

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): December 15, 2021

Petrolia Energy Corporation

(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation)	000-52690 (Commission File Number)	86-1061005 (IRS Employer Identification No.)
710 N. Post Oak Rd., Ste. 400, Houston, Texas (Address of principal executive offices)		77024 (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

In October and November of 2021, and January 2022, Petrolia Energy Corporation (the “Company”, “we” and “us”) entered into various subscription agreements (the “Subscription Agreements”) with certain accredited investors (collectively, the “Subscribers”), pursuant to which the Subscribers agreed, subject to certain conditions in the Subscription Agreements, to purchase an aggregate amount of 11,000 shares (the “Subscription Shares”) of the Company’s newly designated shares of Series C Convertible Preferred Stock, par value \$0.10 per share (the “Series C Preferred Stock”), the rights associated with are described in greater detail under [Item 5.03](#), which information is incorporated by reference into this [Item 1.01](#), at \$10.00 per share.

The securities offered will not be or have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The foregoing description of the Subscription Agreements and the transactions and documents contemplated thereby is not complete and is subject to and qualified in its entirety by reference to the form of Subscription Agreement, which is filed as [Exhibit 10.1](#) hereto and the terms of which are incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure set forth above in [Item 1.01](#) of this Current Report on Form 8-K with respect to the Subscription Agreements is incorporated by reference in this [Item 3.02](#). The Subscription Shares were issued in accordance with the Subscription Agreements in reliance on an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”) pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, since the transactions did not involve a public offering, the recipients were (a) “accredited investors”; and/or (b) had information regarding the Company similar to what would be included in a Registration Statement under the Securities Act, and acquired the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The securities 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. The securities were not registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

The Subscription Shares are convertible into common stock of the Company pursuant to the terms of the Series C Designation (defined below). The maximum number

of shares of common stock of the Company (the “Common Stock”) issuable upon conversion of the Subscription Shares, without taking into account accrued dividends or payment-in-kind shares and without regard to any Beneficial Ownership Limitation (discussed below), is 11,000,000 shares of common stock.

Item 3.03 Material Modification to Rights of Security Holders.

The information and disclosures set forth in Item 5.03 hereof are incorporated by reference into this Item 3.03 in their entirety.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On November 19, 2021, the Board of Directors of the Company approved the filing of a Certificate of Designation of Petrolia Energy Corporation Establishing the Designations, Preferences, Limitations, and Relative Rights of its Series C Convertible Preferred Stock (the “Series C Preferred Stock” and the “Series C Designation”), with the Secretary of State of Texas, which designation was filed with, and became effective with, the Secretary of State of Texas on December 15, 2021. The Series C Designation designated 50,000 shares of Series C Preferred Stock. In February 2022, the Company filed a Certificate of Correction to the Series C Designation with the Secretary of State of Texas, to correct certain information therein, which has been corrected in the description of the Series C Designation, below. The Certificate of Correction was filed stamped by the Secretary of State of Texas on February 25, 2022.

Series C Preferred Stock

The Series C Designation provides for the Series C Preferred Stock to have the following rights:

Ranking. The holders of Series C Preferred Stock will rank senior to the Common Stock and the Company’s Series B Preferred Stock with respect to payment of dividends and rights upon liquidation and will rank junior to the Company’s Series A Convertible Preferred Stock, the Corporation’s capital leases as may be in place from time to time, and any other senior debt or other security holders of the Corporation, including certain banks and/or institutions, which hold security interests over the Corporation’s assets as of the filing date of the Series C Designation.

Dividend Rights. Beginning on the original issue date of each share of the Series C Preferred Stock (the “Original Issue Date”), dividends will accrue monthly in arrears on the original issue price of \$10.00 per share of the Series C Preferred Stock (the “Original Issue Price”) at the rate of eight percent (8%) per annum (the “Dividend Rate”), until such share is converted or redeemed as described in the Series C Designation (the “Accrued Dividends”). The Dividend Rate will automatically increase to eleven percent (11%) per annum if any shares of Series C Preferred Stock remain outstanding after December 31, 2023.

Payment of Accrued Dividends. Other than in connection with a conversion or redemption of shares of the Series C Preferred Stock as provided in the Series C Designation, or otherwise authorized by the Board of Directors, the Accrued Dividends are payable only in kind in a number of additional shares of Series C Preferred Stock (the “PIK Shares”) equal to the quotient of (i) the aggregate amount of the Accrued Dividends being paid by the Company in respect of the shares of Series C Preferred Stock held by such holder, divided by (ii) the Original Issue Price, and rounded to the nearest whole share of Series C Preferred Stock.

Conversion Rights. The shares of Series C Preferred Stock, together with any Accrued Dividends, are convertible into Common Stock at the election of the holder of the Series C Preferred Stock, at a price equal to the quotient of (i) the Original Issue Price of each share of Series C Preferred Stock and Accrued Dividends being converted divided by (ii) \$0.01 per share, subject to adjustment in accordance with the Series C Designation (the “Conversion Price”). In addition, the shares of Series C Preferred Stock, together with any Accrued Dividends, will automatically convert into Common Stock at the Conversion Price upon the closing of any registered public offering of the Corporation’s Common Stock. If the conversion of the Series C Preferred Stock would cause a holder (and its affiliates) to exceed ownership of 4.999% of the Company’s common stock (the “Beneficial Ownership Limitation”), then the Company will only issue such number of shares to such holder as instructed by such holder and as would not cause such holder to exceed the maximum number of shares permitted under the Beneficial Ownership Limitation. The Beneficial Ownership Limitation may be increased or decreased with at least 61 days prior written notice by a holder, but may not be increased above 9.999%. The Beneficial Ownership Limitation does not apply to automatic conversions.

Redemption Rights. The Company has the option in its sole discretion, at any time, to redeem any outstanding shares of Series C Preferred Stock of the Company, together with any Accumulated Dividends, with thirty days prior written notice, by paying the holder(s) a redemption price equal to the Original Issue Price for each such Series C Preferred Stock shares, together with any Accumulated Dividends (the “Redemption Amount”, and each a “Redemption”). The payment by the Company to the holder of such shares of Series C Preferred Stock (at such holder’s address of record) of the Redemption Amount in connection with a Redemption automatically results in the cancellation, termination and invalidation of any outstanding Series C Preferred Stock held by such holder or his, her or its assigns.

Liquidation Preference. The Series C Preferred Shares have a liquidation preference at the Original Issue Price that is senior to the Company’s Common Stock and Class B Preferred Stock, and junior to the Company’s Class A Convertible Preferred Stock. The liquidation preference is payable upon a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or upon a deemed liquidation of the Company. A deemed liquidation includes any consolidation, merger, or reorganization of the Company in which the shareholders of the Company own less than fifty percent of the voting power of the resultant entity, or an acquisition to which the Company is a party in which at least fifty percent of the Company’s voting power is transferred, or the sale, lease, exclusive license or transfer of all or substantially all of the assets of the Company other than to a wholly-owned subsidiary.

Voting Rights. The holders of Series C Preferred Stock will vote together with the holders of the Common Stock on an as-converted basis, subject to the Beneficial Ownership Limitation, on each matter submitted to a vote of holders of Common Stock (whether at a meeting of shareholders or by written consent).

Protective Provisions. Subject to the rights of series of preferred stock which may from time to time come into existence, so long any shares of Series C Preferred Stock are outstanding, the Company cannot without first obtaining the approval (by written consent, as provided by law) of the holders of a majority of the then outstanding shares of Series C Preferred Stock, voting together as a class:

- (a) Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series C Preferred Stock (except to the extent required to issue PIK Shares, if any);
- (b) Adopt or authorize any new designation of any Preferred Stock or amend the Certificate of Formation of the Company in a manner which adversely affects the rights, preferences and privileges of the Series C Preferred Stock;
- (c) Create (by reclassification or otherwise) any new series or shares of capital stock having rights, preferences, or privileges senior to or on a parity with the Series C Preferred Stock in connection with liquidation rights or dividends;
- (d) Re-issue any shares of Series C Preferred Stock converted or redeemed pursuant to the terms of the Series C Designation (except to the extent required to issue PIK Shares, if any);

(e) Effect an exchange, or create a right of exchange, cancel, or right to cancel all or part of the shares of another class of shares into shares of Series C Preferred Stock; or

(f) Alter or change the rights, preferences or privileges of the shares of Series C Preferred Stock so as to affect adversely the shares of such series, including the rights set forth in the Series C Designation.

* * * * *

The description of the Series C Designation above is not complete and is qualified in its entirety by the full text of the Series C Designation, filed herewith as Exhibit 3.1, which is incorporated by reference in this Item 5.03.

Item 8.01 Other Events.

The Company undertook the offering of the Series C Preferred Stock discussed above in Item 1.01, to raise funding to engage legal counsel to potentially take legal action against (i) the operator of certain of its properties located in Canada that are operated by Blue Sky Resources Ltd. ("Blue Sky"), whose CEO is the father of the Company's former Chief Executive Officer, and (ii) former officers of the Company. Funding from this offering may also be used to complete the activities necessary to bring the company current with all necessary SEC filings.

Investors in the offering include the Company's director, Leo Womack, who purchased \$50,000 in shares of Series C Preferred Stock (5,000 shares).

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1*	<u>Form of Subscription Agreement (November 2021 Private Offering)</u>
3.1*	<u>Certificate of Designation of Petrolia Energy Corporation Establishing the Designations, Preferences, Limitations, and Relative Rights of its Series C Convertible Preferred Stock as filed with the Secretary of State of Texas on December 15, 2021</u>
3.2*	<u>Certificate of Correction of Petrolia Energy Corporation, Correcting the Certificate of Designation of the Company's Series C Convertible Preferred Stock, as filed with the Secretary of State of Texas on February 25, 2022</u>

* Filed herewith.

SIGNATURES

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

Petrolia Energy Corporation

/s/ Mark M. Allen

Mark M. Allen
Chief Executive Officer

Date: March 3, 2022

**Form 426
(Revised 05/11)**

Return in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: \$15



This space reserved for office use.

**Resolution Relating to a
Series of Shares**

Entity Information

The name of the corporation is:

Petrolia Energy Corporation

State the name of the entity as currently shown in the records of the secretary of state.

The file number issued to the filing entity by the secretary of state is: 0802485407

Copy of Resolution

(Please check only one box.)

- A copy of a resolution establishing and designating a series of shares is attached.
- A copy of a resolution increasing or decreasing the number of shares in an established series is attached.
- A copy of a resolution deleting an established series is attached.
- A copy of a resolution amending an established series is attached.

Adoption of Resolution

The resolution was adopted by all necessary action on the part of the corporation on:

11/19/2021

mm/dd/yyyy

Effectiveness of Filing (Select either A, B, or C.)

- A. This document becomes effective when the document is filed by the secretary of state.
- B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____

C. This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____
The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Date: November 19, 2021



CEO, PETROLIA ENERGY CORP.

Signature and title of authorized officer

**CERTIFICATE OF DESIGNATION
OF
PETROLIA ENERGY CORPORATION
ESTABLISHING THE DESIGNATION, PREFERENCES,
LIMITATIONS AND RELATIVE RIGHTS OF ITS
SERIES C CONVERTIBLE PREFERRED STOCK**

Pursuant to Section 21.155 of the Texas Business Organizations Code (the "**TBOC**"), Petrolia Energy Corporation, a corporation organized and existing under the TBOC (the "**Corporation**"),

DOES HEREBY CERTIFY that pursuant to the authority conferred upon the Board of Directors by the Certificate of Formation of the Corporation, as amended, and pursuant to Section 21.155 of the TBOC, the Board of Directors, pursuant to Section 6.201 of the TBOC, by unanimous consent of all members of the Board of Directors on October 12, 2021, duly adopted a resolution providing for the designation of a series of twenty five thousand (25,000) shares of Series C Convertible Preferred Stock, which resolution is and reads as follows:

RESOLVED, that pursuant to the authority expressly granted to and invested in the Board of Directors by the provisions of the Certificate of Formation of the Corporation, as amended and Section 21.155 of the TBOC, the Corporation hereby establishes a new series of Preferred Stock, par value \$0.10 per share, of the Corporation and fixes the number of shares of such series and the powers, designations, preferences and relative rights of such series, and the qualifications, limitations or restrictions thereof as follows:

The new series of Preferred Stock of the Corporation shall be, and hereby is, designated "**Series C Convertible Preferred Stock**" (the "**Series C Preferred Stock**" or the "**Preferred Stock**"), and the initial number of designated shares constituting such series shall be fifty thousand (50,000). The powers and preferences, and the relative, participating, optional and other rights, and the qualifications, limitations, and restrictions thereon of the Series C Preferred Stock shall be set forth in this Certificate of Designation (the "**Designation**" or the "**Certificate of Designation**") below:

1. **Ranking.** The Series C Preferred Stock shall, with respect to dividend rights, rights of redemption and rights upon liquidation, winding up or dissolution, rank (a) junior to the Corporation's Series A Preferred Stock issued pursuant to that certain Certificate of Designations of Petrolia Energy, Corporation Establishing the Designation, Preferences, Limitations and Relative Rights of Its Series A Convertible Preferred Stock, filed by the Corporation with the Secretary of State of Texas on or around May 3, 2017, as may be amended from time to time (the "**Series A Preferred Stock**"); and (b) senior to (i) the Common Stock, (ii) the Corporation's Series B Preferred Stock issued pursuant to that certain Certificate of Designations of Petrolia Energy, Corporation Establishing the Designation, Preferences, Limitations and Relative Rights of Its Series B Preferred Stock, filed by the Corporation with the Secretary of State of Texas on or around November 2, 2021, as may be amended from time to time (the "**Series B Preferred Stock**"), and (iii) and each other class or series of shares of the Corporation that the Corporation may issue in the future the terms of which do not expressly provide that such class or series ranks

equally with, or senior to, the Series C Preferred Stock, with respect to dividend rights, rights of redemption and/or rights upon liquidation, winding up or dissolution.

The Series C Preferred Stock shall, with respect to dividend rights, rights of redemption and rights upon liquidation, winding up or dissolution, rank equally with each other class or series of shares of the Corporation that the Corporation may issue in the future the terms of which expressly provide that such class or series shall rank equally with the Series C Preferred Stock with respect to dividend rights and rights upon liquidation, winding up or dissolution.

The Series C Preferred Stock shall, with respect to dividend rights and rights upon liquidation, winding up or dissolution, rank junior to each class or series of shares of the Corporation that the Corporation may issue in the future the terms of which expressly provide that such class or series shall rank senior to the Series C Preferred Stock with respect to dividend rights and rights upon liquidation, winding up or dissolution. The Series C Preferred Stock shall also rank junior to the Senior Securities.

2. Dividends.

2.1 Dividends in General. Dividends shall accrue on each share of Series C Preferred Stock, beginning on the Original Issue Date, compounded monthly in arrears commencing on November 30, 2021, and on the last day of each calendar month of each year thereafter at the Dividend Rate (based on the Original Issue Price), until such Series C Preferred Stock is no longer outstanding either due to Conversion (as provided in Section 4), Corporate Redemption (as provided in Section 8), or otherwise as provided herein ("Dividends" and such Dividends which have accrued as of any applicable date and remain unpaid as of such date, the "Accrued Dividends").

2.2 Payment of Accrued Dividends. The Corporation shall, in accordance with the terms set forth herein, and subject to Applicable Law, pay the Holder of the Series C Preferred Stock all Accrued Dividends of record of the Series C Preferred Stock as they appear on the books of the Corporation on the fifteenth day of the month, whether or not a Business Day, for which the dividends are payable, unless the Board of Directors or a committee thereof shall establish a different record date: (i) in cash upon a Corporation Redemption (as provided in Section 8); (ii) in shares of Common Stock of the Corporation upon a Conversion (as provided in Section 4); or (iii) in shares of Series C Preferred Stock ("PIK Shares"), as described below, at the option of the Board of Directors, except in connection with (i) and (ii) above. Until the Series C Preferred Stock is converted or redeemed in accordance herewith, Accrued Dividends will accrue with respect to each share of Series C Preferred Stock at the Dividend Rate, based on the Original Issue Price of such share of Series C Preferred Stock without any further action by the Board, regardless of whether any Dividends or PIK Shares are actually declared or paid. Except as provided herein, the Holder will not be entitled to receive any dividend that the Board of Directors declares for classes of shares other than the Series C Preferred Stock.

