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

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 2020**

OR

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

Commission file number: **000-52690**

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

TEXAS	**86-1061005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
710 N. Post Oak Road, Suite 400 Houston, Texas	**77024**
(Address of principal executive offices)	(Zip Code)

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

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

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

Common Stock, $0.001 Par Value Per Share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐No ☒

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

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

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

Large accelerated filer ☐	**Accelerated filer** ☐
Non-accelerated filer ☒	**Smaller reporting company** ☒
Emerging growth ☐	

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment ofthe effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes ☐No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2020, was approximately $3,415,018

As of May 12, 2022, the registrant had 176,988,322 outstanding shares of common stock.

Documents Incorporated by Reference: None

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PART I

Glossary of Oil and Gas Terms

DEVELOPED ACREAGE. The number of acres that are allocated or assignable to productive wells or wells capable of production.

DISPOSAL WELL. A well employed for the reinjection of salt water produced with oil into an underground formation.

HELD BY PRODUCTION. A provision in an oil, gas and mineral lease that perpetuates an entity's right to operate a property or concession as long as the property or concession produces a minimum paying quantity of oil or gas.

INJECTION WELL. A well employed for the injection into an underground formation of water, gas or other fluid to maintain underground pressures which would otherwise be reduced by the production of oil or gas.

LANDOWNER'S ROYALTY. A percentage share of production, or the value derived from production, which is granted to the lessor or landowner in the oil and gas lease, and which is free of the costs of drilling, completing, and operating an oil or gas well.

LEASE. Full or partial interests in an oil and gas lease, authorizing the owner thereof to drill for, reduce to possession and produce oil and gas upon payment of rentals, bonuses and/or royalties. Oil and gas leases are generally acquired from private landowners and federal and state governments. The term of an oil and gas lease typically ranges from three to ten years and requires annual lease rental payments. If a producing oil or gas well is drilled on the lease prior to the expiration of the lease, the lease will generally remain in effect until the oil or gas production from the well ends. The owner of the lease is required to pay the owner of the leased property a royalty which is usually between 12.5% and 25% of the gross amount received from the sale of the oil or gas produced from the well.

LEASE OPERATING EXPENSES. The expenses of producing oil or gas from a formation, consisting of the costs incurred to operate and maintain wells and related equipment and facilities, including labor costs, repair and maintenance, supplies, insurance, production, severance and other production excise taxes.

NET ACRES OR WELLS. A net well or acre is deemed to exist when the sum of fractional ownership working interests in gross wells or acres equals one. The number of net wells or acres is the sum of the fractional working interests owned in gross wells or acres expressed as whole numbers and fractions.

NET REVENUE INTEREST. A percentage share of production, or the value derived from production, from an oil or gas well and which is free of the costs of drilling, completing and operating the well.

OVERRIDING ROYALTY. A percentage share of production, or the value derived from production, which is free of all costs of drilling, completing and operating an oil or gas well, and is created by the lessee or working interest owner and paid by the lessee or working interest owner to the owner of the overriding royalty.

PRODUCING PROPERTY. A property (or interest therein) producing oil or gas in commercial quantities or that is shut-in but capable of producing oil or gas in commercial quantities. Interests in a property may include working interests, production payments, royalty interests and other non-working interests.

PROSPECT. An area in which a party owns or intends to acquire one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of oil, gas or other hydrocarbons.

PROVED RESERVES. Those quantities of oil and gas, which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible, from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations, prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain regardless of whether deterministic or probabilistic methods are used for the estimation.

SHUT-IN WELL. A well which is capable of producing oil or gas, but which is temporarily not producing due to mechanical problems or a lack of market for the well's oil or gas.

UNDEVELOPED ACREAGE. Lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves. Undeveloped acreage should not be confused with undrilled acreage which is "Held by Production" under the terms of a lease.

WORKING INTEREST. A percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well. After royalties are paid, the working interest also entitles its owner to share in production revenues with other working interest owners, based on the percentage of the working interest owned.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

Please see above the “Glossary of Oil and Gas Terms”, for a list of abbreviations and definitions used throughout this report.

Except where context otherwise requires and for purposes of the Annual Report on Form 10-K only:

- “we”, “us”, “our company”, “our”, “the company” refer to Petrolia Energy Corporation, and its subsidiaries;
- “Exchange Act” refers to the Securities Exchange Act of 1934, as amended;
- “SEC” or the “Commission” refers to the United States Securities and Exchange Commission; and
- “Securities Act” refers to the Securities Act of 1933, as amended.

Available Information

We are subject to the information and reporting requirements of the Exchange Act, under which we file periodic reports, proxy and information statements and other information with the United States Securities and Exchange Commission, or SEC. Copies of the reports, proxy statements and other information may be examined on the Internet at http://www.sec.gov.

Financial and other information about the Company is available on our website (**http://www.petroliaenergy.com/**). Information on our website is not incorporated by reference into this Report. We make available on our website, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

ITEM 1. BUSINESS.

Background

We were incorporated in Colorado on January 16, 2002. In April 2012, we became active in the exploration and development of oil and gas properties.

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

Plan of Operation

Since 2015, we have established a strategy to acquire, enhance and redevelop high-quality, resource in place assets. As of 2018, the Company has included strategic acquisitions in western Canada while actively pursuing the strategy to execute low-cost operational solutions, and affordable technology. We believe our conventional, low-risk resource plays and the redevelopment of our late-stage plays is a solid foundation for continued oil production growth and future revenue growth.

Slick Unit Dutcher Sands (“SUDS”) Field

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

A capital project was completed to rebuild our field tank battery, consisting of two free water knockout units, four oil stock tanks and one fiberglass saltwater tank. We also have one disposal well. The SUDS field is currently shut-in while awaiting sufficient capital to recomplete the wells and repair the flow lines.

Twin Lakes San Andres Unit ("TLSAU") Field

TLSAU is located 45 miles from Roswell, Chaves County, New Mexico. TLSAU is currently shut-in awaiting confirmation of lease acreage held, then capital allocation to complete some regulatory plugging requirements.

Askarii Resources, LLC

Effective February 1, 2016, the Company acquired 100% of the issued and outstanding interests of Askarii Resources LLC ("Askarii"), a private Texas based oil & gas service company for the aggregate value of $50,000.

Canadian properties – Luseland, Hearts Hill and Cuthbert fields

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

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

On February 16, 2022, Petrolia Canada Corporation (PCC), a wholly owned subsidiary of Petrolia Energy Corporation (PEC), entered into a Purchase and Sale Agreement (PSA) and Debt Settlement Agreement (DSA) with Prospera Energy, Inc. whereby PCC sold its 28% working interest in the Luseland, Hearts Hill and Cuthbert fields.

Utikuma Lake field

On May 1, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 500 bpd of light oil. The working interest was acquired from Blue Sky Resources. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky Resources.

Blue Sky Resources acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent $1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($560,441 USD), necessary for the wells to continue in production after the acquisition. Additional funds ($385,337 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

The following table shows our producing wells, developed acreage, and undeveloped acreage as of December 31, 2020, for the Oklahoma, New Mexico and Alberta/Saskatchewan properties:

State/Province	Productive Wells		Developed Acreage		Undeveloped Acreage (1)	
	Gross	Net	Gross	Net	Gross	Net
Oklahoma	101(2)	3	2,604	2,604	0	0
New Mexico	38(3)	0	1,080	1,080	0	0
Alberta/Saskatchewan	316	218	47,766	36,766	21,760	21,760

(1) Undeveloped acreage includes leasehold interests on which wells have not been drilled or completed to the point that would permit the production of commercial quantities of natural gas and oil regardless of whether the leasehold interest is classified as containing proved undeveloped reserves.

(2) Represents three (3) wells that were worked-over and capable of producing oil.

(3) The field was shut in for repairs and remediation work for the majority of 2020.

The following table shows the status of our gross acreage as of December 31, 2020, for the Oklahoma, New Mexico and Alberta/Saskatchewan properties:

State/Province	Held by Production	Not Held by Production
Oklahoma	2,604	—
New Mexico	1,080	—
Alberta/Saskatchewan	47,766	—

Leases on acres that are Held by Production remain in force so long as oil or gas is produced from one or more wells on the particular lease. Leased acres that are not held by Production require annual rental payments to maintain the lease until the first to occur of the following: the expiration of the lease or the time that oil or gas is produced from one or more wells drilled on the leased acreage. At the time oil or gas is produced from wells drilled on the leased acreage, the lease is considered to be Held by Production.

Proved Reserves

Below is a table that provides historical average sales price per barrel and average production cost per barrel by geographical location and by year, for the last three (3) fiscal years.

	Average Sales Price (per Bbls) ($)	Average Production Cost (per Bbls) ($)	Oil Production (Bbls)
Oklahoma			
2018	45.55	3,341.49	31
2019	(1)	(1)	(1)
2020	38.18	319.75	810
New Mexico			
2018	48.87	1,146.90	106
2019	(1)	(1)	(1)
2020	33.31	94.16	309
Alberta/ Saskatchewan			
2018	22.27	24.56	50,765
2019	37.62	30.71	91,917
2020	30.42	35.92	94,016

(1) Note that in 2019, no sales or production occurred for the Oklahoma and New Mexico properties.

Below are estimates of our cumulative net proved reserves of all fields, as of December 31, 2020, net to our interest. Our proved reserves are located in Oklahoma, New Mexico and Canada.

Estimates of volumes of proved reserves at December 31, 2020 are presented in barrels (Bbls) for oil and, for natural gas, in thousands of cubic feet (Mcf) at the official temperature and pressure bases of the areas in which the gas reserves are located.

