
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): September 2, 2021

Petrolia Energy Corporation

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-52690
(Commission
File Number)

86-1061005
(I.R.S. Employer
Identification No.)

710 N. Post Oak Rd., Ste. 512, Houston, Texas
(Address of principal executive offices)

77024
(Zip Code)

Registrant's telephone number, including area code: **832-723-1266**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares	BBLS	OTC Pink

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

On August 31, 2021, Petrolia Energy Corporation (the "Company", "we" and "us"), signed a Letter Agreement to divest the Company's wholly owned Canada subsidiary, Petrolia Canada Corporation (PCC), and its assets in consideration for \$6,500,000 in Canadian dollars ("CAD") (approximately \$5,150,000 in U.S. dollars) less any contingent liabilities. The buyer is Blue Sky Resources Ltd. ("Blue Sky"), an affiliated party to Zel C. Khan, the Company's Chief Executive Officer.

Petrolia Canada Corporation assets include a 50% working interest in approximately 28,000 acres located in the Utikuma Lake area in Alberta, Canada, and 28% working interest in the Luseland, Hearts Hill, and Cuthbert fields located in Southwest Saskatchewan and Eastern Alberta.

The Company received a nonrefundable deposit of \$200,000 CAD on August 31, 2021. The remaining payment schedule is as follows: \$2,000,000 CAD on the Closing Date (scheduled for September 30, 2021), \$1,000,000 CAD on October 31, 2021, less Petrolia's contingent liabilities associated with the acquisition of Utikuma, and \$3,300,000 CAD on December 31, 2021.

The foregoing description of the Letter Agreement does not purport to be complete and are qualified in their entirety by reference to the Letter Agreement, a copy of which are attached as Exhibits 10.1 to this Current Report on Form 8-K and 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 hereunto duly authorized.

Petrolia Energy Corporation

/s/ Mark M. Allen

Mark M. Allen
President

Date: September 3, 2021

Exhibit No. **Description**

10.1* [Letter Agreement between Blue Sky Resources Ltd. and Petrolia Energy Corporation dated August 31, 2021](#)



LETTER AGREEMENT

This Letter Agreement ("**Agreement**") is entered into on August 31, 2021, between:

Blue Sky Resources Ltd ("**BSR**"), a Canadian company with corporate office at Sun Life Plaza – East Tower, 1100, 112 – 4th Ave. SW, Calgary, AB, T2P 0H3, Canada,

AND

Petrolia Energy Corporation ("**Petrolia**"), an American company with corporate office at 710 N. Post Oak Rd., Suite 512, Houston, Texas, 77024, United States of America.

*Note 1: BSR and Petrolia may sometimes be referred to together as "**Parties**", and individually as "**Party**".*

Note 2: All monetary terms are in Canadian Dollars.

RECITALS:

- I. WHEREAS, Petrolia Canada Corporation ("**PCC**") is a wholly owned subsidiary of Petrolia; and
- II. WHEREAS, BSR seeks to acquire 100% of the shares of PCC; and
- III. WHEREAS, Petrolia is willing to sell 100% of the shares of PCC to BSR.

NOW THEREFORE, in consideration of the foregoing Recitals, the Parties enter into this Agreement under the terms and conditions as set forth below:

1. **Shares Acquired:** 100% of the Shares of PCC.
2. **Purchase Price:** \$6.5 Million paid in cash as following:
 - a. \$200,000 nonrefundable upon execution of this Agreement.
 - b. \$2,000,000 on the Closing Date, intended to be September 30, 2021.
 - c. \$3,300,000 on or before December 31, 2021. Petrolia shall deposit PCC shares in Escrow on the Closing Date; PCC shares shall be released to BSR upon full payment of \$3,300,000 plus interest of 9%.
 - d. \$1,000,000 on or before October 31, 2021 less Petrolia's actual share of the WTI Index Liability.
3. **Assets:** PCC's following assets are to be free of any liens and encumbrances, except any liabilities with the Operator of the Saskatchewan Assets, as of the Closing Date:

Sun Life Plaza – East Tower, 1100, 112 – 4th Ave. SW, Calgary, AB, T2P 0H3, Canada

A handwritten signature in black ink, appearing to be initials or a stylized name, located at the bottom right of the page.

- a. 50% WI in the Utikuma Lake Oil Field.
 - b. 28% WI in 3 properties located in Saskatchewan.
4. **Effective Date:** July 1, 2021. All adjustments between the Parties are to be settled prior to the Closing Date.
5. **Closing Date:** September 30, 2021 or a date mutually agreed between the parties. If Closing is delayed, a Delayed Closing nonrefundable penalty of \$200,000 will be due on or before September 30, 2021 which will allow for an extension of 30 days of the Closing Date.
6. **Conditions Precedent:**
 - a. Board and shareholder approvals (if required) of the Parties.
7. **Severability:** the rights, duties, obligations, and responsibilities of the Parties are several and not joint nor collective.
8. **Confidentiality:** the terms of this Agreement must be held confidential by the Parties and shall not be divulged in any way to any third party by any one Party without the prior written approval of the other Party.
9. **Choice of Law:** This Agreement shall be governed by and construed in accordance with the laws of Alberta, Canada.
10. **Amendments:** The Agreement may be amended only by mutual consent between the Parties. If any provision of this Agreement becomes invalid or unenforceable, the validity of other provisions shall not be affected.
11. **No Partnership:** Nothing in this Agreement is intended to or shall be deemed to establish any partnership or joint venture between the Parties, constitute either Party as the agent of the other Party, nor authorize either of the Parties to make or enter into any commitments for or on behalf of the other Party.
12. Terms of this Agreement will cancel automatically at 5pm CST, August 31st, 2021 if not accepted.
13. There will be no employees that transfer over to BSR and no severance will be due.



IN WITNESS WHEREOF, duly authorized representatives of the Parties have caused this Agreement to be executed as of the date first written above.

Blue Sky Resources Ltd.

A handwritten signature in blue ink, appearing to read "Ilyas Chaudhary", written over a horizontal line.

Name: Ilyas Chaudhary
Position: President and CEO

Petrolia Energy Corporation

A handwritten signature in blue ink, appearing to read "James Edward Burns", written over a horizontal line.

Name:
Position: Chairman of the Board

Sun Life Plaza – East Tower, 1100, 112 – 4th Ave. SW, Calgary, AB, T2P 0H3, Canada
