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

FORM 10-Q

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

For the quarterly period ended **September 30, 2020**

☐ 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 400 Houston, Texas	**77024**
(Address of principal executive offices)	(Zip Code)

(832-723-1266)
(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 ☐ 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 ☐ 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 ☒ Smaller Reporting Company ☒

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 ☒

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 176,988,322 shares of common stock as of December 13, 2021.

TABLE OF CONTENTS

		Page
Part I Financial Information		
Item 1.	Consolidated Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3	Quantitative and Qualitative Disclosures about Market Risk	27
Item 4.	Controls and Procedures	27
Part II Other Information		
Item 1	Legal Proceedings	27
Item 1A.	Risk Factors	27
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3	Defaults Upon Senior Securities	28
Item 4	Mine Safety Disclosures	28
Item 5	Other Information	28
Item 6.	Exhibit Index	28
SIGNATURES		29
EXHIBITS		30

PART I: Financial Information

Item 1. Consolidated Financial Statements

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020 (unaudited)	December 31, 2019 (audited)
ASSETS		
Current assets		
Cash	$ 6,874	$ 34,513
Accounts receivable	5,000	5,000
Other current assets	39,443	—
Other current assets – related parties	484,864	135,195
Total current assets	536,181	174,708
Property & equipment		
Oil and gas, on the basis of full cost accounting		
Evaluated properties	11,355,742	12,913,972
Furniture, equipment & software	201,110	201,110
Less accumulated depreciation and depletion	(2,502,963)	(1,663,994)
Net property and equipment	9,053,889	11,451,088
Other assets	572,585	944,055
Total Assets	$ 10,162,655	$ 12,569,851
LIABILITIES & STOCKHOLDERS DEFICIT		
Current liabilities		
Accounts payable	$ 883,178	$ 598,028
Accounts payable – related parties	587	25,587
Accrued liabilities	1,166,085	677,891
Accrued liabilities – related parties	1,250,502	1,053,564
Notes payable, current portion	782,511	653,540
Notes payable – related parties, current portion	1,263,495	983,291
Total current liabilities	5,346,358	3,991,901
Asset retirement obligations	2,811,869	1,723,364
Notes payable, net of current portion	2,325,010	1,443,538
Derivative liability	198,137	24,509
Total Liabilities	10,681,374	7,183,312
Stockholders' Deficit		
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; 165,296,226 and 164,548,726 shares issued and outstanding	165,296	164,549
Additional paid in capital	58,646,694	57,985,359
Shares to be issued	119,375	55,375
Accumulated other comprehensive income	(220,376)	(218,565)
Accumulated deficit	(59,229,907)	(52,600,378)
Total Stockholders' Deficit	(518,719)	5,386,539
Total Liabilities and Stockholders' Deficit	$ 10,162,655	$ 12,569,851

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 September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Oil and gas sales				
Oil and gas sales	$ 953,524	$ 834,321	$ 1,943,866	$ 2,453,665
Total Revenue	953,524	834,321	1,943,866	2,453,665
Operating expenses				
Lease operating expense	1,125,921	949,314	2,462,342	2,594,457
Production tax		1,765	837	5,372
General and administrative expenses	213,167	360,064	773,625	1,046,555
Depreciation, depletion and amortization	353,343	279,816	876,650	727,644
Asset retirement obligation accretion	84,477	46,764	199,092	101,400
Loss on TLSAU abandonment	3,225,928	—	3,225,928	—
Total operating expenses	5,002,836	1,637,723	7,538,474	4,475,428
Loss from operations	(4,049,312)	(803,402)	(5,594,608)	(2,021,763)
Other income (expenses)				
Interest expense	(175,380)	(74,192)	(543,244)	(177,846)
Foreign currency remeasurement gain	—	(17,153)	—	34,375
Gain on sale of assets	—	—	—	280,000
Other income (expense)	(188,795)	25,000	(184,024)	44,181
Change in fair value of derivative liabilities	75,362	(1,414)	(173,628)	16,350
Total other income (expenses)	(288,813)	(67,759)	(900,896)	197,060
Net loss	(4,338,125)	(871,161)	(6,495,504)	(1,824,703)
Series A Preferred Dividends	(44,674)	(44,675)	(134,025)	(133,534)
Net Loss Attributable to Common Stockholders	(4,382,799)	(915,836)	(6,629,529)	(1,958,237)
Other comprehensive income, net of tax				
Foreign currency translation adjustments	175	7,138	(1,811)	(202,628)
Comprehensive loss attributable to Common Stockholders	$ (4,382,624)	$ (908,698)	$ (6,631,340)	$ (2,160,865)
Loss per share				
(Basic and fully diluted)	$ (0.03)	$ (0.00)	$ (0.04)	$ (0.01)
Weighted average number of shares of common stock outstanding	165,296,226	163,509,324	165,244,392	162,955,319

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

PETROLIA ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(Unaudited)

	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, 2019	199,100	$ 199	162,673,726	$ 162,674	$ 57,253,595	$ —	$ 8,273	$ (49,531,272)	$ 7,893,469
Stock-based compensation	—	—	—	—	358,255	—	—	—	358,255
Common shares issued	—	—	1,875,000	1,875	148,125		—	—	150,000
Series A preferred dividends	—	—	—	—	—	—	—	(133,534)	(133,534)
Warrants issued as financing fees	—	—	—	—	50,758	—	—	—	50,758
Warrants issued with loans	—	—	—	—	38,249	—	—	—	38,249
Stock to be issued						28,500			28,500
Other comprehensive income (loss)	—	—	—	—	—	—	(202,628)	—	(202,628)
Net loss	—	—	—	—	—	—	—	(1,824,703)	(1,824,703)
Balance at September 30, 2019	199,100	$ 199	164,548,726	$ 164,549	$ 57,848,982	$ 28,500	$ (194,355)	$ (51,489,509)	$ 6,358,366
Balance at January 1, 2020	199,100	$ 199	164,548,726	$ 164,549	$ 57,985,359	$ 55,375	$ (218,565)	$ (52,600,378)	$ 5,386,539
Stock-based compensation	—	—	—	—	231,179	—	—	—	231,179
Common shares issued	—	—	591,250	591	54,784	(55,375)	—	—	—
Warrants issued as financing fees	—	—	—	—	30,147	—	—	—	30,147
Shares for conversion of related party debt	—	—	156,250	156	12,344	—	—	—	12,500
Warrants issued for loans	—	—	—	—	332,881	—	—	—	332,881
Stock to be issued	—	—	—	—	—	119,375	—	—	119,375
Other comprehensive income (loss)	—	—	—	—	—	—	(1,811)	—	(1,811)
Series A preferred dividends	—	—	—	—	—	—	—	(134,025)	(134,025)
Net loss	—	—	—	—	—	—	—	(6,495,504)	(6,495,504)
Balance at September 30, 2020	199,100	$ 199	165,296,226	$ 165,296	$ 58,646,694	$ 119,375	$ (220,376)	$ (59,229,907)	$ (518,719)