	Oil (Bbls)	Gas (Mcf)
Proved:		
Developed	1,091,520	63,190
Undeveloped	66,160	
Total	1,157,680	63,190

- Bbl - refers to one barrel, or 42 U.S. gallons liquid volume, in reference to crude oil or other liquid hydrocarbons.
- Mcf - refers to one thousand cubic feet.
- A BOE (i.e., barrel of oil equivalent) combines Bbls of oil and Mcf of gas by converting each six Mcf of gas to one Bbl of oil.

Below are estimates of our present value of estimated future net revenues from our proved reserves based upon the standardized measure of discounted future net cash flows relating to proved oil and gas reserves in accordance with the provisions of Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. The standardized measure of discounted future net cash flows is determined by using estimated quantities of proved reserves and the periods in which they are expected to be developed and produced based on period-end economic conditions. The estimated future production is based upon benchmark prices that reflect the unweighted arithmetic average of the first day-of-the-month price for oil and gas during the twelve-month period ended December 31, 2020. The resulting estimated future cash inflows are then reduced by estimated future costs to develop and produce reserves based on period-end cost levels. No deduction has been made for depletion, depreciation or for indirect costs, such as general corporate overhead. Present values were computed by discounting future net revenues by 10% per year.

Future cash inflows	$	47,647,500
Deductions (including estimated taxes)	$	(27,352,340)
Future net cash flow	$	20,295,160
Discounted future net cash flow	$	7,956,920

MKM Engineering prepared the estimates of our proved reserves, future production and income attributable to our leasehold interests in the United States and Canada as of December 31, 2020. Michele Mudrone was the technical person primarily responsible for overseeing the preparation of the reserve report. Ms. Mudrone has more than 25 years of practical experience in the estimation and evaluation of petroleum reserves. MKM Engineering is an independent petroleum engineering firm that provides petroleum consulting services to the oil and gas industry. The estimates of drilled reserves, future production and income attributable to certain leasehold and royalty interests are based on technical analysis conducted by engineers employed at MKM Engineering.

Mark Allen, our CEO, oversaw preparation of the reserve estimates by MKM Engineering. We do not have a reserve committee and we do not have any specific internal controls regarding the estimates of our reserves.

Our proved reserves include only those amounts which we reasonably expect to recover in the future from known oil and gas reservoirs under existing economic and operating conditions, at current prices and costs, under existing regulatory practices and with existing technology. Accordingly, any changes in prices, operating and development costs, regulations, technology or other factors could significantly increase or decrease estimates of proved reserves.

Proved reserves were estimated by performance methods, the volumetric method, analogy, or a combination of methods utilizing present economic conditions and limited to those proved reserves economically recoverable. The performance methods include decline curve analysis that utilize extrapolations of historical production and pressure data available through December 31, 2020 in those cases where such data was considered to be definitive.

Forecasts for future production rates are based on historical performance from wells currently on production in the region with an economic cut-off for production based upon the projected net revenue being equal to the projected operating expenses. No further reserves or valuation were given to any wells beyond their economic cut-off. Where no production decline trends have been established due to the limited historical production records from wells on the properties, surrounding wells historical production records were used and extrapolated to wells of the property. Where applicable, the actual calculated present decline rate of any well was used to determine future production volumes to be economically recovered. The calculated present rate of decline was then used to determine the present economic life of the production from the reservoir.

For wells currently on production, forecasts of future production rates were based on historical performance data. If no production decline trend has been established, future production rates were held constant, or adjusted for the effects of curtailment where appropriate, until a decline in ability to produce was anticipated. An estimated rate of decline was then applied to economic depletion of the reserves. If a decline trend has been established, this trend was used as the basis for estimating future production rates.

Proved developed non-producing and undeveloped reserves were estimated primarily by the performance and historical extrapolation methods. Test data and other related information were used to estimate the anticipated initial production rates from those wells or locations that are not currently producing. For reserves not yet on production, sales were estimated to commence at a date we determined to be reasonable.

In general, the volume of production from our oil and gas properties declines as reserves are depleted. Except to the extent we acquire additional properties containing proved reserves or conduct successful exploration and development activities, or both, our proved reserves will decline as reserves are produced. Accordingly, volumes generated from our future activities are highly dependent upon the level of success in acquiring or finding additional reserves and the costs incurred in doing so.

Government Regulation

Various state, province and federal agencies regulate the production and sale of oil and natural gas. All states and provinces in which we plan to operate impose restrictions on the drilling, production, transportation and sale of oil and natural gas.

The Federal Energy Regulatory Commission (the "FERC") regulates the interstate transportation and the sale in interstate commerce for resale of natural gas. The FERC's jurisdiction over interstate natural gas sales has been substantially modified by the Natural Gas Policy Act under which the FERC continued to regulate the maximum selling prices of certain categories of gas sold in "first sales" in interstate and intrastate commerce.

Our sale of oil and natural gas liquids will not be regulated and will be at market prices. The price received from the sale of these products will be affected by the cost of transporting the products to market. Much of that transportation is through interstate common carrier pipelines.

Federal, state, and local agencies have promulgated extensive rules and regulations applicable to our oil and natural gas exploration, production and related operations. Most states require permits for drilling operations, drilling bonds and the filing of reports concerning operations, and impose other requirements relating to the exploration of oil and natural gas. Many states also have statutes or regulations addressing conservation matters including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum rates of production from oil and natural gas wells and the regulation of spacing, plugging and abandonment of such wells. The statutes and regulations of some states limit the rate at which oil and natural gas is produced from our properties. The federal and state regulatory burden on the oil and natural gas industry increases our cost of doing business and affects our profitability. Because these rules and regulations are amended or reinterpreted frequently, we are unable to predict the future cost or impact of complying with those laws.

Competition and Marketing

We will be faced with strong competition from many other companies and individuals engaged in the oil and gas business, many are very large, well established energy companies with substantial capabilities and established earnings records. We will be at a competitive disadvantage in acquiring oil and gas prospects since we must compete with these individuals and companies, many of which have greater financial resources and larger technical staffs. It is nearly impossible to estimate the number of competitors; however, it is known that there are a large number of companies and individuals in the oil and gas business.

Exploration for and production of oil and gas are affected by the availability of pipe, casing and other tubular goods and certain other oil field equipment including drilling rigs and tools. We will depend upon independent drilling contractors to furnish rigs, equipment and tools to drill our wells. Higher prices for oil and gas may result in competition among operators for drilling equipment, tubular goods and drilling crews which may affect our ability to expeditiously drill, complete, recomplete and work-over wells.

The market for oil and gas is dependent upon a number of factors beyond our control, which at times cannot be accurately predicted. These factors include the proximity of wells to, and the capacity of, natural gas pipelines, the extent of competitive domestic production and imports of oil and gas, the availability of other sources of energy, fluctuations in seasonal supply and demand, and governmental regulation. In addition, there is always the possibility that new legislation may be enacted that would impose price controls or additional excise taxes upon crude oil or natural gas, or both. Oversupplies of natural gas can be expected to recur from time to time and may result in the gas producing wells being shut-in. Imports of natural gas may adversely affect the market for domestic natural gas.

Employees

As of December 31, 2020, we have two full-time employees and no part-time employees. As of May 12, 2022, the Company has zero full-time employees and zero part-time employees, and two contractors.

ITEM 1A. RISK FACTORS

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to us and our industry could materially impact our future performance and results of operations. We have provided below a list of known material risk factors that should be reviewed when considering buying or selling our securities. These are not all the risks we face and other factors currently considered immaterial or unknown to us may impact our future operations.

Capital Requirements

We will need to raise funds from additional financing in the future to complete our business plan and may need to raise additional funding in the future to support our operations. We have no commitments for any financing and any financing commitments may result in dilution to our existing stockholders. We may have difficulty obtaining additional funding, and we may have to accept terms that would adversely affect our stockholders. For example, the terms of any future financings may impose restrictions on our right to declare dividends or on the manner in which we conduct our business. Additionally, we may raise funding by issuing convertible notes, which if converted into shares of our common stock would dilute our then stockholders' interests. If we are unable to raise additional funds, we may be forced to curtail or even abandon our business plan.

Commodity Prices

The price we receive for our oil directly affects our revenues, profitability, access to capital and future rate of growth. Oil is a commodity that is subject to wide price fluctuations in response to relatively minor changes in supply and demand. Lower prices for our oil may not only decrease our revenues but may also reduce the amount of oil that we can produce economically. Historically, the markets for oil have been volatile and will likely continue to be volatile in the future. The prices we receive for our production and the volume of our production depend on numerous factors beyond our control. These factors include the following: changes in global supply and demand for oil, the actions of OPEC, the price and quantity of imports of foreign oil, acts of war, terrorism or political instability in oil producing countries and economic conditions.

Accounting Rules

Accounting rules applicable to us require that we periodically review the carrying value of our oil properties for possible impairment. Based on specific market factors and circumstances at the time of prospective impairment reviews and the continuing evaluation of development plans, production data, economics and other factors, we could be required to write down the carrying value of our oil and natural gas properties. Such write-downs constitute a non-cash charge to earnings. Impairment of proved properties under our full cost oil accounting method is largely driven by the present values of future net revenues of proved reserves estimated using SEC mandated 12-month un-weighted first-day-of-the-month commodity prices. No assurance can be given that we will not experience ceiling test impairments in future periods, which could have a material adverse effect on our results of operations in the periods taken. As a result of lower oil prices, we may also reduce our estimates of the reserve volumes that may be economically recovered, which would reduce the total value of our proved reserves.

Our undeveloped proved reserves and developed non-producing proved reserves require additional expenditures and/or activities to convert these into producing reserves. We cannot provide assurance these expenditures will be made and that activities will be entirely successful in converting these reserves. Furthermore, there can be no assurance that all of our undeveloped and developed non-producing reserves will ultimately be produced during the time periods we have planned, at the costs we have budgeted, or at all, which could result in the write-off of previously recognized reserves.