2.3 PIK Shares. In the event PIK Shares are issued in satisfaction of Accrued Dividends, the number of PIK Shares due to a Holder shall equal the quotient of (i) the aggregate amount of the Accrued Dividends being paid by the Company in respect of the shares of Series C Preferred Stock held by such Holder, divided by (ii) the Original Issue Price, rounded to the

nearest whole share of Series C Preferred Stock. If at the time any payment of Accrued Dividends is made in the form of PIK Shares, which shall be in the sole option of the Board of Directors, the number of authorized but unissued shares of Series C Preferred Stock shall not be sufficient to effect such payment in additional shares of Series C Preferred Stock, in addition to such other remedies as shall be available to the holders of Series C Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Series C Preferred Stock to such number of shares as shall be sufficient for such purpose including, without limitation, engaging in commercially reasonable best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Formation or this Certificate of Designation. If the payment of any Dividend in the form of PIK Shares would result in the issuance of a fractional share of Series C Preferred Stock (aggregating all shares of PIK Shares being issued at a given time), then the number of PIK Shares issuable at such time shall be the next higher whole number of shares of Series C Preferred Stock.

2.4 Stock Dividend Payments Upon Conversion. Upon a Conversion, as provided in Section 4, the Corporation shall pay Accrued Dividends in shares of Common Stock of the Corporation ("**Dividend Shares**"), provided that the Corporation shall not issue Dividend Shares to any Holder if such issuance would cause the Holder to exceed the Maximum Percentage described in Section 4.1(e) below, and instead such Accrued Dividends shall continue to accrue until such time as issuance of Dividend Shares would not cause the Holder to exceed the Maximum Percentage described in Section 4.1(e) below. The total Dividend Shares issuable in connection with the payment by the Corporation of the Accrued Dividends in shares of Common Stock shall be equal to the total amount of Accrued Dividends subject to a Conversion, divided by the Conversion Price.

2.5 Cash Dividend Payments Upon Corporation Redemption. Upon a Corporation Redemption (as provided in Section 8), all Accrued Dividends shall be paid in lawful money of the United States of America to each Holder in whose name the Series C Preferred Stock is registered as set forth on the books and records of the Corporation. Such payments shall be made by wire transfer of immediately available funds to the account such Holder may from time to time designate by written notice to the Corporation or by Corporation cashier's check, without any deduction, withholding or offset for any reason whatsoever except to the extent required by law.

2.6 Other Distributions. Subject to the terms of this Certificate of Designation, and to the fullest extent permitted by the TBOC, the Corporation shall be expressly permitted to redeem, repurchase or make distributions on the shares of its capital stock in all circumstances other than where doing so would cause the Corporation to be unable to pay its debts as they become due in the usual course of business (unless consent to such redemption, repurchase or distribution is provided by the lenders thereunder).

2.7 Limitation Under Applicable Law. Notwithstanding the above, no dividends shall be paid in cash (or other property) and any Accrued Dividends shall continue to accrue as discussed above or be paid in PIK Shares (to the extent authorized under Applicable Law), until or unless, such time as the Corporation is legally able to pay such Accrued Dividends under Applicable Law, including, but not limited to the TBOC.

3. Liquidation Rights.

3.1 Liquidation Preference. In the event of any Liquidation Event, the holders of Series C Preferred Stock shall be entitled to receive prior and in preference to any Distribution of any of the assets of the Corporation to the holders of the Corporation's securities other than the Series A Preferred Stock and the Corporation's Senior Securities by reason of their ownership of such stock, but not prior to any holders of Series A Preferred Stock or the Corporation's Senior Securities, which holders of Series A Preferred Stock and the Corporation's Senior Securities shall have priority to the Distribution of any assets of the Corporation upon the occurrence of any Liquidation Event, by reason of their ownership of such stock, the greater (as applicable, the "Liquidation Preference") of (i) an amount per share for each share of Series C Preferred Stock held by them equal to the Original Issue Price, or (ii) the amount per share as would have been payable had all shares of Series C Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such Liquidation Event. If upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation legally available for distribution to the holders of the Series C Preferred Stock (i.e., after payment of the Corporation's liabilities and payment to any holders of the Corporation's Senior Securities and the holders of the Series A Preferred Stock) are insufficient to permit the payment to such holders of the full amounts specified in this Section then the entire assets of the Corporation legally available for distribution shall be distributed with equal priority and pro rata among the holders of the Series C Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive pursuant to this Section and Applicable Law.

3.2 Remaining Assets. After the payment to the Holders of Series C Preferred Stock of the full preferential amounts specified above, the entire remaining assets of the Corporation legally available for distribution by the Corporation shall be distributed with equal priority and pro rata among the holders of the Junior Securities in proportion to the number of shares of Junior Securities held by them and the holders of Common Stock in proportion to the number of shares of Common Stock held by them.

3.3 Valuation of Non-Cash Consideration. If any assets of the Corporation distributed to stockholders in connection with any liquidation, dissolution, or winding up of the Corporation are other than cash, then the value of such assets shall be their fair market value as determined in good faith by the Board of Directors. In the event of a merger or other acquisition of the Corporation by another entity, the Distribution date shall be deemed to be the date such transaction closes.

4. Conversion. The Series C Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

4.1 Holder Conversion.

(a) Each share of Series C Preferred Stock and all Accrued Dividends shall be convertible, at the option of the Holder thereof (a "Holder Conversion"), at any time following the Original Issue Date, at the office of the Corporation or any Transfer Agent for the Series C Preferred Stock, into that number of fully-paid, nonassessable shares of Common Stock determined by dividing (i) the Original Issue Price for the Series C Preferred Stock and (ii) the

total Accrued Dividends desired to be converted by the Holder, by the Conversion Price (such shares of Common Stock issuable upon a Conversion, the "**Holder Conversion Shares**"). In order to effectuate the Holder Conversion under this Section 4.1, the Holder must provide the Corporation a written notice of conversion in the form of Exhibit A hereto (the "**Notice of Conversion**"). The Notice of Conversion must be dated no earlier than three (3) Business Days from the date the Notice of Conversion is actually received by the Corporation.

(b) Mechanics of Conversion. In order to effect a Holder Conversion, a Holder shall fax or email a copy of the fully executed Notice of Conversion to the Corporation (or in the discretion of the Corporation, with notice to the Holder, the Transfer Agent)(Attention: James Burns, 710 N. Post Oak Rd., Ste. 512, Houston, Texas 77024, Email: james.b@petroliaenergy.com, with a copy to (which shall not constitute notice) The Loev Law Firm, PC, Attn: David M. Loev, Esq., 6300 West Loop South, Suite 280, Bellaire, Texas 77401, Fax: (713) 524-4122, Email: dloev@loevlaw.com). Upon receipt by the Corporation (or the Transfer Agent) of a facsimile or emailed copy of a Notice of Conversion from a Holder, the Corporation (or the Transfer Agent) shall promptly send, via facsimile or email, a confirmation to such Holder stating that the Notice of Conversion has been received, the date upon which the Corporation (or the Transfer Agent) expects to deliver the Common Stock issuable upon such conversion and the name and telephone number of a contact person at the Corporation (or the Transfer Agent) regarding the Holder Conversion. The Holder shall surrender, or cause to be surrendered, the Preferred Stock Certificates being converted, duly endorsed, to the Corporation (or the Transfer Agent) at the address listed above within three (3) Business Days of delivering the fully executed Notice of Conversion. The Corporation (or the Transfer Agent) shall not be obligated to issue shares of Common Stock upon a Conversion unless either (x) the Preferred Stock Certificates; or (y) the Lost Certificate Materials described in Section 12, below have been previously received by the Corporation or its Transfer Agent. In the event the Holder has lost or misplaced the certificates evidencing the Preferred Stock, the Holder shall be required to provide the Corporation or the Corporation's Transfer Agent (as applicable) with whatever reasonable documentation and fees each may require to re-issue the Preferred Stock Certificates and shall be required to provide such re-issued Preferred Stock Certificates to the Corporation (or the Transfer Agent) within three (3) Business Days of delivering the Notice of Conversion. Unless the Holder Conversion Shares are covered by a valid and effective registration under the Securities Act or the Notice of Conversion provided by the Holder includes a valid opinion from an attorney stating that such shares of Common Stock issuable in connection with the Notice of Conversion can be issued free of restrictive legend, which shall be determined by the Corporation (or the Transfer Agent) in its sole discretion, such shares shall be issued as Restricted Shares.

(c) Delivery of Common Stock upon Conversion. Upon the receipt of a Notice of Conversion, the Corporation (itself, or through its Transfer Agent) shall, no later than the third (3rd) Business Day following the date of such receipt (subject to the surrender of the Preferred Stock Certificates by the Holder within the period described in Section 4.1(b) or, in the case of lost, stolen or destroyed certificates, after provision of the Lost Certificate Materials) (the "**Delivery Period**"), issue and deliver (i.e., deposit with a nationally recognized overnight courier service postage prepaid) to the Holder or its nominee (x) a certificate representing the Holder Conversion Shares and (y) a certificate representing the number of shares of Series C Preferred Stock not being converted, if any.

(d) Failure to Provide Preferred Stock Certificates. In the event the Holder provides the Corporation with a Notice of Conversion, but fails to provide the Corporation with the Preferred Stock Certificates or the Lost Certificate Materials (as defined in Section 12 below), by the end of the Delivery Period, the Notice of Conversion shall be considered void and the Corporation shall not be required to comply with such Notice of Conversion. Provided that if the Notice of Conversion only relates to the conversion of Accrued Dividends, the Holder shall not be required to provide the Corporation any Preferred Stock Certificates.

(e) Beneficial Ownership Limitation for Holder Conversions and Voting. No Holder Conversion shall result in the conversion of more than that number of shares of Series C Preferred Stock, if any, such that, upon such Holder Conversion, the aggregate beneficial ownership of the Corporation's Common Stock (calculated pursuant to Rule 13d-3 of the Exchange Act) of such Holder and all persons affiliated with such Holder as described in Rule 13d-3, and any group of shareholders including the Holder, is more than 4.999% of the Corporation's Common Stock then outstanding (the "Maximum Percentage"). In the event any Holder Conversion would result in the issuance of shares of Common Stock to any Holder in excess of the Maximum Percentage, only that number of shares of Series C Preferred Stock which when Converted would not result in such Holder exceeding the Maximum Percentage shall be subject to such applicable Holder Conversion, if any, and Holder shall continue to hold any remaining shares of Series C Preferred Stock, the conversion of which would result in Holder exceeding the Maximum Percentage. The Corporation's Transfer Agent shall be authorized to promptly disclose the total outstanding shares of Common Stock of the Corporation to the Holder from time to time at the request of the Holder in order for the Holder to determine its compliance with the Maximum Percentage. The provisions of this Section 4.1(e) shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4.1(e) to correct this Section (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The Corporation shall not be required to verify or investigate or confirm whether any Holder Conversion would exceed the Maximum Percentage, and instead the Corporation shall be able to rely on any Notice of Holder Conversion as prima facie evidence of, and as a representation by, the applicable Holder, that such applicable conversion described in the Notice of Holder Conversion would not result in a violation of the Maximum Percentage. Additionally, in no event shall any Holder have the right pursuant to Section 6 below, to vote, on any matter presented to the shareholders of the Corporation for their action or consideration at any meeting of shareholders of the Corporation (or by written consent of shareholders in lieu of meeting), a number of voting shares in excess of the Maximum Percentage. By written notice to the Corporation, a Holder may increase or decrease the Maximum Percentage to any percentage not in excess of 9.999% as specified in such written notice; provided that (A) any such increase will not be effective until the 61st day after such notice is received by the Corporation; (B) any such increase or decrease will apply only to the requesting Holder and not to any other Holder; and (C) in no case shall the Holder or its affiliates have Voting Rights (as defined in Section 6 below), equal to more than 9.999% of the Corporation's outstanding Common Stock.

4.2 Automatic Conversion.

(a) Each share of Series C Preferred Stock and all Accrued Dividends thereon, shall automatically and without any required action by any Holder, be converted into that number of fully-paid, non-assessable shares of Common Stock as determined by dividing the Original Issue Price of each share of Series C Preferred and all Accrued Dividends thereon, by the Conversion Price, on the Automatic Conversion Date (an "**Automatic Conversion**").

(b) Following an Automatic Conversion, the Corporation shall within two (2) Business Days, deliver notice to each Holder that an Automatic Conversion has occurred, at the address of each Holder which the Corporation then has on record (an "**Automatic Conversion Notice**"); provided, that the Corporation is not required to receive any confirmation that such Automatic Conversion Notice was received by a Holder, but instead assuming such Automatic Conversion Notice was sent to the address which the Corporation then has on record for such Holder, the Automatic Conversion Notice shall be treated as received by the Holder for all purposes on the third (3rd) Business Day following the date such notice was sent by the Corporation (the "**Automatic Conversion Notice Receipt Date**"). Within three (3) Business Days following the Automatic Conversion Notice Receipt Date, the Corporation shall issue to each Holder all shares of Common Stock which such Holder is due in connection with the Automatic Conversion (the "**Automatic Conversion Shares**"), and together with the Holder Conversion Shares, the "**Shares**") and promptly deliver such Automatic Conversion Shares to the address of Holder which the Corporation then has on record (a "**Delivery**"). The Automatic Conversion Shares issuable in connection with an Automatic Conversion shall be fully-paid, non-assessable shares of Common Stock. Unless the Automatic Conversion Shares are covered by a valid and effective registration under the Securities Act or the Holder provides a valid opinion from an attorney stating that such Automatic Conversion Shares can be issued free of restrictive legend, which shall be determined by the Corporation in its sole discretion, prior to the issuance date of such Automatic Conversion Shares, such Automatic Conversion Shares shall be issued as Restricted Shares.

(c) The issuance and Delivery by the Corporation of the Automatic Conversion Shares shall fully discharge the Corporation from any and all further obligations under or in connection with the Series C Preferred Stock and shall automatically, and without any required action by the Corporation or the Holder, result in the cancellation, termination and invalidation of any outstanding Series C Preferred Stock and Preferred Stock Certificates held by Holder or his, her or its assigns and shall upon the payment of the Automatic Conversion Dividends, fully discharge any and all requirement for the Corporation to pay Dividends on such Series C Preferred Stock shares converted, which Series C Preferred Stock converted shall cease accruing Dividends upon an Automatic Conversion.

(d) Without limiting the obligation of each Holder set forth herein (including in the subsequent clause (e)), the Corporation and/or the Corporation's Transfer Agent shall be authorized to take whatever action necessary, if any, following the issuance and Delivery of the Automatic Conversion Shares to reflect the cancellation of the Series C Preferred Stock subject to the Automatic Conversion, which shall not require the approval and/or consent of any Holder (a "**Cancellation**").

(e) Notwithstanding the above, each Holder, by accepting such Preferred Stock Certificates hereby covenants that it will, whenever and as reasonably requested

by the Corporation and the Transfer Agent, at the Corporation's sole cost and expense, do, execute, acknowledge and deliver any and all such other and further acts, deeds, assignments, transfers, conveyances, confirmations, powers of attorney and any instruments of further assurance, approvals and consents as the Corporation or the Transfer Agent may reasonably require in order to complete, insure and perfect the Cancellation, if such may be reasonably required by the Corporation and/or the Corporation's Transfer Agent.

(f) In the event that the Delivery of any Automatic Conversion Shares is unsuccessful and/or any Holder fails to accept such Automatic Conversion Shares, such Automatic Conversion Shares shall be held by the Corporation and/or the Transfer Agent in trust (without accruing interest) and shall be released to such Holder upon reasonable evidence to the Corporation or the Transfer Agent that such Holder is the legal owner of such Automatic Conversion Shares, provided that the Holder's failure to accept such Automatic Conversion Shares, cash Accrued Dividends and/or the Corporation's inability to Deliver such shares or dividends shall in no event effect the validity of the Cancellation.

(g) The Automatic Conversion Right shall supersede and take priority over the Holder's Conversion Rights in the event that there are any conflicts between such rights.