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

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash Flows from Operating Activities		
Net loss	$ (6,495,504)	$ (1,824,703)
Adjustment to reconcile net loss to net cash provided by/(used in) operating activities:		
Depletion, depreciation and amortization	876,650	727,644
Asset retirement obligation accretion	199,092	101,400
Amortization of debt discount	146,562	8,366
Change in fair value of derivative liabilities	173,628	(16,350)
Gain on sale of assets	—	(280,000)
Loss on TLSAU abandonment	3,225,928	—
Warrants issued as financing fees	30,147	50,758
Stock-based compensation	231,179	358,255
Changes in operating assets and liabilities		
Accounts receivable	—	62,368
Other assets (current and non-current)	44,949	(3,587)
Accounts payable	268,099	93,021
Accounts payable – related parties	—	(16,907)
Accrued liabilities	357,899	(25,618)
Accrued liabilities – related parties	196,938	291,967
Net cash flows from operating activities	(744,433)	(473,386)
Cash Flows from Investing Activities		
Proceeds on sale of NOACK property	—	495,000
Escrow for property purchase	—	(771,902)
Cash flows from investing activities	—	(276,902)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock	—	30,000
Proceeds from notes payable	95,385	1,025,000
Repayments on notes payable	(4,619)	(5,286)
Proceeds from related party notes payable	615,000	356,998
Repayments on related party notes payable	(55,003)	(423,703)
Shares to be issued	119,375	28,500
Cash flows from financing activities	770,138	1,011,509
Changes in foreign exchange rate	(53,344)	(202,628)
Net change in cash	(27,639)	58,593
Cash at beginning of period	34,513	13,779
Cash at end of period	$ 6,874	$ 72,372

SUPPLEMENTAL DISCLOSURES

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 113,756	$ 60,074
Income taxes paid	—	—
NON-CASH INVESTING AND FINANCIAL DISCLOSURES		
Series A preferred dividends accrued	134,025	133,534
Debt discount on warrant issue	332,881	38,249
Settlement of accrued liabilities related party for common shares	—	17,000
Settlement of notes payable related party for common shares	—	113,000
Debt cancelled in sale of Bow Energy Ltd (Note 5)	—	33,144
Assumption of note payable by related party	—	125,000
Shares for conversion of related party debt	12,500	—
Issuing of previous shares to be issued	55,375	—
Utikuma acquisition – purchase price	788,835	—
Utikuma acquisition – initial ARO	906,146	—
Third party loan for Utikuma purchase	1,120,000	—
Related party loan payments on Company's behalf	245,000	—

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 NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(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, 2019, 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.

Fair Value of Financial Instruments

Fair value of financial instruments requires disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value. As of September 30, 2020, the amounts reported for cash, accrued interest and other expenses, notes payable, convertible notes, and derivative liability approximate the fair value because of their short maturities.

We adopted ASC Topic 820 for financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair value, established a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment;
- Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

We measure certain financial instruments at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follows at September 30, 2020 and December 31, 2019.

September 30, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liabilities	—	—	198,137	198,137
ARO liabilities	—	—	2,811,869	2,811,869
December 31, 2019				
Derivative liabilities	—	—	24,509	24,509
ARO liabilities	—	—	1,723,364	1,723,364

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, 2019, 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 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. 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, 2019	$ 2,443,747	$ 10,350,538	$ 12,794,285
Foreign currency translation	119,687	—	119,687
As at December 31, 2019	$ 2,563,434	$ 10,350,538	$ 12,913,972
Addition	1,694,981	—	1,694,981
Disposition	—	(3,225,928)	(3,225,928)
Foreign currency translation	(27,283)	—	(27,283)
As at September 30, 2020	$ 4,231,132	$ 7,124,610	$ 11,355,742
Accumulated depletion			
As at January 1, 2019	413,657	61,551	475,208
Dispositions	—	—	—
Impairment of oil and gas properties	—	—	—
Depletion	1,004,832	—	1,004,832
Foreign currency translation	40,487	—	40,487
As at December 31, 2019	$ 1,458,976	$ 61,551	$ 1,520,527
Depletion	852,710	—	852,710
Foreign currency translation	(37,681)	—	(37,681)
As at September 30, 2020	$ 2,274,005	$ 61,551	$ 2,335,556
Net book value as at December 31, 2019	$ 1,104,458	$ 10,288,987	$ 11,393,445
Net book value as at September 30, 2020	$ 1,957,126	$ 7,063,059	$ 9,020,186

On August 6, 2019, the Company entered into a Purchase and Sale Agreement ("PSA") for the sale of the same NOACK property with Flowtex Energy LLC. ("FT"). The purchaser agreed to pay $400,000 for the NOACK Assets including a $20,000 deposit that was received on August 15, 2019 and the remaining balance of $380,000 to be received by September 30, 2019. By December 31, 2019, FT had made cumulative payments of $375,000, resulting in a $25,000 account receivable to the Company at September 30, 2019 which is included in other current assets. The $400,000 was recorded as a gain on sale of properties. On July 6, 2021, the remaining $25,000 accounts receivable was settled via the following. The purchaser remitted a cash payment of $8,995, as well as paying (on the Company's behalf) $16,005 of outstanding property tax invoices previously incurred by the Company.

On May 29, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 net working interest acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 525 bopd of light oil. The working interest was acquired from Blue Sky Resources Ltd. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky. Blue Sky acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent $1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($560,441), necessary for the wells to continue in production after the acquisition. Additional funds ($484,864 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

On July 27, 2020 the Company entered into a settlement agreement with Moon Company, Trustee of the O'Brien Mineral Trust, pursuant to which nine leases totaling approximately 3,800 acres of the 4,880 acre Twin Lakes San Andres Unit were forfeited as a part of the settlement agreement. Consequently, the Company no longer has the right to produce oil, gas, or other hydrocarbons and any other minerals from the mineral estate encumbered by the leases and owned by the Trustee. The company accounted for the forfeiture of the TLSAU properties, in accordance with Reg S-W.T.Rule 4-10(c)(6). Accordingly, an analysis of multi-period reserve reports was performed and it was determined that 32% of the cumulative US full cost pool's reserves were forfeited. This resulted in a write down of $3,225,928 of the US cost pool which was included in operating expenses. Note that both TLSAU and SUDS make up the US full cost pool.