Reserve Replacement

Our future success depends largely upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Unless we replace the reserves we produce through successful exploration, development or acquisition activities, our proved reserves and production will decline over time. Our exploration, development and acquisition activities require substantial capital expenditures. The capital markets we have historically accessed are currently constrained, but we believe we could access other capital markets if the need arises. These limitations in the capital markets may affect our ability to grow and changes in our capitalization structure may significantly affect our financial risk profile. Furthermore, we cannot be certain that financing for future capital expenditures will be available if needed, and to the extent required, on acceptable terms.

Future cash flows are subject to a number of variables, such as the level of production from existing wells, the prices of oil and our success in developing and producing new reserves. Any reductions in our capital expenditures to stay within internally generated cash flow (which could be adversely affected by declining commodity prices) and cash on hand will make replacing produced reserves more difficult. If our cash flow from operations and cash on hand are not sufficient to fund our capital expenditure budget, we may be limited in our ability to access additional debt, equity or other methods of financing on an economic or timely basis to replace our proved reserves.

Regulatory Requirements

The Environmental Protection Agency (EPA) has adopted new regulations under the Clean Air Act (CAA) that, among other things, require additional emissions controls for the production of oil, including New Source Performance Standards to address emissions of sulfur dioxide and Volatile Organic Compounds (VOCs) and a separate set of emission standards to address hazardous air pollutants frequently associated with such production activities. For well completion operations occurring at such well sites before January 1, 2015, the final regulations allow operators to capture and direct flowback emissions to completion combustion devices, such as flares, in lieu of performing green completions. These regulations also establish specific new requirements regarding emissions from dehydrators, storage tanks and other production equipment. Compliance with these requirements could significantly increase our costs of development and production.

We are required to record a liability for the present value of our asset retirement obligation ("ARO") to plug and abandon inactive non-producing wells, facilities and equipment, and to restore the land at the end of oil production operations. As a result, we may make significant increases or decreases to our estimated ARO in future periods. Accordingly, our estimate of future ARO could differ dramatically from what we may ultimately incur.

Drilling and Well Completion Success

Our development activities may be unsuccessful for many reasons, including adverse weather conditions, cost overruns, equipment shortages, geological issues and mechanical difficulties. Moreover, the successful drilling of an oil well does not assure us that we will realize a profit on our investment. A variety of factors, both geological and market-related, can cause a well to become uneconomical or only marginally economical. In addition to their costs, unsuccessful wells hinder our efforts to replace reserves.

Our oil exploration and production activities, including well stimulation and completion activities which include, among other things, hydraulic fracturing, involve a variety of operating risks, including fires, explosions, blow-outs and surface craters, uncontrollable flows of oil and formation water. If we experience any of these problems, well bores, platforms, gathering systems and processing facilities could be affected, which could adversely affect our ability to conduct operations. We could also incur substantial losses as a result of injury or loss of life, damage to and destruction of property, natural resources and equipment, pollution and other environmental damage.

Acquisition Success

Our business strategy includes growing by making acquisitions, which may include acquisitions of exploration and production companies, producing properties and undeveloped leasehold interests. Our acquisition of oil and natural gas properties requires assessments of many factors that are inherently inexact and may be inaccurate, including the acceptable prices for available properties, amounts of recoverable reserves, estimates of future oil prices, estimates of future exploratory, development and operating costs, estimates of the costs and timing of plugging, and abandonment and estimates of potential environmental and other liabilities.

If we make acquisitions in the future, funding permitting, which may not be available on favorable terms, if at all, we could have difficulty integrating the acquired company's assets, personnel and operations with our own. We do not anticipate that any acquisitions or mergers we may enter into in the future would result in a change of control of the Company. In addition, the key personnel of the acquired business may not be willing to work for us. We cannot predict the effect expansion may have on our core business. Regardless of whether we are successful in making an acquisition, the negotiations could disrupt our ongoing business, distract our management and employees and increase our expenses.

In addition to the risks described above, acquisitions are accompanied by a number of inherent risks, including, without limitation, the following: the difficulty of integrating acquired products, services or operations; the potential disruption of the ongoing businesses and distraction of our management and the management of acquired companies; difficulties in maintaining uniform standards, controls, procedures and policies; the potential impairment of relationships with employees and customers as a result of any integration of new management personnel; the potential inability or failure to achieve additional sales; the effect of any government regulations which relate to the business acquired; potential unknown liabilities associated with acquired businesses or product lines, or the need to spend significant amounts to retool, reposition or modify the marketing and sales of acquired products or operations, or the defense of any litigation, whether or not successful, resulting from actions of the acquired company prior to our acquisition; and potential expenses under the labor, environmental and other laws of various jurisdictions.

Capital Deployment Risk

Exploring for and developing hydrocarbon reserves involves a high degree of operational and financial risk, which precludes us from definitively predicting the costs involved and time required to reach certain objectives. The budgeted costs of planning, drilling, completing, and operating wells are often exceeded, and such costs can increase significantly due to various complications that may arise during the drilling and operating processes. Before a well is spud, we may incur significant geological and geophysical (seismic) costs, which are incurred whether a well eventually produces commercial quantities of hydrocarbons or is drilled at all. Exploration wells bear a much greater risk of loss than development wells. The analogies we draw from available data from other wells, more fully explored locations or producing fields may not be applicable to our drilling locations. If our actual drilling and development costs are significantly more than our estimated costs, we may not be able to continue our operations as proposed and could be forced to modify our drilling plans accordingly.

If we decide to drill a certain location, there is a risk that no commercially productive oil or natural gas reservoirs will be found or produced. We may drill or participate in new wells that are not productive. We may drill wells that are productive, but that do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

There is no way to predict in advance of drilling and testing whether any location will yield oil or natural gas in sufficient quantities to recover exploration, drilling or completion costs or to be economically viable. Even if sufficient amounts of oil or natural gas exist, we may damage the potentially productive hydrocarbon-bearing formation or experience mechanical difficulties while drilling or completing the well, resulting in a reduction in production and reserves from the well or abandonment of the well.

Whether a well is ultimately productive and profitable depends on a number of additional factors, including the following: general economic and industry conditions, including the prices received for oil and natural gas; shortages of, or delays in, obtaining equipment, including hydraulic fracturing equipment, and qualified personnel; potential drainage by operators on adjacent properties; loss of or damage to oilfield development and service tools; problems with title to the underlying properties; increases in severance taxes; adverse weather conditions that delay drilling activities or cause producing wells to be shut down; domestic and foreign governmental regulations; and proximity to and capacity of transportation facilities. If we do not drill productive and profitable wells in the future, our business, financial condition and results of operations could be materially and adversely affected.

We review our long-lived tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We also test our goodwill and indefinite-lived intangible assets for impairment at least annually on December 31 of each year, or when events or changes in the business environment indicate that the carrying value of a reporting unit may exceed its fair value. If conditions in any of the businesses in which we compete were to deteriorate, we could determine that certain of our assets were impaired and we would then be required to write-off all or a portion of our costs for such assets. Any such significant write-offs would adversely affect our balance sheet and results of operations.

Economic Uncertainty

Concerns over global economic conditions, energy costs, geopolitical issues, inflation, the availability and cost of credit, the United States mortgage market and a volatile real estate market in the United States have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatile prices of oil and natural gas, declining business and consumer confidence and increased unemployment and inflation, have precipitated economic uncertainty. Concerns about global economic growth and inflation have had a significant adverse impact on global financial markets and commodity prices.

Our exploration and development activities are capital intensive. We make and expect to continue to make substantial capital expenditures in our business for the development, exploitation, production and acquisition of oil and natural gas reserves. Our cash on hand, our operating cash flows and future potential borrowings may not be adequate to fund our future acquisitions or future capital expenditure requirements. The rate of our future growth may be dependent, at least in part, on our ability to access capital at rates and on terms we determine to be acceptable.

Cash Management

Our cash flows from operations and access to capital are subject to a number of variables, including: our estimated proved oil and natural gas reserves; the amount of oil and natural gas we produce from existing wells; the prices at which we sell our production; the costs of developing and producing our oil and natural gas reserves; our ability to acquire, locate and produce new reserves; the ability and willingness of banks to lend to us; and our ability to access the equity and debt capital markets. In addition, future events, such as terrorist attacks, wars or combat peace-keeping missions, financial market disruptions, general economic recessions, inflation, oil and natural gas industry recessions, large company bankruptcies, accounting scandals, overstated reserves estimates by major public oil companies and disruptions in the financial and capital markets have caused financial institutions, credit rating agencies and the public to more closely review the financial statements, capital structures and earnings of public companies, including energy companies. Such events have constrained the capital available to the energy industry in the past, and such events or similar events could adversely affect our access to funding for our operations in the future.

If our revenues decrease as a result of lower oil and natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels, further develop and exploit our current properties or invest in additional exploration opportunities.

Alternatively, a significant improvement in oil and natural gas prices or other factors could result in an increase in our capital expenditures and we may be required to alter or increase our capitalization substantially through the issuance of debt or equity securities, the sale of production payments, the sale or farm out of interests in our assets, the borrowing of funds or otherwise to meet any increase in capital needs. If we are unable to raise additional capital from available sources at acceptable terms, our business, financial condition and results of operations could be adversely affected. Further, future debt financings may require that a portion of our cash flows provided by operating activities be used for the payment of principal and interest on our debt, thereby reducing our ability to use cash flows to fund working capital, capital expenditures and acquisitions.

Debt financing may involve covenants that restrict our business activities. If we succeed in selling additional equity securities to raise funds, at such time the ownership percentage of our existing shareholders would be diluted, and new investors may demand rights, preferences or privileges senior to those of existing shareholders. If we choose to farm-out interests in our prospects, we may lose operating control over such prospects.