(h) The Maximum Percentage ownership limitation described in Section 4.1(e) above shall not apply to an Automatic Conversion.

4.3 Fractional Shares. If any Conversion of Series C Preferred Stock would result in the issuance of a fractional share of Common Stock (aggregating all shares of Series C Preferred Stock being converted pursuant to a given Notice of Conversion), then, the number of shares of Common Stock issuable upon conversion of the Series C Preferred Stock shall be the next higher whole number of shares.

4.4 Taxes. The Corporation shall not be required to pay any tax which may be payable in respect to any transfer involved in the issue and delivery of shares of Common Stock upon Conversion in a name other than that in which the shares of the Series C Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid. The Corporation shall withhold from any payment due whatsoever in connection with the Series C Preferred Stock any and all required withholdings and/or taxes the Corporation, in its sole discretion deems reasonable or necessary, absent an opinion from Holder's accountant or legal counsel, acceptable to the Corporation in its sole determination, that such withholdings and/or taxes are not required to be withheld by the Corporation.

4.5 No Impairment. The Corporation will not through any reorganization, transfer of assets, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the Holders of Series C Preferred Stock against impairment. Notwithstanding the foregoing, nothing in this Section shall prohibit

the Corporation from amending its Certificate of Formation, subject to the other terms of this Designation, with the requisite consent of its stockholders and the Board of Directors, provided that such amendment will not prohibit the Corporation from having sufficient authorized shares of Common Stock to permit conversion hereunder.

4.6 Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series C Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of the Series C Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series C Preferred Stock, the Corporation will use its commercially reasonable efforts to take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

5. Adjustments for Recapitalizations.

5.1 Equitable Adjustments for Recapitalizations. (a) The Liquidation Preference and the Original Issue Price (each as and if applicable) (the "**Preferred Stock Adjustable Provisions**"); (b) any provisions hereof which are expressly tied to the price or value of the Common Stock of the Corporation, including the Conversion Price (as and if applicable) (the "**Common Stock Adjustable Provisions**"), and (c) any and all other terms, conditions, amounts and provisions of this Designation which (i) pursuant to the terms of this Designation provide for equitable adjustment in the event of a Recapitalization (the "**Other Equitable Adjustable Provisions**"); or (ii) the Board of Directors of the Corporation determines in their reasonable good faith judgment is required to be equitably adjusted in connection with any Recapitalizations, shall each be subject to equitable adjustment as provided in Sections 5.2 through 5.3, below, as determined by the Board of Directors in their sole and reasonable discretion.

5.2 Adjustments for Subdivisions or Combinations of Common Stock. In the event the outstanding shares of Common Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Common Stock, without a corresponding subdivision of the Series C Preferred Stock, the applicable Common Stock Adjustable Provisions and the Other Equitable Adjustable Provisions (if any) in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately and equitably adjusted. In the event the outstanding shares of Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Common Stock, without a corresponding combination of the Series C Preferred Stock, the Common Stock Adjustable Provisions and the Other Equitable Adjustable Provisions (if any) in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately and equitably adjusted.

5.3 Adjustments for Subdivisions or Combinations of Series C Preferred Stock. In the event the outstanding shares of Series C Preferred Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of

Series C Preferred Stock, the applicable Preferred Stock Adjustable Provisions, Common Stock Adjustable Provisions and the Other Equitable Adjustable Provisions (if any) in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately and equitably adjusted. In the event the outstanding shares of Series C Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Series C Preferred Stock, the applicable Preferred Stock Adjustable Provisions, Common Stock Adjustable Provisions and the Other Equitable Adjustable Provisions (if any) in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately and equitably adjusted. Provided however that the result of any concurrent adjustment in the Common Stock (as provided under Section 5.2) and Series C Preferred Stock (as provided under Section 5.3) shall only be to affect the equitable adjustable provisions hereof once.

5.4 Other Adjustments. The Board of Directors of the Corporation shall also adjust equitably, and shall have the right to adjust equitably, any or all of the Preferred Stock Adjustable Provisions, Common Stock Adjustable Provisions or Other Equitable Adjustable Provisions from time to time, if the Board of Directors of the Corporation determine in their reasonable good faith judgment that such values and/or provisions are required to be equitably adjusted in connection with any Corporation action.

5.5 Adjustments for Reclassification, Exchange and Substitution.

(a) Except to the extent such Recapitalization Event is subject to Sections 5.1 through 5.3, above (the "Recapitalization and Adjustment Rights"), if at any time or from time to time after the date of the filing of the Designation there shall occur any capital reorganization, recapitalization, reclassification, share exchange, restructuring, consolidation, combination or merger involving the Corporation in which the Common Stock (but not the Series C Preferred Stock) is converted into or exchanged for shares of stock or other securities or property (including cash) of the Corporation or otherwise (other than a transaction covered by the Recapitalization and Adjustment Rights) (each a "Recapitalization Event"), provision shall be made so that each Holder shall thereafter be entitled to receive upon conversion of the shares of Series C Preferred Stock held by such Holder the kind and number of shares of stock or other securities or property (including cash or any combination thereof) of the Corporation or otherwise, to which a Common Stock stockholder holding the number of shares of Common Stock into which the shares of Series C Preferred Stock held by such Holder are convertible immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled upon such event.

(b) In the event that the holders of Common Stock have the opportunity to elect the form of consideration to be received in the business combination, then the Corporation shall make adequate provision whereby the Holders shall have the opportunity to determine the form of consideration into which all of the Series C Preferred Stock, treated as a single class, shall be convertible from and after the effective date of such business combination. If such opportunity is granted, such determination shall be based on the determination at a meeting duly called or via a written consent to action of a Simple Majority, shall be subject to any limitations to which all holders of Common Stock are subject, such as pro rata reductions applicable to any portion of the consideration payable in such business combination, and shall be conducted in

such a manner as to be completed by the date which is the earliest of (1) the deadline for elections to be made by holders of Common Stock and (2) two Business Days prior to the anticipated effective date of the business combination. Further, the Corporation shall not effect any such consolidation, merger or sale, unless prior to the consummation thereof, the successor entity (if other than the Corporation) resulting from consolidation or merger or the entity purchasing such assets assumes by written instrument, the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

(c) If a conversion of Series C Preferred Stock is to be made in connection with a transaction contemplated by this Section 5.5 or a similar transaction affecting the Corporation (other than a tender or exchange offer), the conversion of any shares of Series C Preferred Stock may, at the election of the Holder thereof, be conditioned upon the consummation of such transaction, in which case such conversion shall not be deemed to be effective until such transaction has been consummated. In connection with any tender or exchange offer for shares of Common Stock, Holders shall have the right to tender (or submit for exchange) shares of Series C Preferred Stock in such a manner so as to preserve the status of such shares as Series C Preferred Stock until immediately prior to such time as shares of Common Stock are to be purchased (or exchanged) pursuant to such offer, at which time that portion of the shares of Series C Preferred Stock so tendered which is convertible into the number of shares of Common Stock to be purchased (or exchanged) pursuant to such offer shall be deemed converted into the appropriate number of shares of Common Stock. Any shares of Series C Preferred Stock not so converted shall be returned to the Holder as Series C Preferred Stock.

(d) None of the foregoing provisions shall affect the right of a Holder to convert such Holder's shares of Series C Preferred Stock into shares of Common Stock prior to the effective date of such business combination, subject to the terms of this Designation.

(e) In the event of any Recapitalization Event falling under this Section 5.5, in such case, appropriate adjustment shall be made in the application of the provisions of this Section 5.5 with respect to the rights and interests of the Holders after such events to the end that the provisions of this Section 5.5 (including, but not limited to, adjustment of the Conversion Price in respect of any shares of Series C Preferred Stock then in effect and the number of shares issuable upon conversion of all such shares of Series C Preferred Stock) shall be applicable after that event as nearly reasonably as may be. The Corporation may not become a party to any such transaction unless its terms are consistent with the preceding requirements and such transaction is otherwise effected in accordance with this Designation.

5.6 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the reasonable written request at any time of any Holder, furnish or cause to be furnished to such Holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other

property which at the time would be received upon the conversion of the Series C Preferred Stock.

6. Voting.

6.1 Restricted Class Voting. In addition to any class or series voting rights provided to the holders of Series C Preferred Stock herein or required by law, if any, on any matter presented to the shareholders of the Corporation for their action or consideration at any meeting of shareholders of the Corporation (or by written consent of shareholders in lieu of meeting), each Holder of outstanding shares of Series C Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series C Preferred Stock held by such Holder are convertible as of the record date for determining shareholders entitled to vote on such matter, without regard to any Accrued Dividends, subject in all cases to the Maximum Percentage (i.e., in no event shall any Holder have the right to vote more voting shares in connection with the terms of this Section 6.1 than as equals its individual Maximum Percentage (when aggregated with all other voting shares beneficially owned by such Holder (and its Affiliates and any group it is a part of) as of such applicable record date)) (“Voting Rights”), and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders’ meeting in accordance with the bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted to Common Stock basis (after aggregating all fractional shares into which shares of Series C Preferred Stock held by each Holder could be converted) shall be rounded to the nearest whole share (with one-half being rounded upward). Except as provided by law or by the other provisions of the Certificate of Formation or this Designation, holders of Series C Preferred Stock shall vote together with the holders of Common Stock as a single class. In the event any Holder’s voting rights under this Section 6.1 are limited by the Maximum Percentage, the total number of voting shares eligible to be voted on the applicable matter shall similarly be decreased.

6.2 Amendments to This Designation. This Designation may be amended with the consent of the Board of Directors of the Corporation and a Simple Majority, and no amendment hereof shall require the vote or approval of any other stockholders of the Corporation, including, but not limited to Common Stock holders, except as otherwise required by law or required by any subsequent designation of preferred stock of the Corporation.

6.3 No Series Voting. Other than as provided herein or required by law, there shall be no series voting.

7. Protective Provisions.

7.1 Subject to the rights of series of preferred stock which may from time to time come into existence, so long any shares of Series C Preferred Stock which are issued in connection with the Subscription Agreements (and any debt conversion agreements entered into by the Corporation whereby Series C Preferred Stock is issued in consideration for the conversion of debt of the Corporation), are outstanding, the Corporation shall not, without first obtaining the approval (at a meeting duly called or by written consent, as provided by law) of a Simple Majority:

(a) Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series C Preferred Stock (except to the extent required to issue PIK Shares if required by the terms set forth herein, which for the sake of clarity, and without otherwise limiting this provision, shall not require approval of the Holders);

(b) Adopt or authorize any new designation of any Preferred Stock or amend the Certificate of Formation of the Corporation in a manner which adversely affects the rights, preferences and privileges of the Series C Preferred Stock;

(c) Create (by reclassification or otherwise) any new series or shares of capital stock having rights, preferences, or privileges senior to or on a parity with the Series C Preferred Stock in connection with liquidation rights or dividends;

(d) Re-issue any shares of Series C Preferred Stock converted or redeemed pursuant to the terms of this Designation (except to the extent required to issue PIK Shares if required by the terms set forth herein, which for the sake of clarity, and without otherwise limiting this provision, shall not require approval of the Holders);

(e) Effect an exchange, or create a right of exchange, cancel, or create a right to cancel, of all or any part of the shares of another class of shares into shares of Series C Preferred Stock (except pursuant to Section 5.3 hereof, which shall not require any approval or consent of the Holders); or

(f) Alter or change the rights, preferences or privileges of the shares of Series C Preferred Stock so as to affect adversely the shares of such series.

8. Redemption Rights.

8.1 Optional Corporation Redemption. The Corporation shall have the option, exercisable from time to time after the Original Issue Date, to redeem all or any portion of the outstanding shares of Series C Preferred Stock (a "**Corporation Redemption**") which have not been previously Converted into Common Stock (as provided above in Section 4) (the "**Corporation Redemption Rights**"), by paying each applicable Holder, an amount equal to (a) the Original Issue Price multiplied by the number of Series C Preferred Stock shares held by each applicable Holder, subject to the Corporation Redemption; plus (b) the Accrued Dividends (the "**Corporation Redemption Amount**").

(a) In the event the Corporation exercises its Corporation Redemption Rights, it shall redeem and repurchase Series C Preferred Stock pro rata between all Holders based on the Pro Rata Amount, provided that the Corporation shall have the option in its sole discretion, without the required approval of any Holders, to redeem and repurchase up to 100% of the outstanding shares of Series C Preferred Stock held by any Holder pursuant to this Section 8.1, without requiring the Corporation to redeem or repurchase any other Holder's Series C Preferred Stock or make a pro rata redemption or repurchase of any shares of Series C Preferred Stock held by any other Holders.

(b) To exercise the Corporation Redemption Right, the Corporation shall deliver to each Holder an irrevocable written notice (a "**Corporation Redemption**")

Notice”), indicating the date the Corporation intends to pay the Corporation Redemption Amount (as applicable, the “**Corporation Redemption Date**”), which date may not be less than 30 days from the date the Corporation Redemption Notice is delivered to a Holder. In the event the applicable aggregate Corporation Redemption Amount is not paid to the Holders on the applicable Corporation Redemption Date, the Corporation Redemption Notice shall be considered void and of no force or effect.

8.2 **Effect of Corporation Redemption.** The payment by the Corporation to each Holder (at each such Holder’s address of record) (or if the Holder fails to deliver the Preferred Stock Certificates and/or Lost Certificate Materials required to be delivered as discussed below in connection with such Corporation Redemption, upon the Corporation setting aside such Redemption Amount in trust for the benefit of the Holder) of the Corporation Redemption Amount (“**Redemption Delivery**”) in connection with a Corporation Redemption, and effective as of the Corporation Redemption Date, shall fully discharge the Corporation from any and all further obligations under the Series C Preferred Stock shares redeemed and shall automatically, and without any required action by the Corporation or the Holder or his, her or its assigns (including the requirement that the Holder provide the Corporation or the Corporation’s Transfer Agent the Preferred Stock Certificates relating to such Corporation Redemption), result in the cancellation, termination and invalidation of any outstanding Series C Preferred Stock and related Preferred Stock Certificates held by a Holder which are subject to a Corporation Redemption and shall upon the payment of the Corporation Redemption Amount, fully discharge any and all requirement for the Corporation to pay further Dividends, and which Series C Preferred Stock shall cease accruing Dividends upon a Corporation Redemption.

8.3 **Further Actions Following Corporation Redemption.** Without limiting the obligation of each Holder set forth herein (including in the subsequent **Section 8.5**), the Corporation and/or the Corporation’s Transfer Agent shall be authorized to take whatever action necessary, if any, following the payment of the Corporation Redemption Amount to reflect the cancellation of the Series C Preferred Stock subject to the Corporation Redemption, which shall not require the approval and/or consent of any Holder, and provided that by agreeing to the terms and conditions of this Designation and the acceptance of the Series C Preferred Stock, each Holder hereby agrees to release the Corporation and the Corporation’s Transfer Agent from any and all liability whatsoever in connection with the cancellation of the Series C Preferred Stock subject to and following a Corporation Redemption, regardless of the return to the Corporation or the Transfer Agent of any Preferred Stock Certificates evidencing such Series C Preferred Stock subject to the Corporation Redemption, which as stated above, shall be automatically cancelled upon the payment of the Corporation Redemption Amount to the Holder, or if the provisions of **Section 8.5** apply and the Holder fails to deliver the Preferred Stock Certificates and/or Lost Certificate Materials, upon the Corporation setting aside such Corporation Redemption Amount in trust for the benefit of the Holder (a “**Redemption Cancellation**”).

8.4 **Further Redemption Assurances.** Notwithstanding the above, each Holder, by accepting such Preferred Stock Certificates hereby covenants that it will (a) deliver to the Corporation or the Corporation’s Transfer Agent, promptly upon the receipt of any Corporation Redemption Notice, but in any case prior to the applicable Corporation Redemption Date, the applicable Preferred Stock Certificates relating to the Corporation Redemption (or Lost Certificate Materials associated therewith); and (b) whenever and as reasonably requested by the

Corporation and the Corporation's Transfer Agent, at the Corporation's sole cost and expense, do, execute, acknowledge and deliver any and all such other and further acts, deeds, assignments, transfers, conveyances, confirmations, powers of attorney and any instruments of further assurance, approvals and consents as the Corporation or the Transfer Agent may reasonably require in order to complete, insure and perfect a Redemption Cancellation, if such may be reasonably required by the Corporation and/or the Corporation's Transfer Agent.