5. NOTES PAYABLE

The following table summarizes the Company's notes payable:

	Interest rate	Date of maturity	Balance at: September 30, 2020	Balance at: December 31, 2019
Truck loan [ii]	5.49%	January 20, 2022	11,830	16,141
Lee Lytton [viii]	—	On demand	3,500	—
Credit note I [iii]	12%	December 31, 2021	800,000	800,000
Credit note II [iv]	12%	December 31, 2021	346,040	346,038
Credit note III [v]	15%	December 31, 2021	750,000	750,000
Discount on Credit Note III	—	December 31, 2021	(10,757)	(25,101)
Credit Note IV [vi]	10%	June 30, 2021	875,000	—
Discount on Credit Note IV	—	June 30, 2021	(166,672)	—
Joel Oppenheim [vii], [viii]	12%	On demand	15,000	
Joel Oppenheim [vii], [viii]	10%	On demand	176,900	
Joel Oppenheim [i], [viii]	12%	On demand	240,000	
Mark M Allen [viii]	12%	June 30, 2021		200,000
Origin Bank (PPP Loan)	—	April 23, 2020	56,680	—
M. Hortwitz [viii]	10%	On demand	10,000	10,000
			3,107,521	2,097,078
Current portion:			(782,511)	(653,540)
Long-term notes payable			$ 2,325,010	$ 1,443,538

(i) On August 15, 2019, the Company entered into a loan agreement in the amount of $200,000 with Joel Oppenheim. The note bears interest at an interest rate of 12% per annum and payments of $50,000 are due monthly beginning September 2, 2019 with the remaining balance due in full at maturity on December 31, 2019. In association with the loan, the Company issued 200,000 warrants at an exercises price of $0.10 per share that expire on August 15, 2021. The warrants fully vest on maturity date. The notes are secured by a 50% Working Interest in the SUDS field and Noack field sale proceeds.

(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.

During 2020, the LOC balance increased by $150,000 resulting in a $346,040 ending balance.

(v) On April 25, 2019, the Company entered into a promissory note (an "Acquisition Note") with a third-party in the amount of $750,000 to acquire working interests in the Utikuma oil field in Alberta Canada. The Note bears interest at 9% per annum and is due in full at maturity on April 25, 2021. No payments are required on the note until maturity while interest is accrued. In addition, warrants to purchase 500,000 shares of common stock with an exercise price of $0.12 per share expiring on May 1, 2021 were issued associated with the note. The fair value of issued warrants were recorded as a debt discount of $38,249 and amortization of $8,366. The notes hold a security guarantee of a 50% working interest in the Utikuma oil field and a 100% working interest in the TLSAU field.

(vi) On January 2, 2020, the Company entered into a loan agreement in the amount of $1,000,000 with a third party (including a $120,000 origination fee). The note bore interest at an interest rate of $10% per annum and matures on June 30, 2020, with warrants to purchase 5,000,000 shares of common stock (the "Loan Warrants"), at an exercise price of $0.10 per share in Canadian dollars and expire in January 2, 2023. The fair value of issued warrants were recorded as a debt discount of $266,674 and monthly amortization of $11,111. These funds were initially placed in escrow, then on May 29, 2020 they were used for the purchase of the Utikuma oil field (see Note 4: Evaluated Properties)

(vii) Various Shareholder Advances provided by Mr. Oppenheim during 2018 and 2019. There were no formal documents drawn. Interest rates were applied based on other similar loan agreements entered into by the Company during that period. The loans are now due on demand.

(viii) These lenders are included in both Note 5 – Notes Payable and Note 6 – Related Party Notes Payable because their classification changed from the prior year to the current year. Specifically, in the prior year they were a third party lender and then they became a related party lender in the current year, or vice versa.

On January 15, 2019, the Company entered into a loan agreement in the amount of $125,000 with a third party. The note bore interest at an interest rate of 4% per annum and was to mature on January 15, 2020. On September 30, 2019, Jovian Petroleum Corporation reimbursed the $125,000 to the third party. Consequently, the $125,000 debt balances were transferred into the Jovian LOC and are now included in the $346,040 at September 30, 2020 (see Note 6: Related Party Notes Payable)

On April 23, 2020, the Company was granted a $56,680 business loan through the Paycheck Protection Program (PPP) administered through the CARES act. The loan amount was based 2.5 times the Company's average monthly payroll costs. The Company is in the process of applying for loan forgiveness and expects to be granted the forgiveness. If forgiveness is granted, the loan principal will not have to be repaid. If not, the loan will earn 1% annual interest and will mature in 2 years.

The following is a schedule of future minimum repayments of notes payable as of September 30:

2020	$	782,511
2021		2,325,010
Thereafter		—
	$	3,107,521

6. RELATED PARTY NOTES PAYABLE

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

			Balance at:	
	Interest rate	**Date of maturity**	**September 30, 2020**	**December 31, 2019**
Lee Lytton (x)	—	On demand	—	3,500
Quinten Beasley	10%	October 14, 2016	10,000	10,000
Joel Oppenheim (i), (x)	—	On demand	—	217,208
Joel Oppenheim (i), (x)	—	On demand	—	15,000
Jovian Petroleum Corporation (ii)	3.5%	February 9, 2019	447,486	362,583
Mark M Allen – SUDS Development (ix), (x)	9%	June 30, 2021	55,000	—
Mark M Allen – SUDS Development (vii), (x)	10%	June 30, 2021	135,000	—
Mark M Allen (viii), (x)	12%	June 30, 2021	200,000	—
Mark M Allen (iv), (x)	10%	June 30, 2021	100,000	—
Discount on Mark M Allen ($100K)	—	June 30, 2021	(16,861)	—
Mark M Allen (v), (x)	10%	June 30, 2021	125,000	—
Discount on Mark M Allen ($125K)	—	June 30, 2021	(17,130)	362,583
Ivar Siem (vi)	12%	On demand	100,000	100,000
Ivar Siem (vi)	12%	On demand	75,000	75,000
Ivar Siem (vi)	Non interest	On Demand	50,000	—
Joel Oppenheim (x)	12%	October 17, 2018	—	200,000
			$ 1,263,495	$ 983,291

(i) Not used

(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 former 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. Subsequent to period-end this LOC has been extended until December 31, 2020.

(iii) Not used.

(iv) On January 3, 2020, the Company entered into a loan agreement in the amount of $100,000 with Mark M Allen. The note bore interest at an interest rate of $10% per annum and matures on June 1, 2020, with warrants to purchase 400,000 shares of common stock (the "Loan Warrants"), at an exercise price of $0.10 per share in Canadian dollars and expire on January 3, 2023. The fair value of issued warrants were recorded as a debt discount of $31,946 and monthly amortization of $1,775.

(v) On February 14, 2020, the Company entered into a loan agreement in the amount of $125,000 with Mark M Allen. The note bore interest at an interest rate of $10% per annum and matures on June 1, 2020, with warrants to purchase 750,000 shares of common stock (the "Loan Warrants"), at an exercise price of $0.10 per share in Canadian dollars and expire in February 14, 2022. The fair value of issued warrants were recorded as a debt discount of $38,249 and monthly amortization of $1,903.