Terrorist Attack

We cannot assess the extent of either the threat or the potential impact of future terrorist attacks on the energy industry in general, and on us in particular, either in the short-term or in the long-term. Uncertainty surrounding such hostilities may affect our operations in unpredictable ways, including the possibility that infrastructure facilities, including pipelines and gathering systems, production facilities, processing plants and refineries, could be targets of, or indirect casualties of, an act of terror, a cyber-attack or electronic security breach, or an act of war.

Production Growth

In addition, there is an inherent risk of incurring significant environmental costs and liabilities in the performance of our operations, some of which may be material, due to our handling of petroleum hydrocarbons and wastes, our emissions to air and water, the underground injection or other disposal of our wastes, the use of hydraulic fracturing fluids and historical industry operations and waste disposal practices.

The rate of production from our oil and natural gas properties will decline as our reserves are depleted. Our future oil and natural gas reserves and production and, therefore, our income and cash flow, are highly dependent on our success in (a) efficiently developing and exploiting our current reserves on properties owned by us or by other persons or entities and (b) economically finding or acquiring additional oil and natural gas producing properties. In the future, we may have difficulty acquiring new properties. During periods of low oil and/or natural gas prices, it will become more difficult to raise the capital necessary to finance expansion activities. If we are unable to replace our production, our reserves will decrease, and our business, financial condition and results of operations would be adversely affected.

Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing trained personnel. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours, and many of our competitors have more established presences in the United States and in foreign locations than we have. Those companies may be able to pay more for productive oil and natural gas properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. The cost to attract and retain qualified personnel has increased in recent years due to competition and may increase substantially in the future. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business, financial condition and results of operations.

Technology and Innovation

Our industry is subject to rapid and significant advancements in technology, including the introduction of new products and services using new technologies and databases. As our competitors use or develop new technologies, we may be placed at a competitive disadvantage, and competitive pressures may force us to implement new technologies at a substantial cost. In addition, many of our competitors will have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We cannot be certain that we will be able to implement technologies on a timely basis or at a cost that is acceptable to us. One or more of the technologies that we will use or that we may implement in the future may become obsolete, and we may be adversely affected.

Consumer Confidence

Our results of operations are materially affected by the conditions of the global economies and the credit, commodities and stock markets. Among other things, we may be adversely impacted if consumers of oil and gas are not able to access sufficient capital to continue to operate their businesses or to operate them at prior levels. A decline in consumer confidence or changing patterns in the availability and use of disposable income by consumers can negatively affect the demand for oil and gas and as a result our results of operations.

Alternative Energy

Because our operations depend on the demand for oil, any improvement in or new discoveries of alternative energy technologies (such as wind, solar, geothermal, fuel cells and biofuels) that increase the use of alternative forms of energy and reduce the demand for oil, gas and oil and gas related products could have a material adverse impact on our business, financial condition and results of operations.

Reserve Valuation

The process of estimating oil reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and the calculation of the present value of our reserves. In order to prepare our year-end reserve estimates, our independent petroleum consultant projected our production rates and timing of development expenditures. Our independent petroleum consultant also analyzed available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary and may not be under our control. The process also requires economic assumptions about matters such as oil and natural gas prices, operating expenses, capital expenditures, taxes and availability of funds. Therefore, estimates of oil and natural gas reserves are inherently imprecise.

You should not assume that the present value of future net revenues from our proved oil and natural gas reserves is the current market value of our estimated oil and natural gas reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flows from our proved reserves on the 12-month un-weighted first-day-of-the-month average price for each product and costs in effect on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate.

Future Regulations

Our operations and facilities are subject to extensive federal, state and local laws and regulations relating to the exploration, development, production and transportation of oil and natural gas and operational safety. Future laws or regulations, any adverse change in the interpretation of existing laws and regulations or our failure to comply with such legal requirements may harm our business, results of operations and financial condition.

Employee Retention

To a large extent, we depend on the services of our senior management. The loss of the services of any of our senior management, could have a negative impact on our operations. We do not maintain or plan to obtain for the benefit of the Company any insurance against the loss of any of these individuals.

Equity Dilution

Our board of directors may attempt to use non-cash consideration to satisfy obligations. In many instances, we believe that the non-cash consideration will consist of shares of our common stock, preferred stock or warrants to purchase shares of our common stock. Our board of directors has authority, without action or vote of the shareholders to issue all or part of the authorized but unissued shares of common stock, preferred stock or warrants to purchase such shares of common stock. In addition, we may attempt to raise capital by selling shares of our common stock, possibly at a discount to market in the future. These actions will result in dilution of the ownership interests of existing shareholders and may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management's ability to maintain control of us, because the shares may be issued to parties or entities committed to supporting existing management.

Illiquid and Volatile Equity Environment

We currently have a highly sporadic, illiquid and volatile market for our common stock, which market is anticipated to remain sporadic, illiquid and volatile in the future. Our stock is currently not actively traded because of SEC Rule 15c2-11. Factors that could affect our stock price or result in fluctuations in the market price or trading volume of our common stock include:

- our actual or anticipated operating and financial performance and drilling locations, including reserves estimates;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and cash flows, or those of companies that are perceived to be similar to us;
- changes in revenue, cash flows or earnings estimates or publication of reports by equity research analysts;
- speculation in the press or investment community;
- public reaction to our press releases, announcements and filings with the SEC;
- sales of our common stock by us or other shareholders, or the perception that such sales may occur;
- the limited amount of our freely tradable common stock available in the public marketplace;
- general financial market conditions and oil and natural gas industry market conditions, including fluctuations in commodity prices;
- the realization of any of the risk factors presented in this Annual Report;
- the recruitment or departure of key personnel;
- commencement of, or involvement in, litigation;
- the prices of oil and natural gas;
- the success of our exploration and development operations, and the marketing of any oil and natural gas we produce;

- changes in market valuations of companies similar to ours; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

Our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Additionally, general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock. Due to the limited volume of our shares which trade, we believe that our stock prices (bid, ask and closing prices) may not be related to our actual value, and not reflect the actual value of our common stock. Shareholders and potential investors in our common stock should exercise extreme caution before making an investment in us.

Additionally, as a result of the illiquidity of our common stock, investors may not be interested in owning our common stock because of the inability to acquire or sell a substantial block of our common stock at one time. Such illiquidity could have an adverse effect on the market price of our common stock. In addition, a shareholder may not be able to borrow funds using our common stock as collateral because lenders may be unwilling to accept the pledge of securities having such a limited market. We cannot assure you that an active trading market for our common stock will develop or, if one develops, be sustained. Extreme caution should be taken when considering purchasing Petrolia's common stock.

Our common stock will be subject to the requirements of Rule 15g-9, promulgated under the Exchange Act, as long as the price of our common stock is below $5.00 per share. Under such rule, broker-dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosure in connection with any trades involving a stock defined as a penny stock. Generally, the Commission defines a penny stock as any equity security not traded on an exchange or quoted on NASDAQ that has a market price of less than $5.00 per share. The required penny stock disclosures include the delivery, prior to any transaction, of a disclosure schedule explaining the penny stock market and the risks associated with it. Such requirements could severely limit the market liquidity of the securities and the ability of purchasers to sell their securities in the secondary market. In addition, various state securities laws impose restrictions on transferring "penny stocks" and as a result, investors in the common stock may have their ability to sell their shares of the common stock impaired.

Administrative Proceedings

File No. 3-20724 was filed by the SEC seeking to revoke the registration of each class of securities registered pursuant to Section 12 of the Exchange Act. The Company has filed a response to the SEC's motion, but there is no assurance that the Company will be successful, and that the registration of the Company's securities will not be revoked.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable to the Company as a "smaller reporting"/"non-accelerated filer".

ITEM 2. PROPERTIES.

Our principal office is located at 710 N. Post Oak Rd., Suite 400, Houston, Texas 77024.

At December 31, 2020 we terminated our sublease of office space and entered into an executive office sharing agreement which allows the Company to use approximately 800 square feet of work space, on an as needed basis. The space costs $100 per month, and is contracted on a month-to-month basis.

The Company's oil and gas properties are described under "Item 1. Business", above, and below under "Note 4. "Evaluated Properties" in the consolidated audited financial statements attached hereto.

ITEM 3. LEGAL PROCEEDINGS.

On March 11, 2022, Petrolia Energy Corporation ("Petrolia" or the "Company") and Petrolia Canada Corporation ("Petrolia Canada"), an affiliate of Petrolia's, filed a lawsuit in District Court, Harris County Texas against Jovian Petroleum Corporation, Zel Khan and Quinten Beasley (herein collectively after referred to as the "Defendants"). The case is assigned to Judge Jaclanel McFarland, of the 133rd Judicial District Court of Harris County, Texas under Cause No. 2022-15278.

In their filed petition against the Defendants, Petrolia and Petrolia Canada claim fraud and breach of contract against all the named Defendants and, in addition to those two (2) claims, they also assert breach of fiduciary duty claims against Defendants Zel Khan and Quinten Beasley. Defendant Zel Khan was a former CEO and Director of Petrolia and Defendant Quinten Beasley was a former Senior Vice President and Director of Petrolia Canada.

Petrolia and Petrolia Canada are demanding a jury trial and are seeking monetary relief of more than ONE MILLION US DOLLARS ($1,000,000.00) in their lawsuit filed against the Defendants. In the lawsuit filed by the two (2) companies against the Defendants, referenced above, they seek judgment against the Defendants for (i) actual damages in the amount of lost revenue and economic losses, (ii) punitive damages, (iii) pre-and post-judgment interest, (iv) court costs, (v) attorneys' fees, and (vi) any other relief to which Petrolia and Petrolia Canada are entitled.