8.5 Additional Redemption Procedures. In the event that (a) Redemption Delivery is unsuccessful notwithstanding the fact that the Corporation has mailed such applicable Corporation Redemption Amount to the correct address of the Holder as set forth in the records of the Corporation; or (b) any Holder fails to timely deliver to the Corporation for cancellation the Preferred Stock Certificates evidencing the Series C Preferred Stock subject to such Corporation Redemption, or Lost Certificate Materials associated therewith, and the Corporation therefore refrains from completing a Redemption Delivery, such Corporation Redemption Amount shall be held by the Corporation in trust and such Corporation Redemption Amount shall be released to such Holder upon reasonable evidence to the Corporation or the Transfer Agent that such Holder is (y) the legal owner of such Corporation Redemption Amount and/or (z) the delivery to the Corporation or its Transfer Agent of the applicable Preferred Stock Certificates, as applicable, or Lost Certificate Materials, provided that the Holder's failure to accept such Corporation Redemption Amount, the Corporation's inability to pay any Holder its applicable Corporation Redemption Amount, and/or the Holder's failure to deliver the Preferred Stock Certificates or Lost Certificate Materials, under either of such circumstances shall in no event effect the validity of the Corporation Redemption Cancellation or the consequences of a Corporation Redemption Delivery as described in Section 8.1 hereof. Furthermore, the Holder shall be due no interest on the Corporation Redemption Amount while being held by the Corporation in trust and any and all interest, if any, which shall accrue on such amount shall be the sole property of the Corporation.

8.6 Further Holder Redemption Assurances. Notwithstanding the above, each Holder, by accepting such Preferred Stock Certificates will whenever and as reasonably requested by the Corporation and the Corporation's Transfer Agent, at its sole cost and expense, do, execute, acknowledge and deliver any and all such other and further acts, deeds, assignments, transfers, conveyances, confirmations, powers of attorney and any instruments of further assurance, approvals and consents as the Corporation or the Transfer Agent may reasonably require in order to complete, insure and perfect the cancellation of such Holder's shares in the event of a Corporation Redemption, if such may be reasonably required by the Corporation and/or the Corporation's Transfer Agent.

8.7 Effect of Corporation Redemption. The Series C Preferred Stock subject to a Corporation Redemption shall cease accruing any Dividends and shall have all Conversion Rights immediately terminate effective as of the Corporation Redemption Date, unless otherwise agreed in the sole discretion of the Corporation.

8.8 Notwithstanding the above, no Redemption shall be completed by the Corporation, and any and all Redemptions provided for hereunder, shall be subject to the requirements of Applicable Law and specifically, the rules and regulations of the TBOC.

9. **Notices.**

9.1 **In General.** Any notices required or permitted to be given under the terms hereof shall be sent by certified or registered mail (return receipt requested) or delivered personally, by nationally recognized overnight carrier or by confirmed facsimile or email transmission, and shall be effective, unless otherwise provided herein, three days after being placed in the mail, if mailed, or upon receipt or refusal of receipt, if delivered personally or by nationally recognized overnight carrier or confirmed facsimile transmission, in each case addressed to a party. The addresses for such communications are (i) if to the Corporation to, Attn: James Burns, 710 N. Post Oak Rd., Ste. 512, Houston, Texas 77024, Email: james.b@petroliaenergy.com, with a copy to (which shall not constitute notice), The Loev Law Firm, PC, Attn: David M. Loev, 6300 West Loop South, Suite 280, Bellaire, Texas 77401, Fax: (713) 524-4122, Email: dloev@loevlaw.com, and (ii) if to any Holder to the address set forth in the records of the Corporation or its Transfer Agent, as applicable, or such other address as may be designated in writing hereafter, in the same manner, by such person.

9.2 **Notices of Record Date.** In the event that the Corporation shall propose at any time:

(a) to declare any Distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(b) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or

(c) to voluntarily liquidate or dissolve or undertake a Deemed Liquidation Event;

then, in connection with each such event, the Corporation shall send to the Holders of the Series C Preferred Stock at least ten Business Days' prior written notice of the date on which a record shall be taken for such Distribution (and specifying the date on which the holders of Common Stock shall be entitled thereto and, if applicable, the amount and character of such Distribution) or for determining rights to vote in respect of the matters referred to in (b) and (c) above.

Such written notice shall be given by first class mail (or express courier), postage prepaid, addressed to the holders of Series C Preferred Stock at the address for each such Holder as shown on the books of the Corporation and shall be deemed given on the date such notice is mailed.

The notice provisions set forth in this section may be shortened or waived prospectively or retrospectively by the vote or written consent of the holders of a Simple Majority, voting together as a single class.

10. **No Preemptive Rights.** No Holder shall have the right to repurchase shares of capital stock of the Corporation sold or issued by the Corporation except to the extent that such

right may from time to time be set forth in a written agreement between the Corporation and such stockholder.

11. **Reports.** The Corporation shall mail to all holders of Series C Preferred Stock those reports, proxy statements and other materials that it mails to all of its holders of Common Stock.

12. **Replacement Preferred Stock Certificates.** In the event that any Holder notifies the Corporation that a Preferred Stock Certificate evidencing shares of Series C Preferred Stock has been lost, stolen, destroyed or mutilated, the Corporation shall issue a replacement stock certificate evidencing the Series C Preferred Stock identical in tenor and date (or if such certificate is being issued for shares not covered in a redemption or conversion, in the applicable tenor and date) to the original Preferred Stock Certificate evidencing the Series C Preferred Stock, provided that the Holder executes and delivers to the Corporation and/or its Transfer Agent, as applicable, an affidavit of lost stock certificate and an agreement reasonably satisfactory to the Corporation and its Transfer Agent to indemnify the Corporation from any loss incurred by it in connection with such Series C Preferred Stock certificate, and provides the Corporation and/or its Transfer Agent such other information, documents and if applicable, bonds and indemnities as the Corporation or its Transfer Agent customarily requires for reissuances of stock certificates (collectively the "**Lost Certificate Materials**"); provided, however, the Corporation shall not be obligated to re-issue replacement stock certificates if the Holder contemporaneously requests the Corporation to convert or redeem the full number of shares evidenced by such lost, stolen, destroyed or mutilated certificate.

13. **No Other Rights or Privileges.** Except as specifically set forth herein, the Holders of the Series C Preferred Stock shall have no other rights, privileges or preferences with respect to the Series C Preferred Stock.

14. **Construction.** When used in this Designation, unless a contrary intention appears: (i) a term has the meaning assigned to it; (ii) "**or**" is not exclusive; (iii) "**including**" means including without limitation; (iv) words in the singular include the plural and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders; (v) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; (vi) the words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Designation shall refer to this Designation as a whole and not to any particular provision hereof; (vii) references contained herein to Article, Section, Schedule and Exhibit, as applicable, are references to Articles, Sections, Schedules and Exhibits in this Designation unless otherwise specified; (viii) references to "**dollars**", "**Dollars**" or "**\$**" in this Designation shall mean United States dollars; (ix) reference to a particular statute, regulation or law means such statute, regulation or law as amended or otherwise modified from time to time; (x) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (xi) unless otherwise stated in this Designation, in

the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; (xii) references to “days” shall mean calendar days; and (xiii) the paragraph and section headings contained in this Designation are for convenience only, and shall in no manner affect the interpretation of any of the provisions of this Designation.

15. Miscellaneous.

15.1 Cancellation of Series C Preferred Stock. If any shares of Series C Preferred Stock are converted pursuant to Section 4 or redeemed or repurchased by the Corporation pursuant to Section 8, the shares so converted or redeemed shall be canceled and shall return to the status of designated, but unissued Series C Preferred Stock.

15.2 Further Assurances. Each Holder hereby covenants that, in consideration for receiving shares of Series C Preferred Stock, that he, she or it will, whenever and as reasonably requested by the Corporation, do, execute, acknowledge and deliver any and all such other and further acts, deeds, confirmations, agreements and documents as the Corporation or its Transfer Agent may reasonably require in order to complete, insure and perfect any of the terms, conditions or provisions of this Designation, including, but not limited to, (a) any Automatic Conversion; and/or (b) any Corporation Redemption.

15.3 Technical, Corrective, Administrative or Similar Changes. The Corporation may, by any means authorized by law and without any vote of the Holders of shares of the Series C Preferred Stock, make technical, corrective, administrative or similar changes in this Designation that do not, individually or in the aggregate, adversely affect the rights or preferences of the Holders of shares of the Series C Preferred Stock.

15.4 Waiver/Amendment. Notwithstanding any provision in this Designation to the contrary, any provision contained herein and any right of the holders of Series C Preferred Stock granted hereunder may be waived and/or amended as to all shares of Series C Preferred Stock (and the Holders thereof) upon the written consent of a Simple Majority, unless a higher percentage is required by Applicable Law, in which case the written consent of the Holders of not less than such higher percentage of shares of Series C Preferred Stock shall be required.

15.5 Interpretation. Whenever possible, each provision of this Designation shall be interpreted in a manner as to be effective and valid under Applicable Law and public policy. If any provision set forth herein is held to be invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions of this Designation. No provision herein set forth shall be deemed dependent upon any other provision unless so expressed herein. If a court of competent jurisdiction should determine that a provision of this Designation would be valid or enforceable if a period of time were extended or shortened, then such court may make such change as shall be necessary to render the provision in question effective and valid under Applicable Law.

15.6 **No Other Rights.** Except as may otherwise be required by law, the shares of the Series C Preferred Stock shall not have any powers, Designation, preferences or other special rights, other than those specifically set forth in this Designation.

16. **Definitions.** In addition to other terms defined throughout this Designation, the following terms have the following meanings when used herein:

16.1 **“Applicable Law”** means any applicable statute, law, regulation, ordinance, rule, judgment, rule of law, decree, permit, requirement, or other governmental restriction or any similar form of decision of, or any provision or condition issued under any of the foregoing by, or any determination by any governmental authority having or asserting jurisdiction over the matter or matters in question, whether now or hereafter in effect and in each case as amended (including, without limitation, all of the terms and provisions of the common law of such governmental authority), as interpreted and enforced at the time in question, including, but not limited to the TBOC.

16.2 **“Automatic Conversion Date”** means the first to occur of (i) the Holders of a majority of the shares of Series C Preferred Stock then outstanding consenting to an Automatic Conversion in writing; or (ii) the closing of a Qualified Offering.

16.3 **“Business Day”** means any day except Saturday, Sunday or any day on which banks are authorized by law to be closed in the City of Houston, Texas.

16.4 **“Common Stock”** shall mean the common stock, \$0.001 par value per share, of the Corporation.

16.5 **“Conversion Price”** shall equal \$0.01 per share, subject to adjustment in connection with any Recapitalization.

16.6 **“Deemed Liquidation Event”** shall mean each of the following events, unless the Holders of at least a Simple Majority elect otherwise by written notice sent to the Corporation at least 10 days prior to the effective date of any such event:

- (a) a merger or consolidation in which
 - (i) the Corporation is a constituent party; or
 - (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of

another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly-owned subsidiary of the Corporation.

16.7 “**Distribution**” shall mean the transfer of cash or other property without consideration whether by way of dividend or otherwise (other than dividends on Common Stock payable in Common Stock), or the purchase or redemption of shares of the Corporation for cash or property other than repurchases of Common Stock (or securities convertible into Common Stock) approved by the Corporation’s Board of Directors.

16.8 “**Dividend Rate**” shall mean a cumulative annual rate of 8% of the Original Issue Price. In the event that any shares of Series C Preferred Stock remain outstanding after December 31, 2023, the Dividend Rate with respect to all then-outstanding shares of Series C Preferred Stock shall increase to a cumulative annual rate of 11% of the Original Issue Price.

16.9 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended (and any successor thereto) and the rules and regulations promulgated thereunder.

16.10 “**Filing Date**” means the date that this Designation is filed with the Secretary of State of Texas.

16.11 “**Holder**” shall mean the person or entity in which the Series C Preferred Stock is registered on the books of the Corporation, which shall initially be the person or entity which such Series C Preferred Stock is issued to, and shall thereafter be permitted and legal assigns which the Corporation is notified of by the Holder and which the Holder has provided a valid legal opinion in connection therewith to the Corporation and to whom such Series C Preferred Stock Shares are legally transferred.

16.12 “**Junior Securities**” shall mean each other class of capital stock or series of preferred stock of the Corporation other than the Common Stock established after the Filing Date, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Series C Preferred upon the liquidation, winding-up or dissolution of the Corporation.

16.13 “**Liquidation Event**” means any liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event.

16.14 “**Liquidation Preference**” has the meaning given to it in [Section 3](#).

16.15 “**Original Issue Date**” means the date on which each applicable share of Series C Preferred Stock is originally issued pursuant to the Subscription Agreements.

16.16 “**Original Issue Price**” shall mean \$10.00 per share (as appropriately adjusted for any Recapitalizations).

16.17 “**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

16.18 “**Preferred Stock Certificates**” means the stock certificate(s) issued by the Corporation representing the applicable Series C Preferred Stock shares.

16.19 “**Pro Rata Amount**” means, with respect to any Holder, a fraction, the numerator of which is equal to the number of shares of Series C Preferred Stock held of record by such Holder, and the denominator of which is equal to the aggregate number of outstanding shares of Series C Preferred Stock.

16.20 “**Qualified Offering**” means any offering or aggregate offerings of the Corporation’s securities resulting in gross proceeds of a minimum of \$2 million at or greater than \$0.05 per share of common stock or convertible into common stock at \$0.05 per share or higher.

16.21 “**Recapitalization**” shall mean any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event described in Sections 5.2 through 5.4.

16.22 “**Restricted Shares**” means shares of the Corporation’s Common Stock which are restricted from being transferred by the Holder thereof unless the transfer is effected in compliance with the Securities Act and applicable state securities laws (including investment suitability standards, which shares shall bear the following restrictive legend (or one substantially similar)):

The securities represented by this certificate have not been registered under the Securities Act of 1933 or any state securities act. The securities have been acquired for investment and may not be sold, transferred, pledged or hypothecated unless (i) they shall have been registered under the Securities Act of 1933 and any applicable state securities act, or (ii) the corporation shall have been furnished with an opinion of counsel, satisfactory to counsel for the corporation, that registration is not required under any such acts.

16.23 “**SEC**” means the Securities and Exchange Commission.

16.24 “**Securities Act**” means the Securities Act of 1933, as amended (and any successor thereto) and the rules and regulations promulgated thereunder.

16.25 “**Senior Securities**” means (a) the Corporation’s capital leases as may be in place from time to time; and (b) any other senior debt or other security holders of the Corporation, including certain banks and/or institutions, which hold security interests over the

Corporation's assets as of the Filing Date, or which the Corporation may agree in the future to provide priority security interests to, which shall not require the approval and/or consent of the Holders.

16.26 "**Simple Majority**" means the holders of at least a majority of the then issued and outstanding shares of Series C Preferred Stock.

16.27 "**Subscription Agreements**" mean those certain Preferred Stock Subscription Agreements entered into between the Corporation and the subscribers in the Corporation's November 2021 offering of up to \$250,000 (provided such amount may be increased in the sole discretion of the Corporation without notice) of Series C Preferred Stock.

16.28 "**Transfer Agent**" means initially, the Corporation, which will be serving as its own transfer agent for the Series C Preferred Stock, but at the option of the Corporation from time to time, may also mean any transfer agent which the Corporation may use for its Series C Preferred Stock.