(vi) On August 15, 2019, the Company entered into a loan agreement in the amount of $75,000 with Ivar Siem. The note bears interest at an interest rate of 12% per annum with a four (4) month maturity.

On December 4, 2019, the Company entered into a loan agreement in the amount of $100,000 with Ivar Siem. The note bears interest at an interest rate of 12% per annum with a six (6) month maturity. At the maturity date, the note holder has the right to collect the principal plus interest or convert into 1,250,000 shares of common stock at $0.08 per share. In addition, if converted, the note holder will also receive 5,000,000 warrants at an exercise price of $0.10 per share, vesting immediately with a 36 month expiration period.

On February 28, 2020, the Company entered into a $50,000 loan agreement with a related party. The note does not bear any interest (0% interest rate) is due on demand. The note includes warrants to purchase 200,000 shares of common stock (the "Loan Warrants"), at an exercise price of $0.10 per share in Canadian dollars and expire on March 1, 2022. The warrants vest and will be issued on January 1, 2021.

(vii) On January 6, 2020, the Company entered into a consulting agreement, with Mark M Allen, that included a funding clause where the Company borrowed $135,000 ($62,000 on January 6, 2020, $45,000 on May 18, 2020 and $28,000 on June 26, 2020) from a third party. The third party is responsible for the future oversight and management of the SUDS field located in Creek County, Oklahoma. The note bore interest at an interest rate of 10% per annum and mature on June 30, 2020.

(viii) During 2019, the Company entered into a loan agreement in the amount of $200,000 with Mark M Allen. The note bears interest at an interest rate of 12% per annum and matures on June 30, 2021. At the maturity date, the note holder has the right to collect the principal plus interest or convert into 2,500,000 shares of common stock at $0.08 per share. In addition, upon conversion, the note holder will also receive 10,000,000 warrants at an exercise price of $0.10 per share, vesting immediately with a 36 month expiration period.

(ix) On April 15, 2020, the Company entered into a consulting agreement, with Mark M Allen, that included a funding clause where the Company borrowed $55,000 from Mr. Allen. Mr. Allen is responsible for the future oversight and management of the SUDS field located in Creek County, Oklahoma. The note bore interest at an interest rate of 9% per annum and matures on August 15, 2021.

(x) These lenders are included in both Note 5 – Notes Payable and Note 6 – Related Party Notes Payable because their classification changed from the prior year to the current year. Specifically, in the prior year they were a third party lender and then they became a related party lender in the current year, or vice versa.

During 2019, $120,000 of related party notes and payables were converted to shares. Specifically, Leo Womack for $ 20,000, Joel Oppenheim for $40,000, Jovian for $40,000 and American Resources for $20,000. See Note 10 for further explanation.

The following is a schedule of future minimum repayments of related party notes payable as of September 30, 2020:

2020	$	1,263,495
Thereafter		—
	$	1,263,495

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 $30,013.

On January 2, 2020, as an inducement to enter into a Loan Agreement, the Company issued warrants to purchase 5,000,000 shares of common stock with an exercise price of $0.10 per share in Canadian dollars (see Note 5) and expire in 36 months. 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 $144,259.

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

Balance, January 1, 2019	$	37,013
Additions		—
Fair value adjustments		(12,504)
As at December 31, 2019		24,509
Additions		144,259
Fair value adjustment		29,369
As at September 30, 2020	$	198,137

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.

	September 30, 2020	December 31, 2019
Risk-free interest rate	2.27%	1.58% - 2.27%
Expected life	2.1 years	1.4 – 2.1 years
Expected dividend rate	0%	0%
Expected volatility	208%	208% - 240%

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:

	September 30, 2020
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, 2018	$ 1,258,399	$ 251,223	$ 1,509,622
Accretion expense	123,474	26,150	149,624
Foreign currency translation	64,118	—	64,118
Asset retirement obligations, December 31, 2019	1,445,991	277,373	1,723,364
Acquisition of Canadian property - Utikuma	906,146		906,146
Accretion expense	177,839	21,253	199,092
Foreign currency translation	(16,733)	—	(16,733)
Asset retirement obligations, September 30, 2020	$ 2,388,292	$ 291,453	$ 2,811,869

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 $134,025 were declared for the nine months ended September 30, 2020.

Common stock

As of year ended December 31, 2019, the Company closed private placements for $0.08 per unit for a total of 1,875,000 units and gross proceeds of $150,000 (the "2019 Units"). Each 2019 Unit was comprised of one common share and two warrants entitling the holder to exercise such warrant for one common share for a period of two years from the date of issuance. The warrants have exercise price of $0.10 per share. See additional description of the detail transactions concerning those warrants in Note 10: Related Party Transactions, below.

On August 8, 2019, director Joel Martin Oppenheim exercised warrants to purchase 150,000 shares of common stock for cash proceeds of $15,000 at an exercise price of $0.10 per share. The shares were issued in January 2020.

On August 14, 2019, director Joel Martin Oppenheim exercised warrants to purchase 10,000 shares of common stock for cash proceeds of $1,000 at an exercise price of $0.10 per share. The shares were issued in January 2020.

On July 23, 2019, Joel Oppenheim, a related party, purchased 1 unit of the debt private placement with gross proceeds of $12,500. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 156,250 shares of common stock and warrants to purchase 312,500 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $15,517 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment of $2,500 as well as the forgiving of an outstanding bridge loan of $10,000. The shares were issued in January 2020.

On January 20, 2020, a related party, purchased 1 unit of the debt private placement with gross proceeds of $12,500. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 156,250 shares of common stock and warrants to purchase 312,500 shares of common stock at a price of $0.08 per unit. Jovian converted the debt into shares during 2020.

On February 29, 2020, the Company signed a consulting agreement with a third party to provide Management services related to the SUDS field. The compensation related terms included the issuance of 250,000 shares of Common Stock. The shares were not issued and earned until December 15, 2020.

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, 2019	51,066,864	$ 0.20
Granted	12,250,000	0.15
Exercised	(125,000)	0.09
Expired	(6,148,028)	0.25
Outstanding at December 31, 2019	57,043,836	$ 0.14
Granted	12,650,000	0.16
Exercised	(1,650,000)	0.08
Expired	(21,916,666)	0.23
Outstanding at September 30, 2020	46,127,170	$ 0.16

As of September 30, 2020, the weighted-average remaining contractual life of warrants outstanding was 1.10 years (December 31, 2019 – 1.04 years).

As of September 30, 2020, the intrinsic value of warrants outstanding is $0.0 (December 31, 2019 - $8,256).