On March 16, 2022, Petrolia Canada Corporation received a Notice of Intention to Retain Collateral Pursuant to Section 62 of the Personal Property Security Act (Alberta) from the counsel of Blue Sky Resources Ltd. related to a Loan Agreement and General Security Agreement between Petrolia Canada Corporation and Emmett Lescroart. Petrolia Canada Corporation was notified that Blue Sky Resources Ltd., as assignee of the Emmet Lescroart loan, intends to retain the Utikuma loan collateral pursuant to the General Security Agreement with Petrolia Canada Corporation. On March 30, 2022, Petrolia Canada Corporation's counsel responded to Blue Sky Resources, Ltd. with a Notice of Objection.

On January 28, 2022, the Securities and Exchange Commission filed an Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 to suspend for a period not exceeding twelve months or revoke the registration of each class of securities registered pursuant to Section 12 of the Exchange Act of the Company. The Division of Enforcement at the Securities and Exchange Commission (the "Division") filed a Motion for Summary Disposition in this matter and the Company filed a Response to the Motion for Summary Disposition in April 2022. On May 5, 2022, the Division filed its Response in Support of its Motion for Summary Disposition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

When allowed to be traded, our common stock is quoted under the symbol "BBLS" on the OTC Pink Sheet market operated by OTC Markets Group. Our common stock is currently not traded because of SEC Rule 15c2-11.

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company. Extreme caution should be taken when evaluating the purchase of Petrolia Energy common stock.

The following tables set forth the range of high and low sales prices for our common stock for the periods indicated as reported by the OTC Pink Sheet market operated by the OTC Markets Group. The market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

Quarter Ended	High	Low
March 31, 2020	$ 0.090	$ 0.031
June 30, 2020	$ 0.079	$ 0.023
September 30, 2020	$ 0.053	$ 0.011
December 31, 2020	$ 0.040	$ 0.013

Quarter Ended	High	Low
March 31, 2019	$ 0.140	$ 0.065
June 30, 2019	$ 0.108	$ 0.040
September 30, 2019	$ 0.087	$ 0.055
December 31, 2019	$ 0.090	$ 0.035

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Petrolia Energy Corporation is currently not being actively traded because of SEC Rule 15c2-11.

Holders of Our Common Stock

As of December 31, 2020, we had 168,696,226 outstanding shares of common stock and approximately 279 shareholders of record. As of May 12, 2022, we had 176,988,322 outstanding shares of common stock and approximately 279 shareholders of record.

Preferred Stock

Our Certificate of Formation authorizes our Board of Directors to issue up to 1,000,000 shares of preferred stock. The provisions in the Certificate of Formation, relating to the preferred stock, allow our directors to issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of our common stock. The issuance of preferred stock with these rights may make the removal of management difficult even if the removal would be considered beneficial to shareholders generally and will have the effect of limiting shareholder participation in certain transactions such as mergers or tender offers if these transactions are not favored by our management.

As of December 31, 2020, there are 199,100 preferred shares outstanding with 21 preferred shareholders of record.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information, as of December 31, 2020, with respect to our compensation plans under which common stock is authorized for issuance.

Equity Compensation Plan Information

	(A)	(B)	(C)

Plan Category	Number of securities to issue upon exercise of outstanding options and warrants	Weighted-average exercise price of outstanding options and warrants	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)
Equity compensation plans approved by shareholders (1)	—	N/A	40,000,000
Equity compensation plans not approved by shareholders	40,764,667	$0.13 per share	—
Total	40,764,667	$0.13 per share	40,000,000

(1) The Company's 2015 Stock Incentive Plan, as amended (the "Plan") provides for up to 40,000,000 of awards. At present, no shares have been issued from the Plan.

Recent Sales of Unregistered Securities

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

On October 25, 2021, the Board of Directors of the Company approved the filing of a Certificate of Designations of Petrolia Energy Corporation Establishing the Designations, Preferences, Limitations, and Relative Rights of its Series B Preferred Stock with the Secretary of State of Texas, which designation was filed with, and became effective with, the Secretary of State of Texas on October 25, 2021. The Series B Designation designated three shares of Series B Preferred Stock. The Company issued one share of its newly designated shares of Series B Preferred Stock to each of the three members of its then Board of Directors, (1) James E. Burns, (2) Leo Womack and (3) Ivar Siem, in consideration for services rendered to the Company as members of the Board of Directors. Such shares of Series B Preferred Stock vote in aggregate sixty percent (60%) of the total vote on all shareholder matters, voting separately as a class.

In October and November of 2021, and January 2022, the Company entered into various subscription agreements with certain accredited investors, pursuant to which the Subscribers agreed, subject to certain conditions in the Subscription Agreements, to purchase an aggregate amount of 11,000 shares of the Company's newly designated shares of Series C Convertible Preferred Stock, par value $0.10 per share at $10.00 per share. 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).

All shares granted for goods or services and settlement of liabilities during the year ended December 31, 2020, and through the date of the filing of this Report were valued based on the fair value of the shares issued.

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

ITEM 6. (RESERVED)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Annual Report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution you that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. See "Risk Factors" and "Forward Looking Statements."

Results of Operations

Revenues

Revenue for the year ended December 31, 2020 was $2,892,241, a decrease of $24,493 from the prior year. The decrease was primarily due to a minor decrease in the production from our CONA asset.

Operating Expenses

Operating expenses for the year ended December 31, 2020 were $12,582,555, an increase of $6,596,264 from the prior year. This was primarily due to the forfeiture of TLSAU leases resulting in a $6,225,103 loss and impairments of $396,922 in our U.S. properties. In addition, there was an increase in the following expense resulting from the newly acquired Canadian properties: $245,408 increase in lease operating expense, $110,262 increase in depreciation, depletion and amortization, and a $138,314 increase in asset retirement obligation. These increases were offset by $547,665 due to the reduction in compensation of executive management and board members.

Other Income/Expenses

Other income/expenses for the year ended December 31, 2020 were net expenses of $619,006, an increase of expenses of $797,365 from the prior year. The primary cause for the increase was the $456,481 increase in interest expense. This increase was the result of a number of newly signed loan agreements. In addition, derivative liability expenses increased by $171,793 due to warrants issued related to new debt. These increases were offset by other income of $265,663 which was primarily due assets sold in relation to the Utikuma Canadian property purchase.

Net Loss

The net loss for the year ended December 31, 2020 was $10,309,019, compared to net loss of $2,890,901 for the year ended December 31, 2019, a decrease of $7,418,118 from the prior year for the reasons described above, primarily the forfeiture of the TLSAU leases and impairment of U.S. properties.

Liquidity and Capital Resources

As of December 31, 2020, we had total current assets of $199,488 and total assets of $7,159,904. Our total current liabilities as of December 31, 2020 were $7,478,605 and our total liabilities were $11,301,018. We had negative working capital of $7,279,117 as of December 31, 2020.

Our material asset balances are made up of oil and gas properties and related equipment. Our most significant liabilities include asset retirement obligations of $3,624,133, accrued liabilities and related party accrued liabilities of $2,324,084, notes payable of $3,037,737 and related party notes payable of $1,035,329.

Operating activities used $277,599 in cash for the year ended December 31, 2020. Our net loss of $10,309,019 was the main component of our negative operating cash flow, partially offset by the TLSAU loss on forfeiture of $6,255,103 and asset impairment of $396,922.

Net cash used by investing activities for the year ended December 31, 2020 was $0.

Cash provided by financing activities during the year ended December 31, 2020 was $440,890 and consisted primarily of $657,470 of proceeds from related party notes payable, with $119,375 of shares to be issued. Proceeds of $56,680 were received from Origin Bank as a Payment Protection Loan. This was partially offset by $334,268 of repayments of related party notes payable and $68,367 of repayments of notes payable.

During the year ended December 31, 2020, the Company operated at a negative cash flow from operations of approximately $23,000 per month and our auditors have raised a going concern in their audit report as contained herein. Management is pursuing several initiatives to secure funding to increase production at the SUDS field which together with anticipated increases in the price of crude oil may reduce the Company's monthly cash shortfall. Management also plans to minimize general and administrative expenses and optimize cashflow from the Utikuma asset.

The Company has suffered recurring losses from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. We plan to generate profits by working over existing wells, reducing general and administrative expenses and optimizing Utikuma cashflow. However, we will need to raise additional funds to workover wells through the sale of our securities, through loans from third parties or from third parties willing to pay our share of drilling and completing the wells. We do not have any commitments or arrangements from any person to provide us with any additional capital.

If additional financing is not available when needed, we may need to cease operations. There can be no assurance that we will be successful in raising the capital needed to recomplete oil or gas wells nor that any such additional financing will be available to us on acceptable terms or at all.

Management believes that actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, and results of operations, liquidity or capital resources.

Trends Affecting Future Operations

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

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

A decline in oil and gas prices (i) will reduce the cash flow internally generated by the Company which in turn will reduce the funds available for exploring for and replacing oil and gas reserves, (ii) will increase the difficulty of obtaining equity and debt financing and worsen the terms on which such financing may be obtained, (iii) will reduce the number of oil and gas prospects which have reasonable economic terms, (iv) may cause us to permit leases to expire based upon the value of potential oil and gas reserves in relation to the costs of exploration, (v) may result in marginally productive oil and gas wells being abandoned as non-commercial, and (vi) may increase the difficulty of obtaining financing. However, price declines reduce the competition for oil and gas properties and correspondingly reduce the prices paid for leases and prospects.

Other than the foregoing, we do not know of any trends, events or uncertainties that will have, or are reasonably expected to have, a material impact on our sales, revenues or expenses.

Critical Accounting Policies

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

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of $63,088,096 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future sales of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Recently Issued Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated audited financial statements and supplementary data required by this Item are presented beginning on page F-1 of this Annual Report on Form 10-K, which follows "Signatures" below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

An evaluation was carried out under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this annual report on Form 10-K. Based on that evaluation, our management concluded that, as of December 31, 2020, our disclosure controls and procedures were not effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of our Principal Executive and Financial Officer and implemented by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Principal Executive Officer and Principal Financial Officer evaluated the effectiveness of our internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework of 2013. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls. Based on this evaluation, management concluded that our internal control over financial reporting was ineffective as of December 31, 2020.

