the Borrower but shall notify the Borrow within a reasonable time frame of such assignment occurring.

Binding Agreement: The terms and conditions of this Loan Agreement are binding and legal obligations and shall constitute a commitment on the part of the Borrower and the Lender.

Confidentiality: This Loan Agreement is delivered to you on the understanding that neither it nor its contents shall be disclosed to any other party except to counsel, accountants, employees and agents of the Borrower who are specifically involved in the transaction.

Lender's Role: Nothing contained in this Loan Agreement, the Security or any related documentation shall in any way be deemed to be or be construed as creating the relationship of joint venturer or partner or co-venturer with the Loan Parties. The parties each acknowledge and agree that the relationship between them is solely and exclusively one of borrower and lender.

Counterparts: This Loan Agreement may be executed by the parties hereto in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document. Executed copies may be delivered by facsimile transmission or electronic mail transmission and it shall not be necessary to confirm execution by delivery of originally executed documents.

Currency:	All references to amounts in this agreement, unless otherwise described, are in United States Dollars.
Rights and Remedies Cumulative:	The rights, remedies and powers of the Lender under this Loan Agreement and the Security, at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Lender, and no delay or omission in exercise of any such right, remedy or power shall exhaust such rights, remedies and powers to be construed as a waiver of any of them.
Waivers and Amendments:	No term, provision or condition of this Loan Agreement or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Lender.
Governing Law:	This Loan Agreement shall be construed, governed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Texas and the laws of the United States of America applicable therein.
Joint and Several Liability:	If more than one person is designated as Guarantor, then each such person shall be jointly and severally liable for all of the indebtedness, liabilities, covenants, representations, warranties and other obligations of the Guarantors set out in this Loan Agreement. If more than one person is designated as a Loan Party, then each such person shall be jointly and severally liable for all of the indebtedness, liabilities, covenants, representations, warranties and other obligations of the Loan Parties set out in this Loan Agreement.
Waiver of Jury Trial:	The Borrower hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Loan Agreement, the Security or any other document or the transactions contemplated hereby or thereby (whether based on contract, tort or any of other theory).

AGREED AND ACCEPTED as of the 15th day of January 2019.

Witness

ARSHAD M FAROOQ
Lender

PETROLIA ENERGY CORPORATION
Borrower

Per:
Name: Zel C. Khan
Title: CEO & President

EXHIBIT 31.1

CERTIFICATION

I, Zel C. Khan, certify that;

1. I have reviewed this Quarterly Report on Form 10-Q of Petrolia Energy Corporation;

2. Based on my knowledge, this report, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 2, 2020

By: */s/ Zel C. Khan*
Zel C. Khan
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Horacio Alfredo Fernandez, certify that;

1. I have reviewed this Quarterly Report on Form 10-Q of Petrolia Energy Corporation;

2. Based on my knowledge, this report, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 2, 2020

By: */s/ Horacio Alfredo Fernandez*
Horacio Alfredo Fernandez
Interim Chief Financial Officer
(Principal Financial/Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Petrolia Energy Corporation (the “Company”) on Form 10-Q for the quarter ending March 31, 2019 as filed with the Securities and Exchange Commission (the “Report”), Zel C. Khan, the Principal Executive Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects the financial condition and results of operations of the Company.

January 2, 2020

By: */s/ Zel C. Khan*
Zel C. Khan
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL ACCOUNTING AND FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Petrolia Energy Corporation (the "Company") on Form 10-Q for the quarter ending March 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), Horacio Alfredo Fernandez, the Principal Financial and Accounting Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects the financial condition and results of operations of the Company.

January 2, 2020

By: */s/ Horacio Alfredo Fernandez*
Horacio Alfredo Fernandez
Interim Chief Financial Officer
(Principal Financial/Accounting Officer)