The table below summarizes warrant issuances during the nine months ended September 30, 2020 and year ended December 31, 2019:

	September 30, 2020	December 31, 2019
Warrants granted:		
Board of Directors and Advisory Board service	4,500,000	7,000,000
Private placements	—	3,750,000
Pursuant to financing arrangements	750,000	1,500,000
Pursuant to consulting agreements	7,400,000	—
Total	12,650,000	12,250,000

The warrants were 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.

	September 30, 2020	December 31, 2019
Risk-free interest rate	1.40% to 1.59%	1.94% to 2.39%
Expected life	2.0 -3.5 years	1.0 - 3.0 years
Expected dividend rate	0%	0%
Expected volatility	224% - 226%	240% - 283%

10. RELATED PARTY TRANSACTIONS

On August 21, 2019, Jovian, a related party, purchased 4 units of the debt private placement with gross proceeds of $50,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $62,066 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

On August 21, 2019, Joel Oppenheim, a related party, purchased 4 units of the debt private placement with gross proceeds of $50,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 625,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $62,066 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

On August 21, 2019, American Resources Offshore, Inc., a related party, purchased 2 units of the debt private placement with gross proceeds of $25,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $31,033 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

On August 21, 2019, Leo Womack, a related party, purchased 2 units of the debt private placement with gross proceeds of $25,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 312,500 shares of common stock and warrants to purchase 625,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $31,033 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

On May 29, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 net working interest acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 525 bopd of light oil. The working interest was acquired from Blue Sky Resources Ltd. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky. Blue Sky acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent $1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($560,441 USD), necessary for the wells to continue in production after the acquisition. Additional funds ($484,864 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

On September 1, 2020, the Company entered into an employment agreement with Mark Allen, to serve as President for a period of six months (with monthly extensions). The President was to be paid a salary of $15,000 a month. Also, the President was issued a signing bonus of 2,000,000 shares of common stock. One million (1,000,000) shares were to be issued upon signing and the remaining 1,000,000 shares are to be issued at the completion of a 6 month probationary period. In addition, the President was granted warrants to purchase 1,000,000 shares of common stock exercisable at $0.08 per share equally vesting over 24 months. The warrants expire in 36 months.

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:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Canada				
Revenue	953,524	802,131	1,935,861	2,356,003
Production costs	(1,077,420)	(864,553)	(2,273,505)	(2,357,872)
Depreciation, depletion, amortization and accretion	(422,800)	(267,769)	(1,030,549)	(699,504)
Results of operations from producing activities	(546,696)	(330,191)	(1,368,193)	(701,373)
Total long-lived assets	1,957,126	1,389,374	1,957,126	1,389,374
United States				
Revenue	—	32,190	8,005	97,662
Production costs	(48,501)	(86,526)	(189,674)	(241,957)
Depreciation, depletion, amortization and accretion	(15,020)	(12,047)	(45,193)	(28,140)
Loss on TLSAU abandonment	(3,225,928)	—	(3,225,928)	—
Results of operations from producing activities	(3,289,449)	(66,383)	(3,452,790)	(172,435
Total long-lived assets	7,096,763	10,350,677	7,096,763	10,350,677
Total				
Revenue	953,524	834,321	1,943,866	2,453,665
Production costs	(1,125,921)	(951,079)	(2,463,179)	(2,599,829)
Depreciation, depletion, amortization and accretion	(437,820)	(279,816)	(1,075,742)	(727,644)
Loss on TLSAU abandonment	(3,225,928)	—	(3,225,928)	—
Results of operations from producing activities	(3,836,145)	(396,574)	(4,820,983)	(873,808)
Total long-lived assets	9,053,889	11,740,051	9,053,889	11,740,051
The Company's revenues are derived from the following major customers:				
Customer A	—	32,190	8,005	97,662
Customer B	953,524	802,131	1,935,861	2,356,003
Total	953,524	834,321	1,943,866	2,453,665

13. SUBSEQUENT EVENTS

All of the transactions/events mentioned below occurred subsequent to September 30, 2020.

On February 29, 2020, the Company signed a consulting agreement with a third party to provide management services related to the SUDS field. The compensation related terms included the issuance of 250,000 shares of Common Stock. The shares were not issued and earned until December 15, 2020.

On September 1, 2020, the Board of Directors approved a contractual Employment Agreement between the Company and Mark M Allen to appoint him as the new President of the Company. Mr. Allen's contract term is 6 months, with a cash payment of $90,000 in equal monthly installments of $15,000, including an option to extend. In addition, Mr. Allen is due to receive incentive compensation of 2,000,000 shares of common stock (1,000,000 were issued at signing and the remining shares are yet to be issued). He also is to receive 1,000,000 warrants at $0.08 per share that expire in 36 months and vest over a two-year period. Mr. Allen has been in the oil and gas industry for over 25 years, most recently as Vice President, Oil and Gas Consulting for Wipro Limited, a leading global consulting and information technology services firm. Prior to Wipro Limited, Mr. Allen was Vice President, Exploration and Production Services for SAIC, a Fortune 500 company.

On December 15, 2020, Company President, Mark M Allen, was issued 1,650,000 common shares for exercising warrants at $0.05 per share with cash proceeds of $82,500.

On December 22, 2020, the Company entered into a promissory note with American Resources for $125,000. The Note bears interest at 10% per annum and is due in full at maturity on June 1, 2021. In addition, 500,000 shares of common stock were granted in association with the note.

On January 25, 2021, the Company signed an Executive Salary Payable Agreement with Zel Khan as the Chief Executive Officer. All of Mr. Khan's previous salary obligation will be satisfied by the issuance of 1,992,272 shares of the Company, within 15 days of the signed agreement.

Paul Deputy was reinstated as Interim Chief Financial Officer, signed a Settlement and Mutual Release Agreement. In exchange for releasing the Company for any current, outstanding payroll and/or service-related liability at January 29, 2021, the Company agreed to pay Mr. Deputy $50,000, to be paid in $2,500 monthly increments, starting April 1, 2021. In addition, on January 29, 2021 Mr. Deputy was issued 250,000 shares of Petrolia common stock.

Joel Oppenheim, former Director, was issued 316,491 shares in January 2021 pursuant to a Director's Fees Payable Agreement. The agreement stated that the shares were issued in full satisfaction of all outstanding director fees payable.

On March 30, 2021, Mark M Allen converted $30,000 of unpaid contract wages from early 2020 into 333,333 common shares of common stock at a rate of $0.09 per share.

On March 30, 2021, Mark M Allen converted a defaulted secured loan of $270,000 that was due on December 15, 2019. The debt was converted at a rate of $0.05 per share and resulted in the issuance of 5,400,000 shares of common stock and 5,400,000 warrants to purchase common stock. The warrants have a strike price of $0.08 per share and expire in 36 months.