A material weakness is defined as "a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis."

The ineffectiveness of our internal control over financial reporting was due to an insufficient degree of segregation of duties amongst our accounting and financial reporting personnel, and the lack of a formalized and complete set of policy and procedure documentation evidencing our system of internal controls over financial reporting. These factors led to certain adjustments which have been reflected in our audited financial statements. These weaknesses are not uncommon in a company of our size due to personnel and financial limitations.

Management is committed to remediating the identified material weakness in a timely manner, with appropriate oversight from our Audit Committee. Over the coming years, we intend to work to remediate the material weaknesses identified above, which is expected to include (i) the addition of accounting and financial personnel with experience in the implementation of accounting principles generally accepted in the United States of America and SEC reporting requirements, funding permitting, (ii) the engagement of accounting consultants on a limited-time basis to provide expertise on specific areas of the accounting literature, (iii) the modification to our accounting processes and enhancement to our financial controls, and/or (iv) the hiring of an independent consulting or accounting firm to review and document our internal control system to ensure compliance with COSO. However, our current financial position will make it difficult for us to undertake the planned remediation steps outlined above.

Changes in Internal Control Over Financial Reporting

Except as noted above, there was no change in our internal control over financial reporting that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following information sets forth the names, ages, and positions of our directors and executive officers as of December 31, 2020.

Name	Age	Position	Director/Officer Since
Zel C. Khan	48	Chief Executive Officer	April 2016 through September 2021
Mark Allen	54	President	September 1, 2020
Leo Womack	78	Director	August 2014
James Edward Burns	52	Chairman	April 2017
Ivar Siem	75	Director	April 2019

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors:

Zel C. Khan is an oilfield operator with over 25 years of experience in the Oil & Gas industry. He has successfully operated, both on and offshore, in Texas, Oklahoma, New Mexico and California. Mr. Khan has served as the CEO of the Company from February 2015 through September 2021. Prior to joining the Company, from March 2010 to February 2015, Mr. Khan was the CEO of Jovian Petroleum Corporation, an oil and gas operator in California, Oklahoma, New Mexico, and Texas. From August 2006 to March 2010, Mr. Khan served as Operating Manager of Pyramid GOM Inc., an offshore deep-water operator. He has established a reputation for reducing operating costs on various projects, including a former ConocoPhillips offshore facility located in deep water Gulf of Mexico where he was the Operating Manager. Mr. Khan has also operated in Kern County, California and Alberta, Canada, both are heavy oil fields requiring special operational procedures to maintain low lift costs and strict environmental policies as set by the respective governmental agencies. Mr. Khan holds a Bachelor of Science degree and a Master's degree from Chapman University, California.

Mark Allen is an executive in the oil and gas industry with over 25 years of experience, previously as Vice President, Oil and Gas Consulting for Wipro Limited, a leading global consulting and information technology services firm. Prior to Wipro Limited, Mr. Allen was Vice President, Exploration and Production Services for SAIC, a Fortune 500 company. Mr. Allen has also held leadership roles at Shell Oil Company. For the past 10 years Mr. Allen has been the President of Contango Energy, a family held energy company. Mr. Allen holds a BS in Accounting from Brigham Young University and an MBA from the University of St. Thomas. In September 2021, Mr. Allen was appointed as the Chief Executive Officer of the Company.

Leo Womack has over 40 years of experience in advising and serving as Director of small micro-capitalization public and private companies. Mr. Womack has been the President of Gulf Equities Realty Advisors, Inc., a diversified real estate portfolio management company, since 1986. For more than five (5) years, from March 1986 to the present, Mr. Womack has been and continues to be employed as the President of Gulf Equities Realty Advisors Inc. He has been the Chairman of Fairway Medical Technologies, Inc., a medical device company and a portfolio company of the Baylor College of Medicine Venture Fund since 1996. From 1969 to 1978, he was the managing partner of a local and later national CPA firm. He has served on the Board and as Chairman of the Houston Angel Network and on National Committees of the Angel Capital Association. Prior to its acquisition by ITT Corporation in 2010, he served as a board member and the audit committee chair for OI Corporation (NASDAQ:OICO). Mr. Womack continues to serve on the Boards of Directors of five early-stage companies that he or his Family Trust have invested in. Mr. Womack earned a Bachelor of Business Administration in Accounting from Texas A&M University-Kingsville in 1965 and holds a Series 7 Securities License. Mr. Womack is also a licensed Certified Public Accountant (CPA).

James Edward Burns is an oil and gas executive who brings more than 25 years of energy experience to Petrolia Energy's Board. Most recently, he served as President of BLU LNG, a domestic LNG provider, from December 2014 to February 2016, where he created a coherent commercial and operational strategy serving as catalyst for renewed efficiency and effectiveness. Prior to his role at BLU LNG, Mr. Burns was President of Fortress Energy Partners a division of Fortress Investment Group and worked in various executive roles globally at Royal Dutch Shell, and Texaco. Mr. Burns also serves as a member of the Houston Angel Network's Energy Council and is the chairman of the board of Triple E Real Estate Investments. He holds a BS in Business Administration from California State University and an Executive MBA from the University of Houston.

Ivar Siem is the Chairman of American Resources Inc. ("American"). Mr. Siem previously also served as the Chairman and CEO of American and its predecessor from September 2000 to August 1, 2017. Mr. Siem has broad experience from both the upstream and the service segments of the oil and gas industry. He has been the founder of several companies and involved in multiple roll-ups and restructuring processes throughout his career. These include Fred Olsen, Inc., Dolphin International, Inc., Blue Dolphin Energy, Seateam Technology ASA, DI Industries/Grey Wolf Drilling, American Resources Offshore, Inc., and Equimavenca SA. He has served on a number of public and private company boards including Frupor SA, Avenir ASA, Wellcem AS, and Siem Industries, Inc. Since July 2018, Mr. Siem has served as a member of the Board of Directors of PEDEVCO Corp. (NYSE American:PED), a company with securities registered under the Exchange Act.

On September 1, 2020, Mark Allen was appointed President. Additionally, on February 1, 2021, Paul Deputy was appointed interim CFO.

On July 13, 2020, the following Board members resigned: Joel Oppenheim, Richard Dole and Saleem Nizami. On September 16, 2020 Zel Khan resigned as a board member but remained as Chief Executive Officer.

Term of Office

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

CORPORATE GOVERNANCE

The Company promotes accountability for adherence to honest and ethical conduct; endeavors to provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the SEC and in other public communications made by the Company; and strives to be compliant with applicable governmental laws, rules and regulations.

Board Leadership Structure

The roles of Chairman and Chief Executive Officer of the Company are currently held separately. Mr. Burns serves as Chairman and Mr. Allen serves as Chief Executive Officer. The Board of Directors does not have a policy as to whether the Chairman should be an independent director, an affiliated director, or a member of management. Our Board believes that the Company's current leadership structure is appropriate because it effectively allocates authority, responsibility, and oversight between management and the members of our Board (currently Mr. Burns as Chairman). It does this by giving primary responsibility for the operational leadership and strategic direction of the Company to its Chief Executive Officer, while enabling our Chairman to facilitate our Board's oversight of management, promote communication between management and our Board, and support our Board's consideration of key governance matters. The Board believes that its programs for overseeing risk, as described below, would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of structure.

Risk Oversight

Effective risk oversight is an important priority of the Board of Directors. Because risks are considered in virtually every business decision, the Board of Directors discusses risk throughout the year generally or in connection with specific proposed actions. The Board of Directors' approach to risk oversight includes understanding the critical risks in the Company's business and strategy, evaluating the Company's risk management processes, allocating responsibilities for risk oversight, and fostering an appropriate culture of integrity and compliance with legal responsibilities. The directors exercise direct oversight of strategic risks to the Company.

Family Relationships

None of our directors are related by blood, marriage, or adoption to any other director, executive officer, or other key employees.

Arrangements Between Officers and Directors

To our knowledge, there is no arrangement or understanding between any of our officers and any other person, including directors, pursuant to which the officer was selected to serve as an officer.

Other Directorships

No directors of the Company are also directors of issuers with a class of securities registered under Section 12 of the Exchange Act (or which otherwise are required to file periodic reports under the Exchange Act), except as discussed in their bios above.

Director Qualifications

The Board believes that each of our directors is highly qualified to serve as a member of the Board. Each of the directors has contributed to the mix of skills, core competencies and qualifications of the Board. When evaluating candidates for election to the Board, the Board seeks candidates with certain qualities that it believes are important, including integrity, an objective perspective, good judgment, and leadership skills. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our executive officers or directors has been involved in any of the following events during the past ten years:

(1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
(2) any conviction in a criminal proceeding or being a named subject to a pending criminal proceeding (excluding traffic violations and minor offenses);
(3) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
(4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law;
(5) being the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (i) any Federal or State securities or commodities law or regulation; (ii) any law or regulation respecting financial institutions or insurance companies, including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
(6) being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section (1a)(40) of the Commodity Exchange Act), or any equivalent exchange, association, entity, or organization that has disciplinary authority over its members or persons associated with a member.

Board of Directors Meetings

The Company had four (4) official meetings of the Board of Directors during the fiscal year 2020 and ten (10) during the previous fiscal year ending December 31, 2019. All directors attended at least 75% of the meetings of the Board of Directors and meetings of Committees of the Board of Directors, for committees on which they served. The Company has not adopted a policy requiring its directors to attend its annual meeting.

Hedging, Clawbacks and Insider Trading Policies

The Company does not currently hedge any oil and gas products.