NOW THEREFORE BE IT RESOLVED, that the Designation is hereby approved, affirmed, confirmed, and ratified; and it is further

RESOLVED, that each officer of the Corporation be and hereby is authorized, empowered and directed to execute and deliver, in the name of and on behalf of the Corporation, any and all documents, and to perform any and all acts necessary to reflect the Board of Directors approval and ratification of the resolutions set forth above; and it is further

RESOLVED, that in addition to and without limiting the foregoing, each officer of the Corporation and the Corporation's attorney be and hereby is authorized to take, or cause to be taken, such further action, and to execute and deliver, or cause to be delivered, for and in the name and on behalf of the Corporation, all such instruments and documents as he may deem appropriate in order to effect the purpose or intent of the foregoing resolutions (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments, as the case may be) and all action heretofore taken by such officer in connection with the subject of the foregoing recitals and resolutions be, and it hereby is approved, ratified and confirmed in all respects as the act and deed of the Corporation; and it is further

RESOLVED, that this Designation may be executed in several counterparts, each of which is an original; that it shall not be necessary in making proof of this Designation or any counterpart hereof to produce or account for any of the other.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Board of Directors of the Corporation has unanimously approved and caused this "Certificate of Designation of Petrolia Energy Corporation Establishing the Designations, Preferences, Limitations, and Relative Rights of Its Series C Convertible Preferred Stock" to be duly executed and approved this 19th day of November 2021.

DIRECTORS:

X James Edward Burns
JAMES E. BURNS
Chairman



LEO WOMACK
Director

Ivar Siem

IVAR SIEM
Director

Exhibit A

NOTICE OF CONVERSION

This Notice of Conversion is executed by the undersigned holder (the "**Holder**") in connection with the conversion of shares of the Series C Convertible Preferred Stock of Petrolia Energy Corporation, a Texas corporation (the "**Corporation**"), pursuant to the terms and conditions of that certain Certificate of Designation of Petrolia Energy Corporation, Establishing the Designation, Preferences, Limitations and Relative Rights of its Series C Convertible Preferred Stock (the "**Designation**"), approved by the Board of Directors of the Corporation on November [], 2021. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Designation.

Conversion: In accordance with and pursuant to such Designation, the Holder hereby elects to convert the number of shares of Series C Convertible Preferred Stock indicated below into shares of Common Stock of the Corporation as of the date specified below.

Date of Conversion: _____
Number of Preferred Shares Held by Holder Prior to Conversion: _____
Amount Being Converted Hereby: _____
Accrued Dividends Converted (\$): _____
Common Stock Shares Due: _____
Preferred Shares Held After Conversion: _____

Beneficial Maximum Percentage: The Holder represents that, after giving effect to the conversion provided for in this Notice of Conversion, the Holder will not beneficially own a number of shares of Common Stock of the Corporation which exceeds the Maximum Percentage as determined pursuant to the provisions of the Designation.

Delivery of Shares: Pursuant to this Notice of Conversion, the Corporation shall deliver the applicable number of shares of Common Stock (the "**Shares**") issuable in accordance with the terms of the Designation as set forth below. If Shares are to be issued in the name of a person other than the Holder, the Holder will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Corporation in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any. The Holder acknowledges and confirms that the Shares issued pursuant to this Notice of Conversion will, to the extent not previously registered by the Corporation under the Securities Act, be Restricted Shares, unless the Shares are covered by a valid and effective registration under the Securities Act or this Notice of Conversion includes a valid opinion from an

attorney stating that such Shares can be issued free of restrictive legend, which shall be determined by the Corporation in its sole discretion.

If stock certificates are to be issued, in the following name and to the following address:

If DWAC is permissible, to the following brokerage account:

Broker: _____
DTC No.: _____
Acct. Name: _____
For Further Credit (if applicable): _____

Authority: Any individual executing this Notice of Conversion on behalf of an entity has authority to act on behalf of such entity and has been duly and properly authorized to sign this Notice of Conversion on behalf of such entity.

(Print Name of Holder)

By/Sign: _____

Print Name: _____

Print Title: _____

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



John B. Scott
Secretary of State

Office of the Secretary of State

February 25, 2022

Attn: THE LOEV LAW FIRM PC
The Loev Law Firm, PC
6300 West Loop South, Suite 280
Bellaire, TX 77401 USA

RE: Petrolia Energy Corporation
File Number: 802485407

It has been our pleasure to file the Certificate of Correction for the referenced entity. Enclosed is the certificate evidencing filing. Payment of the filing fee is acknowledged by this letter.

If we may be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

Phone: (512) 463-5555
Prepared by: Victoria Castillo

Come visit us on the internet at <https://www.sos.texas.gov/>

Fax: (512) 463-5709
TID: 10323

Dial: 7-1-1 for Relay Services
Document: 1119566310002



Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

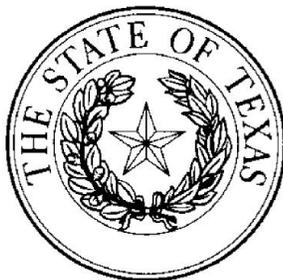
Petrolia Energy Corporation
802485407

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Correction relating to an instrument that has been filed by the Secretary for the above named entity has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing.

Dated: 02/10/2022

Effective: 02/10/2022



A handwritten signature in black ink, appearing to read "John B. Scott".

John B. Scott
Secretary of State

**Form 403
(Revised 05/11)**

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: \$15



This space reserved for office use.

Certificate of Correction

Entity Information

1. The name of the filing entity is:

Petrolia Energy Corporation

State the name of the entity as currently shown in the records of the secretary of state. If the certificate of correction corrects the name of the entity, state the present name and not the name as it will be corrected.

The file number issued to the filing entity by the secretary of state is: 802485407

Filing Instrument to be Corrected

2. The filing instrument to be corrected is : Resolution Relating to a Series of Shares

The date the filing instrument was filed with the secretary of state: 12/15/2021
mm/dd/yyyy

Identification of Errors and Corrections

(Indicate the errors that have been made by checking the appropriate box or boxes; then provide the corrected text.)

The entity name is inaccurate or erroneously stated. The corrected entity name is:

The registered agent name is inaccurate or erroneously stated. The corrected registered agent name is:

Corrected Registered Agent
(Complete either A or B, but not both.)

A. The registered agent is an organization (cannot be entity named above) by the name of:

OR

B. The registered agent is an individual resident of the state whose name is:

First *Middle* *Last Name* *Suffix*

The person executing this certificate of correction affirms that the registered agent, whose name is being corrected by this certificate, consented to serve as registered agent at the time the filing instrument being corrected took effect.

The registered office address is inaccurate or erroneously stated. The corrected registered office address is:

Corrected Registered Office Address

Street Address (No P.O. Box) City State Zip Code TX

The purpose of the entity is inaccurate or erroneously stated. The purpose is corrected to read as follows:

The period of duration of the entity is inaccurate or erroneously stated.

The period of duration is corrected to read as follows:

Identification of Other Errors and Corrections

(Indicate the other errors and corrections that have been made by checking and completing the appropriate box or boxes.)

Other errors and corrections. The following inaccuracies and errors in the filing instrument are corrected as follows:

Add Each of the following provisions was omitted and should be added to the filing instrument. The identification or reference of each added provision and the full text of the provision is set forth below.

Alter The following identified provisions of the filing instrument contain inaccuracies or errors to be corrected. The full text of each corrected provision is set forth below:

The second paragraph of the Certificate of Designation of the Series C Preferred Stock incorrectly stated that the Board of Directors of the Corporation adopted a resolution providing for the designation of a series of twenty five thousand (25,000) shares of Series C Convertible Preferred Stock on October 12, 2021.
The second paragraph of the Certificate of Designation of the Series C Preferred Stock is corrected to state that the Board of Directors of the Corporation adopted a resolution providing for the designation of a series of fifty thousand (50,000) shares of Series C Convertible Preferred Stock on November 19, 2021.

Delete Each of the provisions identified below was included in error and should be deleted.

Defective Execution The filing instrument was defectively or erroneously signed, sealed, acknowledged or verified. Attached is a correctly signed, sealed, acknowledged or verified instrument.

Statement Regarding Correction

The filing instrument identified in this certificate was an inaccurate record of the event or transaction evidenced in the instrument, contained an inaccurate or erroneous statement, or was defectively or erroneously signed, sealed, acknowledged or verified. This certificate of correction is submitted for the purpose of correcting the filing instrument.

Correction to Merger, Conversion or Exchange

The filing instrument identified in this certificate of correction is a merger, conversion or other instrument involving multiple entities. The name and file number of each entity that was a party to the transaction is set forth below. (If the space provided is not sufficient, include information as an attachment to this form.)

Entity name _____ SOS file number _____

Entity name _____ SOS file number _____

Effectiveness of Filing

After the secretary of state files the certificate of correction, the filing instrument is considered to have been corrected on the date the filing instrument was originally filed except as to persons adversely affected. As to persons adversely affected by the correction, the filing instrument is considered to have been corrected on the date the certificate of correction is filed by the secretary of state.

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Date: FEBRUARY 10, 2022

By: _____

Mark M Allen
Signature of authorized person

MARK M ALLEN
Printed or typed name of authorized person (see instructions)

Petrolia Energy Corporation

**Best Efforts, No Minimum Offering
Private Placement Offering to Accredited Investors of
Series C Convertible Preferred Stock**

November 2021
Houston, Texas

The following information is provided to you as an accredited or offshore investor who has indicated an interest in investing in these securities. In addition, the Officers and Directors of Petrolia Energy Corporation (the “Company”) are available to answer questions and provide additional information you may request. However, first and foremost be advised that these securities involve a high degree of risk.

Financial Condition - The Company has been operating at a financial loss due to limited oil production, current liabilities and debt repayment obligations. However, since the Company’s purchase of a 50% working interest in the Utikuma Lake field in Alberta, Canada, we have added an estimated 250 barrels of oil equivalent per day (boepd) of net production. The current monthly cash generated, and the future monetization of the Utikuma Lake asset are important factors in the future of the Company. The current co-owner and operator of the field is Blue Sky Resources (BSR), a company controlled by Zel Khan’s (the Company’s former CEO) father. We have retained Canadian counsel and are pursuing our options to ensure that we are paid our share of monthly production.

A current report on Form 8-K relating to the loss of our Twin Lakes field ownership was filed with the Securities and Exchange Commission as of October 25, 2021 (available at <https://www.sec.gov/Archives/edgar/data/1368637/000149315221026222/form8-k.htm>) and should be read in detail. Prior management did not inform the Board about the impending loss of the field during the entire period they were receiving direct communication from the New Mexico authorities about the matter. An additional Form 8-K has been filed that describes the super majority voting Series B preferred stock that has been issued, which is available at <https://www.sec.gov/Archives/edgar/data/1368637/000149315221026224/form8-k.htm>.

We are currently deficient in our periodic filings with the Securities and Exchange Commission and our common stock is not eligible for proprietary broker-dealer quotations on OTC Markets Group and such quotations are currently restricted from public viewing. As such, there is no quoted price of our common stock to base your investment decision on. Our common stock may never be quoted or traded publicly in the future.

The proceeds from this offering are planned to be used to (i) engage legal counsel to potentially take legal action against (a) the operator of our Utikuma asset and (b) former officers of the company, and (ii) complete and bring current our filings with the SEC.

Offering - The current offering is for up to an aggregate of 50,000 shares at a cost of \$10.00 per share of preferred stock that is convertible into an aggregate of 50,000,000 shares of common stock (\$0.01 per share), subject in all cases to the Subscription Agreement attached hereto and the terms of the Series C Preferred Stock, which are set forth in the Designation of such Series C Preferred Stock attached to the Subscription Agreement. The Series C Preferred Stock shares will earn an 8% cumulative dividend per annum (increasing to 11% after December 31, 2023), payable in kind, until they are converted to common stock or earlier redeemed. The dividend will be paid in kind. The minimum investment is \$25,000 for 2,500 preferred shares. Investors can only be accredited investors or offshore. The offering may be increased, closed, extended, or expanded at any time by the Board of Directors. The shares are subject to redemption by the Company at par (\$10.00 per share) subject to 30 days written notice during which time the holder may elect to convert into the common shares. The summary above is qualified in its entirety by the designation of the Series C Preferred Stock attached to the Subscription Agreement.

The foregoing disclosures, as well as information obtained from the Company during the investor’s due diligence investigation, contain various forward-looking statements that are based on our beliefs and assumptions made by and information currently available to us. Any statement that does not contain a historical fact may be deemed to be a forward-looking statement. The words “intend,” “predict,” “potential,” “continue,” “believe,” “expect,” “anticipate,” “estimate,” the negative of such terms, and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Such statements may include statements regarding, and are subject to, certain risks, uncertainties, and assumptions that could cause actual results to differ materially from projections or estimates. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. Investors should not place undue reliance on forward-looking statements, all of which speak only as of the date made. We do not undertake to update our forward-looking statements.

**SUBSCRIPTION AGREEMENT
PETROLIA ENERGY CORPORATION
(a Texas corporation)**

Petrolia Energy Corporation, a Texas corporation (the “Company”), is offering for purchase to a limited number of qualified investors up to an aggregate of 50,000 shares of Series C Preferred Stock (the “**Maximum Amount**”), at a price of \$10.00 per share convertible into an aggregate of 50,000,000 shares of common stock (\$0.01 per share)(the “**Offering**”) with a minimum subscription amount of 2,500 shares for a \$25,000 investment. The Series C Preferred Stock shares will earn an 8% cumulative dividend per annum, payable in additional shares of Series C Preferred Stock, until they are converted to common stock or redeemed as described in the designation of the Series C Preferred Stock attached to the Subscription. The Series C Preferred Stock is being offered on a “**best efforts, no minimum**” basis to a limited number of “**Accredited Investors**” and non-“**U.S. Persons**” (as each such term is defined in the Subscription Agreement attached hereto). The Offering is made in reliance upon an exemption from registration under the federal securities laws provided by Rule 506(b) of Regulation D and Regulation S of the Securities Act of 1933, as amended. The minimum investment is \$25,000 (the “**Purchase Price**”), although the Company may, in its discretion, accept subscriptions for a lesser amount. The Company reserves the right to reject orders for the purchase of shares in whole or in part, and if a subscription is rejected the subscriber’s funds will be returned without interest the next business day after rejection. There is no minimum amount required for an initial closing, and all proceeds will be available for immediate use by the Company. Additionally, the Company, in its sole discretion, may waive or increase the Maximum Amount or extend or close the Offering, without notice to prospective investors or subscribers in the Offering.

INSTRUCTIONS TO INVESTORS

Persons wishing to subscribe for shares of Series C Preferred Stock in the Company must perform the following:

1. Thoroughly read and review (a) the Subscription Agreement attached hereto; (b) the Certificate of Designation of Petrolia Energy Corporation Establishing the Designation, Preferences, Limitations and Relative Rights of Its Series C Convertible Preferred Stock, attached to the Subscription Agreement as Exhibit A; and (b) the Information for Residents of Certain States, attached to the Subscription Agreement as Exhibit B.
2. Complete Subscription Agreement, being certain to indicate, your name, entity type, the number of shares of Series C Preferred Stock you will purchase and the total purchase price.
3. Wire funds (domestic) to the Company:

Receiving Bank Name: Chase Bank
ABA Routing Number: 021000021
Account Name: Petrolia Energy Corp
Account Number: 449387971
For international only Swift Code: CHASUS33

Or mail funds to the Company at the following address:

Petrolia Energy Corporation
Attn: Mark Allen, CEO
710 N. Post Oak Rd., Ste. 400
Houston, Texas 77024

4. FedEx original signature pages to:

Petrolia Energy Corporation
Attn: Mark Allen, CEO
710 N. Post Oak Rd., Ste. 400
Houston, Texas 77024

Note to Partnership, Limited Liability, and Corporate Subscribers:

Partnerships provide a copy of the partnership agreement, as amended to date, showing the date of formation and giving evidence of the authority of the person(s) signing the subscription documentation to do so.

Corporations provide a copy and the filing date of the articles of incorporation and bylaws, as amended to date, and a corporate resolution authorizing the purchase of the Shares and giving authority to the person(s) signing the subscription documents to do so.

Limited Liability Companies provide a copy and the filing date of the articles of organization and operating agreement, as amended to date, and a resolution authorizing the purchase of the Shares and giving authority to the person(s) signing the subscription documents to do so.