Effective September 1, 2021, the Board accepted Zel Khan's resignation as Chief Executive Officer ("CEO"). See Form 8-K filing reference in Exhibits section below.

Effective September 1, 2021, Mark M Allen was promoted from President to CEO. See Form 8-K reference in Exhibits section below.

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, 2019, filed with the SEC on May 27, 2021 (the "2019 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 2019 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" refers to 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 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 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.

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 former 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 2019, the Company had six (6) wells producing, eight (8) wells to workover, with one (1) injection well, and one (1) well not completed.

Houston Gulf Energy defaulted on a Purchase and Sale Agreement for the NOACK field assets located in Milam County, Texas 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. On July 6, 2021; the remaining $25,000 receivable was settled.

Slick Unit Dutcher Sands ("SUDS") Field

The SUDS oilfield consists of 2,604 acres located in Creek County, Oklahoma and Petrolia owns a 100% Working Interest ("WI") with a 76.5% net revenue interest (NRI). The first oil well 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. Our engineering reports and analysis indicate there is still considerable recoverable reserves remaining.

We have recently completed a capital project to rebuild our field tank battery, consisting of two free water knockout units, four oil stock tanks and one fiberglass saltwater tank. Additionally, we received a new 5-year permit for our disposal well and upgraded our flowlines for most of the field.

Twin Lakes San Andres Unit ("TLSAU") Field

TLSAU is located 45 miles from Roswell, Chaves County, New Mexico and consists of 880 acres with approximately 38 wells.

TLSAU is currently shut-in awaiting capital allocation to complete some regulatory plugging requirements.

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 for the aggregate value of $50,000.

The Company may engage in the oil field service business in the U.S.

Canadian properties

Luseland, Hearts Hill and Cuthbert fields

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.

Utikuma field

On May 29, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 500 bopd of light oil. The working interest was acquired from Blue Sky Resources Ltd. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky. Blue Sky acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent $1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($560,441 USD), necessary for the wells to continue in production after the acquisition. Additional funds ($484,864 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

Results of Operations

Revenues

Our oil and gas revenue reported for the three months ended September 30, 2020 was $953,524, an increase of $119,203 from the three months ended September 30, 2019. The increase was due to the purchase of the Utikuma field and its related sales during the quarter. Revenues associated with our US properties totaled $0.0 during this period.

Our oil and gas revenue reported for the nine months ended September 30, 2020 was $1,943,866, an decrease of $509,799 from the nine months ended September 30, 2019. The decrease was due to a significant decrease in the CONA production in 2020, compared to the respective period in 2019. Those decreases were offset by the production from the newly purchased Utikuma field. Revenues associated with our U.S. properties totaled $8,005.

Operating Expenses

Operating expenses increased by $3,365,113, to $5,002,836 for the three-month period ended September 30, 2020, compared to $1,637,723 for the three months ended September 30, 2019. The operating expense increase was primarily due to the forfeiture of a number of TLSAU leases of $3,225,928. In addition, there was an increase of $176,607 in lease operating expenses, with an offsetting decrease of $146,897 in general and administrative expense primarily due to reduced board compensation expense.

Operating expenses increased by $3,063,046, to $7,538,474 for the nine-month period ended September 30, 2020, compared to $4,475,428 for the nine months ended September 30, 2019. The operating expense increase was primarily due to the forfeiture of a number of TLSAU leases of $3,225,928. There were also increases in depreciation, depletion and amortization expense of $149,006 related to the acquisition of the two Canadian properties on June 29,2018 and May 29, 2020. ARO accretion also increased by $97,692. These increases were offset by a decrease of $132,115 in lease operating expenses and a $272,930 decrease in general and administrative expense which was primarily due to a decrease in equity related issuances (stock compensation expense) in connection with Mr. James Burns stepping down as the Company's president, and the associated Separation Agreement.

Other income (expense)

The Company incurred a net other expense balance of $288,813 for the three-month period ended September 30, 2020, compared to a net other income balance of $67,759, for the three-month ended September 30, 2019. The primary cause of the increase was a $101,188 increase in interest expense due to the new loan. Also, an increase in relative expense was due to the $113,905 loan origination fee.

Other expenses increased by $1,097,956 to $900,896 for the nine-month period ending September 30, 2020, compared to $(197,060) for the nine-month period ending September 30, 2019. The primary cause of the increase was a $365,398 increase in interest expense due to the additional note agreements in 2020. There was also an increase of $189,978 in the change in fair value of derivative liabilities related to the $1,000,000 Reinhart note agreement that was signed in 2020. In addition, there were increases in foreign exchange losses and decreases in other income from 2019 related to the gain on sale of the Noack property.

Foreign exchange loss was $0.0 for the nine-month period ended September 30, 2020. It increased by $34,375, compared to a $34,375 foreign exchange gain for the nine months ended September 30, 2019. The decrease resulted from fluctuations in the value of the United States dollar against the Canadian dollar.

Net Income (Loss)

Net loss for the three months ended September 30, 2020 was $4,338,125, compared to a net loss of $871,161 for the three months ended September 30, 2019. The primary reason for the decrease in net income is due to the forfeiture of the TLSAU leases, as well as a decrease in revenue from reduced production, and increased interest expense from new loans and related derivative liabilities.

Net loss for the nine months ended September 30, 2020 was $6,495,504, compared to a net loss of $1,824,703 for the nine months ended September 30, 2019. The primary reason for the increase in loss in 2020 compared to 2019 was due to the forfeiture of the TLSAU leases as well as the Canadian acquisition related expenses and increased interest expense.

Liquidity and Capital Resources

The financial condition of the Company has not changed significantly throughout the period from December 31, 2019 to September 30, 2020.

As of September 30, 2020, we had total current assets of $536,181 and total assets of $10,162,655. Our total current liabilities as of September 30, 2020 were $5,346,358 and our total liabilities as of September 30, 2020 were $10,681,374. We had negative working capital of $4,810,177 as of September 30, 2020.

Our material asset balances are made up of oil and gas properties and related equipment. Our most significant liabilities are notes payable and notes payable related party of $6,787,603 along with accounts payable and accrued liabilities, including amounts due to related parties, mainly consisting of accrued officer salaries of $1,185,270, in addition to asset retirement obligations of $2,811,869 (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 $744,433 and $473,386 for the nine months ended September 30, 2020 and 2019, respectively. The primary cause for the increase was due to the forfeiture of a number of TLSAU leases. In addition, the was an increase related to the Company’s loan funding for the purchase of the Utikuma properties. These funds were previously escrowed as a prepaid assets. In addition, there was a net loss that was offset by the defaulted previous sale of the NOACK property and reduced stock compensation expense.