Insider trading includes the trading of our stock and options (put and call), based on material, non-public information about the Company. The Company prohibits any insider trading shares based on insider information and could be exposed to potential civil and/or criminal penalties. It also prohibits the sharing of that information with other non-insider individuals. This policy applies to the purchase/sale of common stock and preferred stock. The Company prohibits the trading of options at any time, irrespective of stock trading restrictions. This policy applies to all directors, officers, employees and consultants of the Company, as well as their family members. This policy imposes special additional temporary trading restrictions applicable to directors and officers of the Company.

COMMITTEES OF THE BOARD

Board Committee Membership

	Independent	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
James E. Burns (1)			C	
Leo Womack	X	C		M
Ivar Siem	X	M		C

(1) Chairman of Board of Directors.
C - Chairman of Committee.
M - Member.

The charter for each committee of the Board identified below is available on our website at www.petroliaenergy.com. Copies of the committee charters are also available for free upon written request to our Corporate Secretary. Additionally, the committee charters are filed as exhibits to our Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 24, 2018 (the "Form 8-K").

Audit Committee

The Audit Committee, which is comprised exclusively of independent directors, has been established by the Board to oversee our accounting and financial reporting processes and the audits of our financial statements.

The Board has selected the members of the Audit Committee based on the Board's determination that the members are financially literate (as required by NASDAQ rules) and qualified to monitor the performance of management and the independent auditors and to monitor our disclosures so that our disclosures fairly present our business, financial condition and results of operations.

The Board has also determined that Mr. Womack, is an "audit committee financial expert" (as defined in the SEC rules) because he has the following attributes: (i) an understanding of generally accepted accounting principles in the United States of America ("GAAP") and financial statements; (ii) the ability to assess the general application of such principles in connection with accounting for estimates, accruals and reserves; (iii) experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions. Mr. Womack has acquired these attributes by means of having held various positions that provided relevant experience, as described in his biographical above.

The Audit Committee has the sole authority, at its discretion and at our expense, to retain, compensate, evaluate and terminate our independent auditors and to review, as it deems appropriate, the scope of our annual audits, our accounting policies and reporting practices, our system of internal controls, our compliance with policies regarding business conduct and other matters. In addition, the Audit Committee has the authority, at its discretion and at our expense, to retain special legal, accounting, or other advisors to advise the Audit Committee.

The Audit Committee was formed on May 21, 2018.

The Audit Committee Charter is filed as Exhibit 99.3 to the Form 8-K filed on May 24, 2018.

Compensation Committee

The Compensation Committee, which is comprised exclusively of independent directors, is responsible for the administration of our stock compensation plans, approval, review and evaluation of the compensation arrangements for our executive officers and directors and oversees and advises the Board on the adoption of policies that govern the Company's compensation and benefit programs. In addition, the Compensation Committee has the authority, at its discretion and at our expense, to retain special legal, accounting or other advisors to advise the Compensation Committee.

The Compensation Committee was formed on May 21, 2018.

The Compensation Committee Charter is filed as Exhibit 99.4 to the Form 8-K filed on May 24, 2018.

On July 13, 2020, when Joel Oppenheim resigned as Chairman, James Burns replace him as Chairman of the Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Governance Committee, which is comprised exclusively of independent directors, is responsible for identifying prospective qualified candidates to fill vacancies on the Board, recommending director nominees (including chairpersons) for each of our committees, developing and recommending appropriate corporate governance guidelines and overseeing the self-evaluation of the Board.

In considering individual director nominees and Board committee appointments, our Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and Board committees and to identify individuals who can effectively assist the Company in achieving our short-term and long-term goals, protecting our stockholders' interests and creating and enhancing value for our stockholders. In so doing, the Nominating and Governance Committee considers a person's diversity attributes (e.g., professional experiences, skills, background, race and gender) as a whole and does not necessarily attribute any greater weight to one attribute. Moreover, diversity in professional experience, skills and background, and diversity in race and gender, are just a few of the attributes that the Nominating and Governance Committee takes into account. In evaluating prospective candidates, the Nominating and Governance Committee also considers whether the individual has personal and professional integrity, good business judgment and relevant experience and skills, and whether such individual is willing and able to commit the time necessary for Board and Board committee service.

While there are no specific minimum requirements that the Nominating and Governance Committee believes must be met by a prospective director nominee, the Nominating and Governance Committee does believe that director nominees should possess personal and professional integrity, have good business judgment, have relevant experience and skills, and be willing and able to commit the necessary time for Board and Board committee service. Furthermore, the Nominating and Governance Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending individuals that can best perpetuate the success of our business and represent stockholder interests through the exercise of sound business judgment using their diversity of experience in various areas. We believe our current directors possess diverse professional experiences, skills and backgrounds, in addition to (among other characteristics) high standards of personal and professional ethics, proven records of success in their respective fields and valuable knowledge of our business and our industry.

The Nominating and Governance Committee uses a variety of methods for identifying and evaluating director nominees. The Nominating and Governance Committee also regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or other circumstances. In addition, the Nominating and Governance Committee considers, from time to time, various potential candidates for directorships. Candidates may come to the attention of the Nominating and Governance Committee through current Board members, professional search firms, stockholders or other persons. These candidates may be evaluated at regular or special meetings of the Nominating and Governance Committee and may be considered at any point during the year.

The Committee evaluates director nominees at regular or special Committee meetings pursuant to the criteria described above and reviews qualified director nominees with the Board. The Committee selects nominees that best suit the Board's current needs and recommends one or more of such individuals for election to the Board.

The Nominating and Governance Committee was formed on May 21, 2018.

The Nominating and Governance Committee Charter is filed as Exhibit 99.5 to the Form 8-K filed on May 24, 2018.

Stockholder Communications with the Board

Our Company has defined policy and procedural requirements for stockholders to submit recommendations or nominations for directors as set forth in the Company's Bylaws and described below. Our Company does not currently have any specific or minimum criteria for the election of nominees to the Board of Directors and we do not have any specific process or procedure for evaluating such nominees. The Nominating and Governance Committee will assess all candidates, whether submitted by management or stockholders, and make recommendations for election or appointment.

The Nominating and Governance Committee will consider candidates recommended by stockholders, provided the names of such persons, accompanied by relevant biographical information, are properly submitted in writing to the Secretary of the Company in accordance with the manner described below. The Secretary will send properly submitted stockholder recommendations to the Nominating and Governance Committee. Individuals recommended by stockholders in accordance with these procedures will receive the same consideration received by individuals identified to the Nominating and Governance Committee through other means. The Nominating and Governance Committee also may, in its discretion, consider candidates otherwise recommended by stockholders without accompanying biographical information, if submitted in writing to the Secretary.

Our stockholders and other interested parties may communicate with members of the Board of Directors by submitting such communications in writing to our Corporate Secretary, 710 N. Post Oak Rd., Suite 400, Houston, Texas 77024, who, upon receipt of any communication other than one that is clearly marked "Confidential," will note the date the communication was received, open the communication, make a copy of it for our files and promptly forward the communication to the director(s) to whom it is addressed. Upon receipt of any communication that is clearly marked "Confidential," our Corporate Secretary will not open the communication, but will note the date the communication was received and promptly forward the communication to the director(s) to whom it is addressed. If the correspondence is not addressed to any particular Board member or members, the communication will be forwarded to a Board member to bring to the attention of the Board.

Code of Conduct

We have adopted a Code of Ethical Business Conduct ("Code of Conduct ") that applies to all of our directors, officers and employees.

Any stockholder who so requests may obtain a free copy of our Code of Conduct by submitting a written request to our Corporate Secretary. Additionally, the Code of Conduct was filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 23, 2015, as Exhibit 14.1.

We intend to disclose any amendments to our Code of Conduct and any waivers with respect to our Code of Conduct granted to our principal executive officer, our principal financial officer, or any of our other employees performing similar functions on our website at www.petroliaenergy.com within four business days after the amendment or waiver. In such case, the disclosure regarding the amendment or waiver will remain available on our website for at least 12 months after the initial disclosure. There have been no waivers granted with respect to our Code of Conduct to any such officers or employees.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Pursuant to SEC rules, we are not required to disclose in this filing any failure to timely file a Section 16(a) report that has been disclosed by us in a prior annual report or proxy statement.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation of (i) all individuals serving as our principal executive officer (PEO) or acting in a similar capacity during the last completed fiscal year, regardless of compensation level; (ii) our two most highly compensated executive officers other than the PEO who were serving as executive officers at the end of the last completed fiscal year and who were paid more than $100,000 of total compensation; and (iii) up to two additional individuals for whom disclosure would have been provided pursuant to paragraph (ii) but for the fact that the individual was not serving as an executive officer at the end of the last completed fiscal year (collectively, the "Named Executive Officers").

The following table summarizes all compensation paid or accrued to our former or current executive officers during the years ended December 31, 2020 and December 31, 2019:

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option and Warrant Awards (4)	All Other Compensation (5)	Total
Zel Khan (Former Chief Executive Officer)(6)	2020	$ —	$ —	$ —	$ 28,354	$ —	$ 28,354
	2019	$ 125,000	$ —	$ —	$ 67,622	$ —	$ 192,622
Mark Allen (President) (7)	2020	$ 60,000	$ —	$ 70,000	$ —	$ —	$ 130,000
	2019	$ —	$ —	$ —	$ —	$ —	$ —
Horacio Alfredo Fernandez (Interim Principal Financial and Accounting Officer) (8)	2020	$ —	$ —	$ —	$ —	$ —	$ —
	2019	$ 68,000	$ —	$ —	$ —	$ —	$ 68,000

Does not include perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is more than $10,000. None of our executive officers received any change in pension value and nonqualified deferred compensation earnings during the periods presented.