**SUBSCRIPTION AGREEMENT
IN
PETROLIA ENERGY CORPORATION**

Petrolia Energy Corporation
Attn: Mark Allen, CEO
710 N. Post Oak Rd., Ste. 400
Houston, Texas 77024

A. **Subscription.** This Agreement has been executed by residing and/or having a principal place of business in ("**Purchaser**", or "**Subscriber**") in connection with the Purchaser's subscription to purchase that number of restricted shares of Series C Preferred Stock set forth on the signature page of this Subscription Agreement (the "**Shares**", the "**Securities**" or the "**Preferred Stock**"), for \$10.00 per share, of Petrolia Energy Corporation, a Texas corporation (the "**Company**"), as part of a "**best efforts, no minimum**" offering to multiple investors, defined herein as the "**Offering**") by the Company. The Offering is made in reliance upon an exemption from registration under the federal securities laws provided by Rule 506(b) of Regulation D and Regulation S of the Securities Act of 1933, as amended. The minimum investment is \$25,000 although the Company may, in its discretion, accept subscriptions for a lesser amount. The Company reserves the right to reject orders for the purchase of shares in whole or in part, and if a subscription is rejected the subscriber's funds will be returned without interest the next business day after rejection. There is no amount required for an initial closing, and all proceeds will be available for immediate use by the Company. The Shares shall be purchased for that purchase price set forth on the signature page of this Agreement, calculated at \$10.00 per Share (the "**Purchase Price**"). The Company, in its sole discretion, may waive or increase the maximum number of Shares being offered in the Offering, currently 50,000 preferred shares (the "**Maximum Amount**"), or extend or close the Offering, without notice to prospective investors or subscribers in the Offering.

When the context in which words are used in this Subscription Agreement ("**Agreement**") indicates that such is the intent, singular words shall include the plural, and vice versa, and masculine words shall include the feminine and neuter genders, and vice versa. Any reference to a person shall include an individual, trust, estate, or any incorporated or unincorporated organization, including general or limited partnerships, limited liability companies, corporations, joint ventures and cooperatives, and all heirs, executors, administrators, legal representatives, successors and assigns of such person where permitted or required by the context. Captions are inserted for convenience only, are not a part of this Agreement, and shall not be used in the interpretation of this Agreement.

B. **Acceptance of Subscription.** It is understood and agreed that the Company shall have the right to accept or reject this subscription (the "**Subscription**"), in whole or in part, and that the same shall be deemed to be accepted by the Company only when it is signed by the Company.

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C. **Representations and Warranties of Subscriber.** Subscriber hereby represents and warrants to the Company as follows:

i) Subscriber has such knowledge and experience in financial and business matters that Subscriber is capable of evaluating the merits and risks of an investment in the Company and the suitability of the Securities as an investment for Subscriber;

ii) Subscriber is an Accredited Investor or a non-U.S. Person. "**Accredited Investor**" means:

(A) an individual who has a net worth (either individually or jointly with spouse) in excess of \$1,000,000 (excluding the individual's principal residence); or an individual who had an individual income (NOT including joint income with spouse) in excess of \$200,000 in each of the two most recent tax years and reasonably expects individual income in excess of \$200,000 during the current tax year; or an individual who had an income (including joint income with spouse) in excess of \$300,000 in each of the two most recent tax years and reasonably expects individual income in excess of \$300,000 during the current tax year. "**Income**" for this purpose is computed by adding the following items to adjusted gross income for federal income tax purposes: (a) the amount of any tax-exempt interest income received; (b) the amount of losses claimed as a limited partner in a limited partnership; (c) any deduction claimed for depletion; (d) deductions for alimony paid; (e) deductible amounts contributed to an IRA or Keogh retirement plan; and (f) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section

(B) an entity which is one of the following, not formed solely for the purpose of subscribing for the Securities:

- (a) A bank, as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the “**Act**,” the “**Securities Act**” or the “**1933 Act**”) or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in an individual or a fiduciary capacity;
- (b) An insurance company, as defined in Section 2(13) of the Securities Act of 1933;
- (c) An investment company registered under the Investment Company Act of 1940;
- (d) A business development company, as defined in Section 2(a) (48) of the Investment Company Act of 1940;

- (e) A small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
- (f) An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and the investment is made by Subscriber as a plan fiduciary, as defined in Section 3(21) of such Act, and Subscriber is a bank, insurance company or a registered investment advisor, or has total assets in excess of \$5 million;
- (g) A private business development company as defined in Section 202(a) (22) of the Investment Advisers Act of 1940;
- (h) An organization described in Section 501 (c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring Securities, with total assets in excess of \$5 million;
- (i) An irrevocable trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring Securities, whose purchase is directed by a person with such knowledge and experience in financial and business matters that (s)he is capable of evaluating the merits and risks of the prospective investment;
- (j) A revocable trust that is revocable by its grantors, each of whose grantors is an accredited investor, qualifies as an accredited investor for the purposes of the subscription (each grantor should complete the individual accredited information questionnaire, and describe the fact that they are grantors of the trust on such individual questionnaire below); or
- (k) An entity in which all of the equity owners are Accredited Investors; or

A non “**U.S. person**” is defined under Regulation S as promulgated by the Securities and Exchange Commission (“**SEC**”) under authority of the Securities Act; resides outside of the United States; was not solicited for an investment in this Offering by the Company or any person or entity acting on its behalf while he, she or it, was located within the United States; has not entered into this Agreement inside the United States; and certifies under penalty of perjury that it is neither a citizen nor a resident of the United States and the following definitions and acknowledgements are applicable to the current purchase.

For purposes of the foregoing:

(A) A “**U.S. person**” is defined by Regulation S of the Securities Act as:

- Any natural person resident in the United States;

- Any partnership or corporation organized or incorporated under the laws of the United States;
- Any estate of which any executor or administrator is a U.S. person;
- Any trust of which any trustee is a U.S. person;
- Any agency or branch of a foreign entity located in the United States;
- Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- Any partnership or corporation if organized or incorporated under the laws of any foreign jurisdiction; and formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts;

(B) At the time the buy order for the Securities was originated, Subscriber was outside the United States;

(C) Subscriber is purchasing the Securities for his, her or its own account and not on behalf of any U.S. person, and the sale has not been pre-arranged with a purchaser in the United States;

(D) All offering documents received by the Subscriber include statements to the effect that the securities have not been registered under the 1933 Act and may not be offered or sold in the United States or to U.S. persons unless the securities are registered under the 1933 Act or an exemption from the registration requirement is available;

(E) Subscriber has been informed that the Securities will not be registered in the United States under the 1933 Act, and are being offered and sold pursuant to this

Agreement in reliance on an exemption from the registration requirements of the 1933 Act for non-public offerings;

(F) The “**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia; and

(G) The Subscriber will comply with all of the requirements of Regulation S of the 1933 Act.

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(H) No one other than the Subscriber has any beneficial interest in the Securities. The Subscriber is purchasing the Securities for its account for the purpose of investment and not (i) with a view to, or for sale in connection with, any distribution thereof; or (ii) for the account or on behalf of any U.S. person.

(I) The Subscriber will not (i) resell or offer to resell the Securities, or any portion thereof, or (ii) engage in hedging transactions, in each case, except in accordance with the terms of this Subscription and in accordance with Regulation S, pursuant to registration under the Securities Act or pursuant to an available exemption from registration under the Securities Act and otherwise in compliance with all applicable securities laws.

(J) The Subscriber will not, during the period commencing on the date of issuance of the Subscription and ending on the first anniversary of such date, or such shorter period as may be permitted by Regulation S or other applicable securities law (the “**Restricted Period**”), offer, sell, pledge or otherwise transfer the Securities in the United States, or to a U.S. person for the account or for the benefit of a U.S. Person, or otherwise in a manner that is not in compliance with Regulation S.

(K) The Subscriber will, after expiration of the Restricted Period, offer, sell, pledge or otherwise transfer the Securities only pursuant to registration under the Securities Act or an available exemption therefrom and, in accordance with all applicable state and foreign securities laws.

(L) The Subscriber was not in the United States, engaged in, and prior to the expiration of the Restricted Period will not engage in, any short selling of or any hedging transaction with respect to the Securities, including without limitation, any put, call or other option transaction, option writing or equity swap.

(M) Neither the Subscriber nor any person acting on its behalf has engaged, nor will engage, in any directed selling efforts to a U.S. Person with respect to the Securities and the Subscriber and any person acting on its behalf have complied and will comply with the “offering restrictions” requirements of Regulation S under the Securities Act.

(N) The transactions contemplated by this Agreement have not been pre-arranged with a buyer located in the United States or with a U.S. Person, and are not part of a plan or scheme to evade the registration requirements of the Securities Act.

(O) Neither the Subscriber nor any person acting on its behalf has undertaken or carried out any activity for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States, its territories or possessions, for any of the Securities. The Subscriber agrees not to cause any advertisement of the Securities to be published in any newspaper or periodical or posted in any public place and not to issue any circular relating to the Securities, except such advertisements that include the statements required by Regulation S under the Securities Act, and only offshore and not in the U.S. or its territories, and only in compliance with any local applicable securities laws.

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iii) The Subscriber is acquiring the Securities for his, her or its own account for long-term investment and not with a view toward resale, fractionalization or division, or distribution thereof, and he, she or it does not presently have any reason to anticipate any change in his, her or its circumstances, financial or otherwise, or particular occasion or event which would necessitate or require his, her or its sale or distribution of the Securities. No one other than the Subscriber has any beneficial interest in said securities. No person has made to the Subscriber any written or oral representations: (x) that any person will resell or repurchase any of the Securities; (y) that any person will refund the purchase price of any of the Securities, or (z) as to the future price or value of any of the Securities;

iv) Subscriber has received no representations or warranties from the Company, or its affiliates, employees or agents regarding the Securities or suitability of an investment in the Securities or the Company other than those set forth herein and attached hereto;

v) Subscriber is able to bear the economic risk of the investment in the Securities and Subscriber has sufficient net worth to sustain a loss of Subscriber’s entire investment in the Company without economic hardship if such a loss should occur;

vi) Subscriber has had an opportunity to inspect relevant documents relating to the organization and operations of the Company. Subscriber acknowledges that all documents, records and books pertaining to this investment which Subscriber has requested have been made available for inspection by Subscriber and Subscriber’s attorney, accountant or other adviser(s);

vii) Subscriber has had an opportunity to ask questions of and receive satisfactory answers from the Company, or any person or persons acting on behalf of the Company, concerning the terms and conditions of this investment and the Offering and the Securities, and all such questions have been answered to the full satisfaction of Subscriber. The Company has not supplied Subscriber any information for investment purposes other than as contained in this Agreement and the attachments hereto, and Subscriber is relying on its own investigation and evaluation of the Company and the Securities in making an investment hereunder and not on any other information whatsoever, including, but not limited to, any presentations or other materials, other than this Agreement and the attachments, provided to the Subscriber by the Company;

viii) The Subscriber recognizes that the investment herein is a speculative venture and that the total amount of funds tendered to purchase Securities is placed at the risk of the business and may be completely lost. The purchase of Securities as an investment involves special risks;

ix) The Subscriber: (i) if a natural person, represents that the Subscriber has reached the age of 21 and has full authority, legal capacity and competence to enter into, execute and deliver this Agreement and all other related agreements or certificates and to take all actions required pursuant hereto and thereto and to carry out the provisions hereof and thereof, or (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Shares and such entity is duly organized, validly existing and in good standing under the laws of the state of its organization. Subscriber is a bona fide resident and domiciliary of the state set forth in the Investor Application (the “**Qualification Questionnaire**”) and has no present intention to become a resident of any other state or jurisdiction;

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x) Subscriber acknowledges and is aware of the following:

(1) There are substantial restrictions on the transferability of the Securities; the Securities will not be, and investors in the Company have no right to require that the Securities be registered under the 1933 Act; there may not be any public market for the Securities; Subscriber may not be able to use the provisions of Rule 144 of the 1933 Act with respect to the resale of the Securities; and accordingly, Subscriber may have to hold the Securities indefinitely and it may not be possible for Subscriber to liquidate Subscriber's investment in the Company. Subscriber agrees that the Securities shall not be sold, transferred, pledged or hypothecated unless such sale is exempt from registration under the 1933 Act. Subscriber also acknowledges that Subscriber shall be responsible for compliance with all conditions on transfer imposed by any blue sky or securities law administrator and for any expenses incurred by the Company for legal or accounting services in connection with reviewing a proposed transfer;

(2) No federal or state agency has made any finding or determination as to the fairness of the Offering of the Securities for investment or any recommendation or endorsement of the Securities;

(3) The Securities have not been approved or registered under any Blue Sky law or with any State Securities Division, and as such, there may be restrictions on the sale or transfer of such Securities under State law; and

(4) The purchase of Securities under this Subscription Agreement is expressly conditioned upon the exemption from qualification of the offer and sale of the Securities from applicable Federal, state and provincial securities laws. The Company shall not be required to qualify this transaction under the securities laws of any jurisdiction and, should qualification be necessary, the Company shall be released from any and all obligations to maintain its offer, and may rescind any sale contracted, in the jurisdiction; provided, however, that upon any such rescission, the Company shall promptly return to Subscriber all funds received by the Company from the Subscriber prior to such rescission.

xi) The Subscriber has carefully considered and has, to the extent he, she or it believes such discussion is necessary, discussed with his, her or its professional, legal, tax and financial advisors, the suitability of an investment in the Securities for his, her or its particular tax and financial situation and that the Subscriber and his, her or its advisers, if such advisors were deemed necessary, have determined that the Securities are a suitable investment for him, her or it;

xii) The Subscriber has not become aware of this Offering and has not been offered Securities by any form of general solicitation or advertising, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine, or other similar media or television or radio broadcast or any seminar or meeting where, to the Subscriber's knowledge, those individuals that have attended have been invited by any such or similar means of general solicitation or advertising;

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xiii) The Subscriber realizes that the Securities cannot readily be sold and will be restricted securities and therefore the Securities must not be purchased unless the Subscriber has liquid assets sufficient to assure that such purchase will cause no undue financial difficulties and the Subscriber can provide for current needs and possible personal contingencies;

xiv) The Subscriber confirms and represents that he, she or it is able (i) to bear the economic risk of his, her or its investment, (ii) to hold the Securities for an indefinite period of time, and (iii) to afford a complete loss of his, her or its investment. The Subscriber also represents that he, she or it has (i) adequate means of providing for his, her or its current needs and possible personal contingencies, and (ii) has no need for liquidity in this particular investment;

xv) The Subscriber understands that the Securities are being offered and sold to he, she, or it in reliance on specific exemptions from or non-application of the registration requirements of federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Subscriber set forth herein in order to determine the applicability of such exemptions and the suitability of the Subscriber to acquire the Securities. All information which the Subscriber has provided to the Company concerning the Subscriber's financial position and knowledge of financial and business matters is correct and complete as of the date hereof, and if there should be any material change in such information prior to acceptance of this Agreement by the Company, the Subscriber will immediately provide the Company with such information;

xvi) The Subscriber has the requisite power and authority to enter into and perform the transactions contemplated by this Agreement and the purchase of the Securities. The execution, delivery and performance of this Agreement by the Subscriber and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate, partnership or other entity action, and no further consent or authorization of the Subscriber or its Board of Directors, managers, stockholders, members, trustees, holders or partners, as the case may be, as required. When executed and delivered by the Subscriber, this Agreement shall constitute a valid and binding obligation of the Subscriber enforceable against the Subscriber in accordance with its terms;

xvii) The Subscriber has not agreed to act with any of the other investors for the purpose of acquiring, holding, voting or disposing of the Securities purchased hereunder for purposes of Section 13(d) under the Securities Exchange Act of 1934, as amended, and the Subscriber is acting independently with respect to its investment in the Securities;

xviii) The Subscriber is a bona fide resident or operates its principal place of business as set forth in this Subscription Agreement and Qualification Questionnaire, which Qualification Questionnaire Subscriber has completed completely and honestly;

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xix) The Subscriber confirms and certifies that:

(a) Subscriber is in receipt of and has carefully and thoroughly read and reviewed and understands (i) the Certificate of Designation of Petrolia Energy Corporation Establishing the Designation, Preferences, Limitations and Relative Rights of Its Series C Convertible Preferred Stock, attached hereto as Exhibit A; and (ii) the Information for Residents of Certain States, attached hereto as Exhibit B.

(b) Prior to the Subscriber's entry into this Agreement, Subscriber has had an opportunity to review the Company's reports, schedules, forms, statements and other documents filed by the Company with the United States Securities and Exchange Commission (the "**SEC Reports**") (which filings can be accessed by going to <http://www.sec.gov/edgar/searchedgar/companysearch.html>, typing **Petrolia Energy** in the "**Company and Person Lookup**" field, and clicking the "**Search**" button), including, but not limited to the Company's latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q, as well as its Current Reports on Form 8-K that have been filed since its latest periodic report filing.