Net cash from investing activities was $0.0 for the nine months ended September 30, 2020 compared to net cash used of $276,902 for the nine months ended September 30, 2019. The increase was primarily due to the funds used to acquire the Canadian Properties with an offset due to the sale of the NOACK properties.

Net cash provided by financing activities was $770,138 and $1,011,509 for the nine months ended September 30, 2020 and 2019, respectively. The decrease of $404,160 was primarily due to the larger 2019 loan of $750,000 from a third party which was offset by only $615,000 in 2020 loans, from a number of new notes payable by two third-parties and Mark M Allen. (see “Part I – Item 1. Financial Statements - Note 5. Notes Payable”, above for information regarding outstanding debt obligations).

During the quarter ended September 30, 2020, the Company operated at a negative cash flow from operations of approximately $10,000 per month and our auditors have raised a going concern in their audit report as contained herein.

The Company has suffered recurring losses from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. 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.

Off-Balance Sheet Arrangements

As of September 30, 2020, 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.

Critical Accounting Policies and New Accounting Pronouncements

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

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 of $54,532,874 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 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 raise 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 September 30, 2020, our Principal Executive and Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Principal Executive and Financial Officer concluded that our disclosure controls and procedures were not effective.

(b) *Changes in Internal Controls*. There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2020 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. All legal disputes have been disclosed. 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, 2019, 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, 2019, 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 Form 10-Q filing is being filed well past the due date. As of the date of this filing, we are deficient in filing our quarterly reports on Form 10-Q for the calendar year 2021. 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.

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

On April 3, 2019, the Company 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. On July 6, 2021, the remaining $25,000 accounts receivable was settled via the following. The purchaser remitted a cash payment of $8,995, as well as paying (on the Company's behalf) $16,005 of outstanding property tax invoices previously incurred by the Company.

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, 2019.

On January 20, 2020, Jovian, a related party, purchased 1 unit of the debt private placement of $12,500 that was funded through their LOC. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 156,250 shares ($0.08 per share) of common stock and warrants to purchase 312,500 shares of common stock at a price of $0.08 per unit. Jovian converted the debt into shares during 2020.

On February 29, 2020, the Company signed a consulting agreement with a third party to provide management services related to the SUDS field. The compensation related terms included the issuance of 250,000 shares of Common Stock. The shares were not issued until December 15, 2020.

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

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 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

December 13, 2021

By: */s/ Mark M Allen*
Mark M Allen
Chief Executive Officer
(Principal Executive

December 13, 2021

By: */s/ Paul M. Deputy*
Paul M. Deputy
Interim Chief Financial Officer
(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.
04.01	Exhibit 4.1 - Description of Company's Capital Stock		10-Q	04.01	06/30/2019	
10.01	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	09/30/2018	000-52690
10.02	$240,000 Promissory Note dated November 2, 2018, by Crossroads Petroleum L.L.C. in favor of Petrolia Energy Corporation		10-Q	10.17	09/30/2018	
10.03	Loan Agreement dated September 17, 2018 with Emmett Lescroart		10-Q	10.18	09/30/2018	000-52690
10.04	Purchase and Sale Agreement dated and effective August 6, 2019, by and between Petrolia Energy Corporation and FlowTex Energy LLC		10-Q	10.19	06/30/2019	
10.05	Jovian Petroleum Corporation Line of Credit Extension, dated December 31, 2019		10-Q	10.20	06/30/2019	
10.06	Employment Agreement - Mark M Allen dated September 1, 2020		8-K	10.06	09/01/2020	
10.07	Executive Salary Payment Agreement – Zel Khan dated January 11, 2021		10-Q	10.23	06/30/2019	
10.08	Utikuma Letter Agreement between BSR and Petrolia dated June 29, 2020		10-Q	10.24	06/30/2019	
10.09	Executive Salary Payable Agreement – Mark M Allen dated March 30, 2021		10-Q	10.25	06/30/2019	
10.10	Debt to Equity Conversion Agreement – Mark M Allen dated March 30, 2021		10-Q	10.26	06/30/2019	
10.11	Settlement and Mutual Release Agreement – Paul Deputy dated January 29, 2021		10-Q	10.27	06/30/2019	
10.12	M Allen $120,000 Loan Agreement @ 10% – dated 1/3/20		10-Q	10.12	03/31/20	
10.13	M Allen $125,000 Loan Agreement @10% - dated February 14, 2020		10-Q	10.13	03/31/20	
10.14	Reinhart $1,000,000 Loan Agreement @ 10% - dated January 6, 2020		10-Q	10.14	03/31/20	
10.15	SUDS Consulting Agreement (Funding)– M Allen $62,000 @ 10% - dated 2/29/20		10-Q	10.15	03/31/20	
10.16	American Resources Loan Agreement $50,000 – non interest bearing dated 02/28/20		10-Q	10.16	03/31/20	
10.17	SUDS Development Funding-Allen $25K		10-Q	10.17	06/30/20	
10.18	PPP Loan Agreement-$56K-04/23/20		10-Q	10.18	06/30/20	
10.19	Letter Agreement for sale of PCC to BSR for $6.5M, effective 08/31/21		8-K	10.19	09/02/21	000-52690
10.20	Resignation of Z Khan as CEO effective 09/01/21		8-K	10.20	09/03/21	000-52690
10.21	Promotion of M Allen from President to CEO effective 09/01/21		8-K	10.21	09/03/21	000-52690
10.22	Lazy D Ranch Loan Agreement 09/02/20 - $75K	X				
10.23	8-K Lazy D Ranch Settlement (SUDS)		8-K	10.22	11/12/21	000-52690
14.1	Code of Ethical Business Conduct		10-Q	14.1	09/30/2015	000-52690
14.2	Whistleblower Protection Policy		8-K	14.1	05/24/2018	000-52690
14.3	Insider Trading Policy		10-Q	14.3	06/30/2019	
14.4	Related Party Transaction Policy		10-Q	14.4	06/30/2019	
16.1	Letter to Securities and Exchange Commission from MaloneBailey, LLP, LLP, dated February 22, 2019		8-K	16.1	02/25/2019	
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				

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Mutual Release ("Agreement") is entered into as of the __ day of August, 2020, by and between LazyDRanch Slick, LLC an Oklahoma limited liability company ("LazyDRanch") and Petrolia Energy Corporation, a Texas corporation ("Petrolia"). LazyDRanch and Petrolia are collectively referred to herein as the "Parties."