- (c) The Subscription hereunder is irrevocable by Subscriber, and, except as required by law, Subscriber is not entitled to cancel, terminate or revoke this Agreement or any agreements of Subscriber hereunder and that this Subscription Agreement and such other agreements shall survive the death or disability of Subscriber and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns. If Subscriber is more than one person, the obligations of Subscriber hereunder shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his or her heirs, executors, administrators, successors, legal representatives and permitted assigns.
- (d) No federal or state agency has made any findings or determination as to the fairness of the terms of this Offering for investment purposes; or any recommendations or endorsements of the Securities.
- (e) The Offering is intended to be exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act and the provisions of Rule 506(b) of Regulation D and/or Regulation S thereunder, which is in part dependent upon the truth, completeness and accuracy of the statements made by the Subscriber herein.
- (f) It is understood that in order not to jeopardize the Offering's exempt status under Section 4(a)(2) and/or Rule 506(b) of the Securities Act and Regulation D or Regulation S, any transferee may, at a minimum, be required to fulfill the investor suitability requirements thereunder.

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- (g) Subscriber, as required by the Internal Revenue Code, certifies under penalty of perjury that 1) the Social Security Number or Federal Identification Number provided below is correct and 2) Subscriber is not subject to backup withholding either because Subscriber has not been notified that Subscriber is subject to backup withholding as a result of a failure to report interest or dividends, or because the Internal Revenue Service has notified Subscriber that Subscriber is no longer subject to backup withholding.
- (h) IN MAKING AN INVESTMENT DECISION, SUBSCRIBER MUST RELY ON HIS, HER, OR ITS OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
- (i) THIS SUBSCRIPTION DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT PERMITTED UNDER APPLICABLE LAW OR TO ANY FIRM OR INDIVIDUAL THAT DOES NOT POSSESS THE QUALIFICATIONS PRESCRIBED IN THIS SUBSCRIPTION.

xx) The Subscriber confirms and acknowledges that this is a **"best efforts, no minimum"** Offering; that the Company need not raise any certain level of funding; that regardless of the amount of funding raised in the Offering, the Company will not return any of the undersigned's investment herein assuming the Subscription is accepted by the Company; and the Company is not required to use the funds raised in this Offering for any particular purpose or towards any specific use of proceeds. The Subscriber further confirms that the Company may undertake additional offerings in the future and/or may issue shares to consultants or employees at offering prices below that of the Offering, which may cause dilution to the Subscriber; and

xxi) The Subscriber expressly represents and warrants to the Company that (a) before executing this Agreement, he, she or it has fully informed itself, himself or herself of the terms, contents, conditions and effects of this Agreement and the exhibits, and the Shares; (b) the Subscriber has relied solely and completely upon its own judgment in executing this Agreement; (c) the Subscriber has had the opportunity to seek and has obtained the advice of its own legal, tax and business advisors before executing this Agreement and the exhibits; and (d) the Subscriber has acted voluntarily and of its, his or her own free will in executing this Agreement.

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D. Indemnification. Subscriber acknowledges that Subscriber understands the meaning and legal consequences of the representations and warranties in paragraph C hereof, and Subscriber hereby agrees to indemnify and hold harmless the Company and its affiliates, partners, officers, directors, agents, attorneys, and employees from and against any and all loss, damage or liability due to or arising out of a breach of any such representations or warranties and the breach of any representations and warranties whatsoever made herein. Notwithstanding the foregoing, however, no representation, warranty, acknowledgment or agreement made herein by Subscriber shall in any manner be deemed to constitute a waiver of any rights granted to Subscriber under federal or state securities laws. The representations and warranties set forth herein shall survive the date upon which the Subscriber becomes a shareholder of the Company and/or the date of this Agreement in the event the Company does not accept the Subscriber's subscription. No representation, warranty or covenant in this Agreement, nor the Qualification Questionnaire, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were or are to be made, not misleading.

E. Compliance with Securities Laws. Subscriber understands and agrees that a legend has been or will be placed on any certificate(s) or other document(s) evidencing the Securities in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS (I) THEY SHALL HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE SECURITIES ACT, OR (II) THE CORPORATION SHALL HAVE BEEN FURNISHED WITH AN OPINION OF COUNSEL, SATISFACTORY TO COUNSEL FOR THE CORPORATION, THAT REGISTRATION IS NOT REQUIRED UNDER ANY SUCH ACTS.

F. Future Financings and Offerings. Subscriber recognizes that the Company may seek to raise additional financing and working capital through a variety of sources in the future, and that although the Company may undertake one or more public or private offerings of its debt or equity securities, there can be no assurance that any such offering will be made or, if made, that it will be successful. Moreover, Subscriber understands and agrees that the Company reserves the right to make future offers, either public or private, of securities, including, but not limited to, promissory notes, shares of common stock, preferred stock or warrants, on terms that may be more than or less favorable than the Shares. Subscriber further confirms that Subscriber has no right to purchase any securities in any future offerings.

G. Confidentiality. Subscriber agrees to maintain in confidence all information furnished by the Company or its agents that may be deemed to be material nonpublic information, including, but not limited to the fact that the Offering is being made and the terms and conditions of this Offering.

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H. U.S.A. Patriot Act and Anti-Money Laundering Representations. Subscriber represents and warrants that Subscriber is not and is not acting as an agent, representative, intermediary or nominee for, a person identified on the list of blocked persons maintained by the Office of Foreign Assets Control, U.S. Department of Treasury. In addition, Subscriber is in full compliance with all applicable U.S. laws, regulations, directives, and executive orders imposing economic sanctions, embargoes, export controls or anti-money laundering requirements, including but not limited to the following laws: (1) the International Emergency Economic Powers Act, 50 U.S.C. 1701-1706; (2) the National Emergencies Act, 50 U.S.C. 1601-1651; (3) section 5 of the United Nations Participation Act of 1945, 22 U.S.C. 287c; (4) Section 321 of the Antiterrorism Act, 18 U.S.C. 2332d; (5) the Export Administration Act of 1979, as amended, 50 U.S.C. app. 2401-2420; (6) the Trading with the Enemy Act, 50 U.S.C. app. 1 et seq.; (7) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56; and (8) Executive Order 13224 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) of September 23, 2001. The Subscriber represents that the amounts invested by it in the Company in the Offering were not and are not directly or indirectly derived from activities that contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations (collectively, the "Regulations"). To the best of the Subscriber's knowledge, none of: (1) the Subscriber; (2) any person controlling or controlled by the Subscriber; (3) if the Subscriber is a privately-held entity, any person having a beneficial interest in the Subscriber; or (4) any person for whom the Subscriber is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an Office of Foreign Assets Control ("OFAC") list, or a person or entity prohibited under the OFAC Programs. Subscriber will provide additional information or take such actions as may be necessary or advisable for the Company, in its sole judgment, to comply with any such Regulations.

I. Entire Agreement. This Subscription is the entire and fully integrated agreement of the parties regarding the subject matter hereof, and there are no oral representations, warranties, agreements, or promises pertaining to this Subscription, or the Securities, whether set forth in any presentations other documents or information provided to the Subscriber or otherwise.

J. Construction. The parties acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the parties hereto. All references in this Agreement as to gender shall be interpreted in the applicable gender of the parties.

K. Purchase Payment. The Purchase Price shall be paid to the Company in cash, check or via wire transfer simultaneously with the Subscriber's entry into this Agreement.

L. Construction of Terms. As used in this Agreement, the terms "herein," "herewith," "hereof" and "hereunder" are references to this Agreement, taken as a whole; the term "includes" or "including" shall mean "including, without limitation;" the word "or" is not exclusive; and references to a "Section," "subsection," "clause," "Exhibit," "Appendix," "Schedule," "Annex" or "Attachment" shall mean a Section, subsection, clause, Exhibit, Appendix, Schedule, Annex or Attachment of this Agreement, as the case may be, unless in any such case the context requires otherwise. Exhibits, Appendices, Schedules, Annexes or Attachments to any document shall be deemed incorporated by reference in such document. All references to or definitions of any agreement, instrument or other document (a) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (b) except as otherwise expressly provided, shall mean such agreement, instrument or document, or replacement or predecessor thereto, as modified, amended, supplemented and restated through the date as of which such reference is made.

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Subscription Agreement
Petrolium Energy Corporation

M. Effect of Facsimile and Photocopied Signatures. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts. A copy of this Agreement signed by one party and (a) faxed to another party or (b) scanned and emailed to another party, shall be deemed to have been executed and delivered by the signing party as though an original. A photocopy or PDF of this Agreement shall be effective as an original for all purposes.

N. Severability. The holding of any provision of this Subscription Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Subscription Agreement, which shall remain in full force and effect.

O. Further Assurances. The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Subscription Agreement.

P. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of Texas. In the event of a dispute concerning this Agreement, the parties agree that venue lies in a court of competent jurisdiction in Harris County, Texas.

Q. Collection of Personal Information. The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) acknowledges and consents to the fact the Company is collecting the Subscriber's (and any beneficial purchaser's) personal information pursuant to this Agreement. The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) acknowledges and consents to the Company retaining the personal information for as long as permitted or required by applicable law or business practices. The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) further acknowledges and consents to the fact the Company may be required by applicable securities laws and stock exchange rules to provide regulatory authorities any personal information provided by the Subscriber respecting itself (and any beneficial purchaser). By executing this Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's (and any beneficial purchaser's) personal information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described herein as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgments set out in this paragraph on behalf of all beneficial purchasers.

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"PURCHASER"

Check enclosed in the amount of \$ _____
or Wire Transfer Sent in the Amount of \$ _____

Subscribed for: _____ shares.

Social Security or Taxpayer I.D. Number [required if applicable]: _____

Business Address (including zip code): _____
Business Phone: (____) _____

Residence Address (including zip code): _____

Residence Phone: (____) _____

All communications to be sent to: Business or Residence Address

Name Shares should be registered in _____

If different than subscriber name please advise of the reason for such difference:

Address for registration of shares:

Email Address: _____

Please indicate on the following pages the form in which you will hold title to your interest in the securities. PLEASE CONSIDER CAREFULLY. ONCE YOUR SUBSCRIPTION IS ACCEPTED, A CHANGE IN THE FORM OF TITLE CONSTITUTES A TRANSFER OF THE INTEREST IN THE SECURITIES AND MAY THEREFORE BE RESTRICTED BY THE TERMS OF THIS SUBSCRIPTION, THE SECURITIES AND MAY RESULT IN ADDITIONAL COSTS TO YOU. Subscribers should seek the advice of their attorneys in deciding in which of the forms they should take ownership of the interest in the securities, because different forms of ownership can have varying gift tax, estate tax, income tax, and other consequences, depending on the state of the investor's domicile and his or her particular personal circumstances.

Please select one of the following forms of ownership:

- INDIVIDUAL OWNERSHIP (one signature required)
- JOINT TENANTS WITH RIGHT OF SURVIVORSHIP AND NOT AS TENANTS IN COMMON (both or all parties must sign)

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- COMMUNITY PROPERTY (one signature required if interest held in one name, i.e., managing spouse; two signatures required if interest held in both names)
- TENANTS IN COMMON (both or all parties must sign)
- GENERAL PARTNERSHIP (fill out all documents in the name of the PARTNERSHIP, by a PARTNER authorized to sign, and include a copy of the Partnership Agreement)
- LIMITED PARTNERSHIP (fill out all documents in the name of the LIMITED PARTNERSHIP, by a GENERAL PARTNER authorized to sign, and include a copy of the Limited Partnership Agreement and any other document showing that the investment is authorized)
- LIMITED LIABILITY COMPANY (fill out all documents in the name of the LIMITED LIABILITY COMPANY, by a member authorized to sign, and include a copy of the LIMITED LIABILITY COMPANY's Operating Agreement and any other documents necessary to show the investment is authorized.)
- CORPORATION (fill out all documents in the name of the CORPORATION, by the President or other officer authorized to sign, and include a copy of the Corporation's Articles and certified Corporate Resolution authorizing the signature)

PLEASE ALSO COMPLETE PAGES 16 THROUGH 18, AS APPLICABLE, BELOW, AND THE QUESTIONNAIRE BEGINNING ON PAGE 19 OF THIS SUBSCRIPTION AGREEMENT, WHICH IS A REQUIRED PART OF THIS AGREEMENT.

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EXECUTION

Please execute this Subscription Agreement by completing the appropriate section below.

1. If the subscriber is an **INDIVIDUAL**, complete the following:

Signature of Subscriber

Name (please type or print)

Signature of Spouse or Co-Owner if funds are
to be invested as joint tenants by the entirety
or community property.

2. If the subscriber is a **CORPORATION**, complete the following:

The undersigned hereby represents, warrants and covenants that the undersigned has been duly authorized by all requisite action on the part of the corporation listed below ("**Corporation**") to acquire the Shares, and further, that the Corporation has all requisite authority to acquire such Shares.

The officer signing below represents and warrants that each of the above representations or agreements or understandings set forth herein applies to that Corporation and that he has authority under the articles of incorporation, bylaws, and resolutions of the board of directors of such Corporation to execute this Subscription Agreement. Such officer encloses a true copy of the articles of incorporation, the bylaws and, as necessary, the resolutions of the board of directors authorizing a purchase of the investment herein, in each case as amended to date.

Name of Corporation (please type or print)

By: _____

Name: _____

Title: _____

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Petroliia Energy Corporation

3. If the subscriber is a **PARTNERSHIP**, complete the following:

The undersigned hereby represents, warrants and covenants that the undersigned is a general partner of the partnership named below ("**Partnership**"), and has been duly authorized by the Partnership to acquire the Shares and that he has all requisite authority to acquire such Shares for the Partnership.

The undersigned represents and warrants that each of the above representations or agreements or understandings set forth herein applies to that Partnership and he is authorized by such Partnership to execute this Subscription Agreement. Such partner encloses a true copy of the partnership agreement of said Partnership, as amended to date, together with a current and complete list of all partners thereof.

Name of Partnership (please type or print)

By: _____

Name: _____

Title: _____

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5. If the subscriber is a **LIMITED LIABILITY COMPANY**, complete the following:

The undersigned hereby represents, warrants and covenants that the undersigned has been duly authorized by all requisite action on the part of the Limited Liability Company listed below ("**Company**") to acquire the Shares and, further, that the Company has all requisite authority to acquire such Shares.

The officer signing below represents and warrants that each of the above representations or agreements or understandings set forth herein applies to that Company and that he has authority under the articles of organization, company agreement, and resolutions of the managers and/or members, as applicable, of such Company to execute this Subscription Agreement. Such officer encloses a true copy of the articles of organization, the operating agreement and, as necessary, the resolutions of the managers and/or members authorizing a purchase of the investment herein, in each case as amended to date.

Name of Company (please type or print)

By: _____

Name: _____

Title: _____

ACCEPTED BY THE COMPANY this the _____ day of _____, 2022.

PETROLIA ENERGY CORPORATION

By: _____

Name: _____

Title: _____

PLEASE ALSO COMPLETE THE QUESTIONNAIRE BEGINNING ON PAGE 19 OF THIS SUBSCRIPTION AGREEMENT, WHICH IS A REQUIRED PART OF THIS AGREEMENT.

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Subscription Documents - Continued
PETROLIA ENERGY CORPORATION (THE "COMPANY")
INVESTOR APPLICATION
(QUALIFICATION QUESTIONNAIRE)
(CONFIDENTIAL)

ALL INFORMATION CONTAINED IN THIS APPLICATION WILL BE TREATED CONFIDENTIALLY. The undersigned understands, however, that the Company may present this application to such parties as the Company, in its discretion, deems appropriate when called upon to establish that the proposed offer and sale of the Securities are exempt from registration of the Securities Act of 1933, as amended, or meet the requirements of applicable securities and blue sky laws.

PART I - INDIVIDUALS (OTHERS COMPLETE PART II)

1. Name: _____
2. Residence Address: _____
Residence Telephone: _____
3. Social Security Number: _____
Date of Birth: _____
Citizenship: _____
4. Present Employer: _____
Business Address: _____
Business Telephone: _____
Title/Position: _____

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6. Investment Experience

I have made investments, or been involved in activities, of the type indicated below(recognizing that the types of investments listed are not mutually exclusive and certain investments may fall into two or more of the categories listed):

CHECK ALL THAT APPLY

- ____ (a) Ownership of stocks, bonds, and other securities
- ____ (b) Investment in partnerships, joint ventures and other syndicates
- ____ (c) Other direct or partnership investments (such as real estate, oil and gas, equipment leasing, research and development, agriculture or commodities syndications)

Do you make your own ultimate decisions on your investments?
YES

NO

7. Method of Investment Evaluation

Each subscriber must have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Company or must retain the services of a Purchaser Representative(s) (who may be an attorney, accountant or other financial advisor but not a person employed by or associated with the Company or its affiliates) for the purpose of this particular transaction.

This item is presented in alternative form. Please check the appropriate alternative.

____ Alternative One: No Advisor.

I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision, and will not require a Purchaser Representative.

____ Alternative Two: Purchaser Representative.

I have relied upon the advice of the following Purchaser Representative (who is not affiliated with the Company or its affiliates) in evaluating the merits and risks of an investment in the Company.

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Name: _____
(name of purchaser representative)

Address: _____

Relationship: _____

The above-named Purchaser Representative and I together have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision.

PLEASE COMPLETE 8 OR 9, BELOW

8. Accredited Individual Investor

As an individual, I _____ (PRINT NAME) represent that I (please check all that are applicable):

- have a net worth (either individually or jointly with spouse) in excess of \$1,000,000 in United States Dollars (“USD”) (not including my principal residence); or
- am an individual who had an individual income (NOT including joint income with spouse) in excess of USD \$200,000 in each of the two most recent tax years and reasonably expects individual income in excess of \$200,000 during the current tax year; or
- am an individual who had an income (including joint income with spouse) in excess of USD \$300,000 in each of the two most recent tax years and reasonably expects individual income in excess of USD \$300,000 during the current tax year.

“Income” for this purpose is computed by adding the following items to adjusted gross income for federal income tax purposes: (a) the amount of any tax-exempt interest income received; (b) the amount of losses claimed as a limited partner in a limited partnership; (c) any deduction claimed for depletion; (d) deductions for alimony paid; (e) deductible amounts contributed to an IRA or Keogh retirement plan; and (f) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Code.

I, the undersigned, represent that I do not have any state or federal judicial judgments adverse to me nor are there any state or federal tax liens against me, nor is there any pending or threatened litigation adverse to me. I, the undersigned, undertake to notify the Company immediately of any material change in any of such information occurring prior to the closing of the Offering or, if relevant, any time during the existence of the Company.

Date: _____ Signature: _____

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9. Non-U.S. Person Investor

As an individual, I _____ (PRINT NAME) represent that I reside outside of the United States and am not a “U.S. person” as such term is defined under Regulation S as promulgated by the SEC under authority of the 1933 Act. I was not solicited for an investment in the Offering by the Company or any person or entity acting on its behalf while I was located within the United States and has not entered into the Subscription Agreement inside the United States. To enable the Company to avoid withholding interest paid, I certify under penalty of perjury that I am neither a citizen nor a resident of the United States and that its address set forth above is correct. At the time the buy order for the Securities was originated, Subscriber was outside the United States. Subscriber is purchasing the Securities for his or her own account and not on behalf of any U.S. person, and the sale has not been pre-arranged with a purchaser in the United States. I further agree to comply with all of the requirements of Regulation S of the 1933 Act.

I, the undersigned, represent that I do not have any state or federal judicial judgments adverse to me nor are there any state or federal tax liens against me, nor is there any pending or threatened litigation adverse to me. I, the undersigned, undertake to notify the Company or the Company immediately of any material change in any of such information occurring prior to the closing of the Offering or, if relevant, any time during the existence of the Company.

Date: _____ Signature: _____

[If individual purchasers are co-tenants, tenants-in-common or joint owners (including joint owners with such purchaser’s spouse) all co-tenants, tenants-in-common and/or joint owners shall complete a copy of Part I above]

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PART II-INVESTORS WHO ARE NOT INDIVIDUALS

1. General Information

Entity Name (“Entity”): _____

Address of Principal Office: _____

Type of Organization: _____

Date and Place of Organization: _____

(Please attach a copy of your organizational documents in effect, including any amendments).

2. Business

A brief description of the business conducted by the entity is as follows:

Each person involved in making the decision on behalf of the entity, to subscribe to purchase Securities is listed below [NOTE AT LEAST ONE NAME MUST BE LISTED]:

Name _____ Title _____

Name _____ Title _____

[Please list any additional names on a separate page].

Each person named above must complete Part I of this questionnaire.

PLEASE COMPLETE 3 OR 4, BELOW AND PLEASE ALSO COMPLETE SECTION 5

3. **Accredited Investor Status of Entity**

Please check the appropriate description which applies to you.

- (a) A bank, as defined in Section 3 (a)(2) of the Securities Act of 1933, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether you are acting in an individual or a fiduciary capacity.
- (b) An insurance company, as defined in Section 2(13) of the Securities Act of 1933.
- (c) An investment company registered under the Investment Company Act of 1940.
- (d) A business development company, as defined in Section (a)(48) of the Investment Company Act of 1940.
- (e) A small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.
- (f) An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and the investment is made by you as a plan fiduciary, as defined in Section 3(21) of such Act, and you are a bank, insurance company or a registered investment advisor, or you have total assets in excess of \$5 million.
- (g) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- (h) An organization described in Section 501 (c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring Securities, with total assets in excess of \$5 million.
- (i) An entity (**other than a trust, which must meet the requirements set forth in Section (j), below**) in which all of the equity owners are accredited investors and meet at least one of the criteria listed in Part I, Section 8 of this Questionnaire.
- (j) A trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring Securities, whose purchase is directed by a person with such knowledge and experience in financial and business matters that (s)he is capable of evaluating the merits and risks of the prospective investment.

If you checked (i), please complete the following part of this question:

- (1) List all equity owners: _____
- (2) What is the type of entity? _____
- (3) Attach a copy of your resolutions or other evidence of the entity's authority to make this investment.
- (4) Represent that each equity owner qualifies individually to Part I, Section 9 of this Questionnaire by printing each equity owners name below (you may include an additional sheet if necessary):

- (5) Please confirm that the entity was not formed solely for the purpose of subscribing for Securities in the Offering by initialing below:

4. **Non "U.S. Person Status"**

Please initial next to the below paragraph certifying the accuracy of such representations:

_____ The Entity is organized and has a principal place of business outside of the United States and is not a "**U.S. person**" as such term is defined under Regulation S as promulgated by the SEC under authority of the 1933 Act. The Entity was not solicited for an investment in the Offering by the Company or any person or entity acting on its behalf within the United States and has not entered into the Subscription Agreement inside the United States. To enable the Company to avoid withholding interest paid, the Entity certifies under penalty of perjury that it is neither a citizen nor a resident of the United States and that its address set forth above is correct. At the time the buy order for the Securities was originated, Subscriber was outside the United States. Subscriber is purchasing the Securities for its own account and not on behalf of any U.S. person, and the sale has not been pre-arranged with a purchaser in the United States. The Entity further agrees to comply with Regulation S of the 1933 Act.

5. **Representations**

The undersigned represents on behalf of the entity that:

- (a) The entity has, and its officers, employees, directors or equity owners have, sufficient knowledge and experience in similar programs or investments to

evaluate the merits and risks of an investment in the Company (or the entity has retained an attorney, accountant, financial advisor or consultant as a Purchaser Representative); that because of the background and employment experience of the entity's equity owners, its officers, directors or employees, it has received and has had access to material and relevant information enabling it to make an informed investment decision, and that all data it has requested has been furnished to it.

If applicable, the name, employer, address and telephone number of the entity's Purchaser Representative follows:

(b) The information contained herein is complete and accurate and may be relied upon by you.

Attached is the requested information (e.g., articles of incorporation, bylaws and resolutions) for your review.

The undersigned represents that the information provided above is true and correct and acknowledges such investor's awareness that the Company, and other investors are relying upon the accuracy of such information to ensure that the sale of any securities by the Company to such investor is in compliance with applicable federal and state securities laws. The undersigned represents that neither the entity it represents nor, its officers, directors or shareholders have any state or federal judicial judgments adverse to them nor are there any state or federal tax liens against them, nor is there any pending or threatened litigation adverse to them. The undersigned undertakes to notify the Company immediately of any material change in any of such information occurring prior to the closing of the Offering, or, if relevant, any time during the existence of the Company.

Entity

Date: _____

Name of Entity Typed or Printed: _____

By: _____

Name: _____

Title: _____

PLEASE ALSO CONFIRM THAT EACH PERSON NAMED IN PART II, SECTION 2, ABOVE HAS COMPLETED PART I OF THIS QUESTIONNAIRE.

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EXHIBIT A

[INSERT DESIGNATION]

EXHIBIT B

INFORMATION FOR RESIDENTS OF CERTAIN STATES

Each prospective purchaser should read the legend and/or state disclosure listed below applicable to the state in which he resides. The state disclosures and/or legends listed below do not in any way constitute or imply that offers or sales may be made in such states. Offers and/or sales may only be made in those states approved by the Company. If any prospective purchaser resides in a state not included below, such prospective investor should request the state legend applicable to such purchaser's state prior to making an investment in the Company.

California Residents:

These securities have not been registered under the Securities Act of 1933, as amended, or the California Corporations Code by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred or otherwise disposed of to any person or entity unless subsequently registered under the Securities Act of 1933, as amended, or the California Corporations Code, if such registration is required.

Connecticut Residents:

These securities offered herein have not been registered under section 36-485 of the Connecticut Uniform Securities Act (the "**Act**") and, therefore, cannot be resold unless they are registered under the Act or unless an exemption from registration is available.

Florida Residents:

These securities have not been registered under the Florida Securities and Investor Protection Act in reliance upon exemption provisions contained therein. Section 517.061(11)(a)(5) of the Florida Securities and Investor Protection Act (the "**Florida Act**") provides when sales are made to five or more purchasers in this state that any purchaser of securities in Florida which are exempted from registration under Section 517.061(11) of the Florida Act may withdraw his subscription agreement and receive a full refund of all monies paid, within three days after the later of (i) the date he tenders consideration for such securities and (ii) the date this statutory right of rescission is communicated to him (which shall be established conclusively by the Company's provision of this "**Information for Residents of Certain States**"). Any Florida resident who purchases securities is entitled to exercise the foregoing statutory rescission right by telephone, telegram, or letter notice to the Company. Any telegram or letter should be sent or postmarked prior to the end of the third business day. A letter should be mailed by certified mail, return receipt requested, to ensure its receipt and to evidence the time of mailing. Any oral requests should be confirmed in writing.

Georgia Residents:

The securities sold in the state of Georgia have been issued or sold in reliance on paragraph (I3) of Code section 10-5-9 of the Georgia Securities Act of 1973, and may not be sold or transferred except in a transaction which is exempt under such Act or pursuant to an effective registration under such Act.

Illinois Residents:

These securities have not been approved or disapproved by the Secretary of State of Illinois, nor has the Secretary of State of Illinois nor the State of Illinois passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Indiana Residents:

These securities have not been registered under Section 3 of the Indiana Securities Act and therefore, cannot be resold or transferred unless they are so registered or unless an exemption from registration is available.

Maryland Residents:

The Securities which are the subject of this offering memorandum have not been registered under the Maryland Securities Act in reliance upon the exemption in section 11-602(9) of such act. Unless these Securities are registered, they may not be re-offered for sale or resold in the State of Maryland, except as security, or in a transaction exempt under such Act.

Minnesota Residents:

The securities represented by this Memorandum have not been registered under Chapter 80A of the Minnesota Securities Laws and may not be sold, transferred or otherwise disposed of except pursuant to registration or an exemption therefrom.

New Jersey Residents:

These securities have not been approved or disapproved by the Bureau of Securities of the State of New Jersey, nor has the Bureau passed on or endorsed the merits of this Offering. The filing of the written Offering does not constitute approval of the issue or the sale thereof by the Bureau of Securities. Any representation to the contrary is unlawful.

These are speculative securities and involve a high degree of risk. These securities are offered only to bona fide adult residents of the State of New Jersey.

New York Residents:

This Private Placement Memorandum has not been reviewed by the attorney general of the State of New York (or any other state) prior to its issuance and use. The attorney general of the State of New York has not passed upon or endorsed the merits of this Offering. Any representation to the contrary is unlawful.

All purchasers who are offered the Securities within or from the State of New York shall be deemed to automatically confirm and certify the following to the Company in connection with their execution of the Subscription Agreement:

"I understand that this offering of Securities in the Company has not been reviewed by the Attorney General of the State of New York because of the issuer's representations that this is intended to be a nonpublic Offering pursuant to SEC Regulation D and that if all of the conditions and limitations of Regulation D are not complied with, the offering will be resubmitted to the Attorney General for amended exemption. I understand that any offering literature used in connection with this offering has not been pre-filed with the Attorney General and has not been reviewed by the Attorney General. This security is being purchased for his own account for investment, and not for distribution or resale to others. I agree that I will not sell or otherwise transfer these securities unless they are registered under the Federal Securities Act of 1933, or unless an exemption from such registration is available. I represent that I have adequate means of providing for my current needs and possible personal contingencies and that I have no need for liquidity of this investment."

"It is understood that all documents, records and books pertaining to this investment have been made available for inspection by my attorney and/or my accountant or my offeree representative and myself, and that the books and records of the issuer will be available upon reasonable notice for inspection by investors during reasonable business hours at its principal place of business."

Oklahoma Residents:

The securities offered herein have not been registered under the Oklahoma Securities Act (the "**Oklahoma Act**"), and therefore Cannot be resold or transferred by the investor in a transaction Which is exempt under the Oklahoma Act or pursuant to an effective Registration under the Oklahoma Act.

Ohio Residents:

These securities have not been approved or disapproved as an investment for any Ohio resident by the Ohio Division of Securities nor has the Division passed upon the accuracy of the offering.

Pennsylvania Residents:

Residents of the Commonwealth of Pennsylvania can only transfer the Securities offered hereby in accordance with the provisions of section 203(d) of the Pennsylvania Securities Act of 1972 and are subject to the following conditions:

A. Under the provisions of the Pennsylvania Securities Act of 1972, a Pennsylvania resident who accepts an offer to purchase securities exempted from registration by section 203(d)(f)(p) or (r) directly from an issuer or affiliate of an issuer shall have the right to withdraw his acceptance without incurring any liability to the seller, underwriter, if any, or any other person, within two business days from the date of receipt by the issuer of this written binding contract to purchase, or in the case of a transaction where there is no written binding contract to purchase, within two business days after he makes the initial payment for the securities being offered.

B. Pursuant to Section 203.041(c)(1) of the Pennsylvania Blue Sky Regulations ("**Regulations**"), the purchaser must acknowledge that he or she agrees not to sell the securities purchased herein within 12 months after the date of purchase except in accordance with Section 204.011 of the Regulations. Section 204.011 provides for an automatic waiver of the 12 month holding period under certain conditions including that the securities purchased are subsequently being registered under the Securities Act of 1933 or 1934.

Texas Residents:

Each purchaser of Securities must bear the economic risk of an investment in the Company for an indefinite period of time. The Securities have not been registered under the Securities Laws of Texas or the Securities Act of 1933 and may not be transferred or sold by the purchaser thereof except in transactions that are exempt from registration under the Securities Laws of Texas and the Securities Act of 1933 or pursuant to an effective registration thereunder.

Virginia Residents:

Any predictions and representations, written or oral, which do not conform to those contained in the Memorandum, shall not be permitted.

Wisconsin Residents:

The Securities Commission of the State of Wisconsin has not passed upon the merits or qualifications of, or recommended or given approval to, the securities hereby offered, nor has the Securities Commissioner of this state passed upon the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The investor must rely on his own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved in making an investment decision on these securities.

NASAA UNIFORM LEGEND

In making an investment decision investors must rely on their examination of the offering, including the merits and risks involved. These securities have not been recommended by a federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the investment risks of this investment for an indefinite period of time.