WHEREAS, LazyDRanch has presented claims and made demand on Petrolia (collectively "the Claims") to pay for the plugging of certain oil and gas wells, removal of pipelines, flowlines, and other oilfield related equipment, and perform surface restoration and remediation work in accordance and compliance with the rules and regulations of the Oklahoma Corporation Commission ("OCC") on lands legally described as the Southwest Quarter (SW/4) of Section Nine (9), Township Fifteen (15) North, Range Ten (10) East in Creek County, State of Oklahoma (the "Property");

WHEREAS, Petrolia denies liability or responsibility for the Claims;

WHEREAS, the Parties have reached an agreement to resolve and dispose of all of their potential claims and disputes and have mutually drafted this Agreement to evidence the terms of such compromise and settlement;

NOW, THEREFORE, in consideration of the foregoing recitals, mutual covenants, terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Payment by Petrolia.** Petrolia will make payments totaling $ $75,000.00 to LazyDRanch as follows:

a. $30,000.00 payable upon settlement and dismissal of the lawsuit and release of any corresponding judgments associated with this case.

b. $30,000.00 payable within 45 days of dismissal of the lawsuit.

c. $15,000.00 payable within 180 days of the date of dismissal of the lawsuit.

Payment shall be made via check payable to Moyers Martin, LLP and delivered to Moyers Martin, LLP.

2. **Removal or Non-Use of the Property from the Slick Unit Dutcher Sand West Unit ("SUDS Unit") by Petrolia.** Petrolia will use best efforts to obtain a final, un-appealable order from the OCC removing the Property from the SUDS Unit by filing the necessary proceeding before the OCC within 45 days from the execution of this Agreement. The Parties acknowledge there is no guarantee that the OCC will remove the Property from the SUDS Unit, and that Petrolia cannot guarantee or warrant the removal of the Property. Should the OCC deny Petrolia's request to remove the Property from the SUDS Unit, Petrolia agrees to enter into a mutually acceptable Surface Non-use

Agreement with LazyDRanch.

3. **Surface Restoration and Remediation.** Petrolia will, at its own cost and expense:

a) Within 60 days from execution of this Agreement, begin work to plug and abandon the four (4) wells on the Property pursuant to the OCC's rules, regulations, and guidance and continue work with reasonable diligence to completion, plugging at least one (1) well per quarter.

b) Test/Remediate/Re-seed soils at well locations up to 15' from wellbore, in accordance with OCC rules, regulations, and guidance.

c) Landfarm any additional remediation related to well location (within 15' from well) in accordance with OCC rules, regulations, and guidance.

d) Remove all oilfield related surface equipment, to include steel posts, pipe above ground, tanks, pumping units, active pipe, electrical lines, and the transformer bank on the Property. The Parties agree the electrical poles will remain for LazyDRanch to remove once electrical lines are removed.

e) Perform surface restoration and remediation at locations with hydrocarbon and brine soil impacts (within 15' from well) in accordance with OCC rules, regulations, and guidance.

f) Flush, pickle, and cap all preexisting transportation flow lines (below plow depth or 48") in accordance with OCC rules, regulations, and guidance.

All work shall be completed within 24 months from the execution of this Agreement. All work shall be in conformance with OCC regulations.

The parties hereby agree that Petrolia agrees to remediate the property in the maximum amount of $200,000.00. This amount does not include the costs for plugging the four (4) Wells on the Property in accordance with OCC rules, regulations, and guidance. Upon written request, Petrolia agrees to provide LazyDRanch with a current accounting of costs incurred to remediate the property.

4. **Release by LazyDRanch.** LazyDRanch shall release any and all judgments obtained in Case No. CJ-2019-144, Creek County, State of Oklahoma and dismiss that action with prejudice within 5 business days from the execution of this Agreement.

The release of any and all judgments obtained in Case No. CJ-2019-144, Creek County, State of Oklahoma, in no way acts to release or diminish LazyDRanch's potential claims or its ability to maintain an action against Petrolia for breaching this Settlement Agreement. LazyDRanch expressly reserves all claims and rights against Petrolia for breach of this Settlement Agreement.

Further, the Parties agree this Paragraph No. 4 shall be admissible as evidence of the reservation described herein.

5. **No Amendments Except in Writing.** This Agreement may not be modified orally. Rather, it may only be modified in a writing signed by an authorized representative for each Party.

6. **Entire Agreement.** This Agreement constitutes the complete understandings and agreement of the Parties and supersedes all prior and contemporaneous negotiations, representations, agreements, and understandings. No change, modification, or termination of any of the provisions of this Agreement shall be effective unless set forth in a written instrument that is signed by all Parties. This Agreement shall be binding upon and inure to the benefit of the Parties, their administrators, executors, personal representatives, heirs, successors and assigns. The Parties acknowledge that neither they nor their agents or their attorneys have made any promises, representations or warranties whatsoever, express or implied, not contained herein, and they acknowledge that they have not executed this instrument in reliance on any such promise, representation, or warranty.

7. **Authority.** The Parties warrant that each of the respective signatories to this Agreement has the respective authority to execute this Agreement, to release and compromise any potential litigation released and/or compromised by this Agreement, to make all warranties and representations contained herein on behalf of each of the parties hereto, and to bind each of the parties hereto to all obligations contained herein.

8. **No Liability Admitted.** It is expressly understood and agreed that the payment and acceptance of the consideration exchanged by the Parties is in full accord and satisfaction of disputed claims. Each Party recognizes and acknowledges that no Party to this Agreement admits any liability, wrongdoing, or fault, but to the contrary, expressly denies the same. This Agreement is entered to resolve, settle and compromise the matters in dispute between the Parties and to avoid the cost, expense, uncertainty, and effort of protracted and disputed litigation.

9. **Law Governing.** The laws of the State of Oklahoma shall govern the validity, construction, interpretation, and effect of this Agreement.

10. **Counterparts.** This Agreement may be executed in counterparts and each such counterpart shall be fully enforceable. A facsimile copy or scanned copy of an original signature shall, likewise, be fully enforceable.

IN WITNESS WHEREOF, the Parties having read and understood this Agreement have executed this Agreement as indicated below.

[SIGNATURE PAGE FOLLOWS]

LAZYDRANCH SLICK, LLC

By: Matt McDonald
Title: Managing Member

PETROLIA ENERGY CORPORATION

By: Zel C. Khan
Title: CEO & President

EXHIBIT 31.1

CERTIFICATION

I, Mark M Allen, 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.

December 13, 2021

By: */s/ Mark M Allen*
Mark M Allen
Chief Executive Officer
(Principal Executive)

EXHIBIT 31.2

CERTIFICATION

I, Paul M. Deputy, 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.

December 13, 2021

By: */s/ Paul M. Deputy*
Paul M. Deputy
Interim Chief Financial Officer
(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 September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), Mark M Allen, the Principal Executive 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.

December 13, 2021

By: */s/ Mark M Allen*
Mark M Allen
Chief Executive Officer
(Principal Executive)

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 September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), Paul M. Deputy, the 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.

December 13, 2021

By: */s/ Paul M. Deputy*
Paul M. Deputy
Interim Chief Financial Officer
(Financial/Accounting Officer)