(1) The dollar value of base salary (cash and non-cash) earned. Executive salaries in 2019 and 2020 were generally accrued by not paid.
(2) The dollar value of bonus (cash and non-cash) earned.
(3) The fair value of stock issued for services computed in accordance with ASC 718 on the date of grant.
(4) The fair value of options and warrants granted computed in accordance with ASC 718 on the date of grant.
(5) All other compensation received that we could not properly report in any other column of the table.
(6) Zel C. Khan was appointed as President and Chief Executive Officer of the Company, on March 1, 2015. Mr. Khan resigned as Chief Executive Officer of the Company in September 2021.
(7) On September 1, 2020, the Board of Directors approved a contractual Employment Agreement between the Company and Mark Allen to appoint him as the new President of the Company.
(8) Horacio Alfredo Fernandez was appointed as interim Chief Financial Officer on October 31, 2018. He resigned on March 20, 2020

Mark Allen was appointed as the Chief Executive Officer of the Company in September 2021. Paul Deputy was re-appointed Interim Chief Financial Officer as of February 1, 2021.

We do not provide our officers or employees with pension, stock appreciation rights, long-term incentive, profit sharing, retirement or other plans, although we may adopt one or more of such plans in the future.

We do not maintain any life or disability insurance on any of our officers.

Employment Agreements

Zel C. Khan (CEO)

On September 23, 2015, Zel C. Khan, entered into an employment agreement with the Company effective October 1, 2015 to serve as our President and Chief Executive Officer for an initial term of twenty-four (24) months (automatically renewable thereafter for additional one-year terms), which agreement automatically extended from October 1, 2017 to September 30, 2018 and from October 1, 2018 to September 30, 2019. The agreement provides that the Company will pay Mr. Khan an annual base salary of $160,000, with a provision for deferral of current payments until such time that the Company is cash flow positive. The Company will issue one warrant to purchase one share of the Company's restricted common stock at an exercise price of $0.20 per share for each dollar of gross salary that is deferred. The Warrants will have a term of 36 months from date of grant, which will vest quarterly.

In the event Mr. Khan's employment is terminated by the Company without cause, he is required to receive severance pay equal to two months of his base salary. '<u>Cause</u>" means (i) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, unethical business conduct, disloyalty, fraud or breach of fiduciary duty, (ii) reporting to work under the influence of alcohol, (iii) the use of illegal drugs (whether or not at the workplace) or other conduct, which could reasonably be expected to, or which does, cause the Company or any of its affiliates public disgrace or disrepute or economic harm, (iv) repeated failure to perform duties as reasonably directed by the Board of Directors, (v) gross negligence or willful misconduct with respect to the Company or its affiliates or in the performance of Mr. Khan's duties under the agreement, (vi) obtaining any personal profit not thoroughly disclosed to and approved by the board in connection with any transaction entered into by, or on behalf of, the Company or any of its affiliates, or (vii) violating any of the terms of the Company's or its affiliates' rules or policies applicable to Mr. Khan which, if curable, is not cured to the board's reasonable satisfaction within fifteen (15) days after written notice thereof to Mr. Khan, or any other material breach of the agreement or any other agreement between Mr. Khan and the Company or any of its affiliates which, if curable, is not cured to the board's reasonable satisfaction within fifteen (15) days after written notice thereof to Mr. Khan.

The employment agreement includes a non-solicitation/non-interference clause which applies for two years after the termination date of the employment agreement. The employment agreement also requires Mr. Khan to submit to the board all business, commercial and investment opportunities or offers presented to Mr. Khan or of which Mr. Khan becomes aware which relate to the business of the Company or its affiliates.

The Chairman of the Board of Directors accepted the resignation of Chief Executive Officer, Zel C. Khan, effective September 1, 2021.

Mark Allen (President)

On September 1, 2020, the Board of Directors approved a contractual Employment Agreement between the Company and Mark Allen to appoint him as the new President of the Company. Mr. Allen's contract term is 6 months, with a cash payment of $90,000 in equal monthly installments of $15,000, including an option to extend. In addition, Mr. Allen is due to receive incentive compensation of 2,000,000 shares of common stock (1,000,000 at signing and the remaining at the end of the contract period). He also is to receive 1,000,000 warrants at $0.08 per share that expire in 36 months and vest over a two-year period.

On September 1, 2021, the Board of Directors approved a contractual Employment Agreement between the Company and Mark Allen to appoint him as the CEO of the Company.

<u>Director Compensation</u>

The table below summarizes all compensation of our directors for the year ended December 31, 2020, other than Mr. Khan, whose compensation is included in the executive compensation table above:

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option and Warrant Awards (3)	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total ($)
James E. Burns	$ 71,000 (4,5)	$ —	$ 32,801	$ —	$ —	$ 20,130(5)	$ 123,931
Leo Womack	—	—	$ 32,801	—	—	—	$ 32,801
Ivar Siem	$ —	$ —	$ 32,801	$ —	$ —	$ —	$ 32,801

The notes below summarizes all compensation of our directors for the year ended December 31, 2020.

(1) Fees earned due to retainers, meetings, committees and chairman services. These fees were not paid in cash to date but were accrued.
(2) The fair value of stock issued for services computed in accordance with ASC 718 on the date of grant.
(3) The fair value of warrants granted computed in accordance with ASC 718 on the date of grant.
(4) Includes $65,000 which was accrued and not paid for salary and $6,000 which was accrued and not paid for fees.
(5) Payment for health insurance benefits was included in James Burns employment agreement.

The fair value of stock issued for services computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 on the date of grant.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information regarding the beneficial ownership of our common stock and preferred stock by (i) each person who is known by the Company to own beneficially more than five percent (5%) of our outstanding voting stock; (ii) each of our directors and director nominees; (iii) each of our executive officers and significant employees; and (iv) all of our current executive officers, significant employees and directors as a group, as of May 9, 2022 (the "Date of Determination").

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and/or investing power with respect to securities. These rules generally provide that shares of common stock subject to options, warrants or other convertible securities that are currently exercisable or convertible, or exercisable or convertible within 60 days of the Date of Determination, are deemed to be outstanding and to be beneficially owned by the person or group holding such options, warrants or other convertible securities for the purpose of computing the percentage ownership of such person or group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

We believe that, except as otherwise noted and subject to applicable community property laws, each person named in the following table has sole investment and voting power with respect to the shares of common stock shown as beneficially owned by such person. Unless otherwise indicated, the address for each of the officers or directors listed in the table below is 710 N. Post Oak Rd., Suite 400, Houston, Texas 77024.

	Number of Common Stock Shares (1)	Percent of Common Stock (2)	Number of Series A Convertible Preferred Stock Shares	Percent of Series A Convertible Preferred Stock (2)	Total Beneficial Ownership	Percent of Total Voting Shares (3)
Named Executive Officers and Directors						
Leo Womack	5,862,500(4)	3.3%	8,400	4.2%	6,462,504	3.4%
James E. Burns	7,904,566(5)	4.5%	16,400	8.2%	9,076,002	4.7%
Ivar Siem	2,854,167(6)	1.6%			2,854,167	1.5%
Mark M. Allen	11,635,778(7)	6.6%			11,635,778	6.1%
Paul Deputy	4,512,048(8)	2.5%	4,400	2.2%	4,826,336	2.5%
All Named Executive Officers and Directors as a Group (5 persons)	**32,768,059**	**18.5%**	**29,200**	**14.7%**	**34,320,722**	**18.2%**
5% Stockholders						
Common Stock						
Quinten Beasley	9,706,172(9)	5.5%			9.706,172	5.1%
Zel C. Khan	46,865,575(10)	26.5%	24,410	12.3%	48,865,575	24.5%
Joel Oppenheim	11,271,613(11)	6.4%	20,490	10.3%	11,271,613	5.9%
Series A Convertible Preferred Stock						
Rick Wilber	3,230,000(12)	1.8%	55,000	27.6%	7,158,595	3.7%

Under Rule 13d-3 of the Exchange Act, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares, and/or (ii) investment power, which includes the power to dispose or direct the disposition of shares. Also under this rule, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option or warrant) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the number of shares is deemed to include the number of shares beneficially owned by such person by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the above table does not necessarily reflect the person's actual voting power at any particular date.

(1) Not including shares of common stock issuable upon conversion of outstanding shares of Series A Preferred Stock held by each holder.

(2) Except as otherwise indicated, all shares are owned directly, and the percentage shown is based on 176,988,322 shares of common stock and 199,100 shares of Series A Convertible Preferred Stock issued and outstanding as of the Date of Determination. The Series A Preferred Stock (and accrued and unpaid dividends thereon) are convertible into shares of common stock of the Company on a 71.429-for-one basis. The Series A Preferred Stock includes a blocker prohibiting the conversion of the Series A Preferred Stock into common stock of the Company, if upon such conversion/exercise the holder thereof would beneficially own more than 4.999% of the Company's then outstanding common stock, provided such limitation shall not apply in the event of an automatic conversion of the Series A Preferred Stock (the "Beneficial Ownership Limitation"). The Beneficial Ownership Limitation also limits the voting rights of any holders of the Series A Preferred Stock, the effects of which have been reflected in the table above. The Beneficial Ownership Limitation may be waived by any holder with 61 days prior written notice to the Company.

(3) Includes all shares of common stock beneficially owned by each named person, all shares of common stock issuable upon exercise of warrants which have vested, or which will vest within 60 days of the Date of Determination to the named person, and all shares of common stock issuable upon conversion of Series A Preferred Stock held by the named person, subject to the Beneficial Ownership Limitation.

(4) Includes all shares of common stock beneficially owned by Mr. Womack and the Leo B. Womack Family Trust, which Mr. Womack is deemed to beneficially own (the "Trust"), all shares of common stock issuable upon exercise of warrants which have vested or which will vest within 60 days of the Date of Determination to Mr. Womack and the Trust, and for the "Total Beneficial Ownership" column, shares of common stock issuable upon conversion of outstanding shares of Series A Preferred Stock held by Mr. Womack and the Trust, subject to the Beneficial Ownership Limitation.

(5) Includes all shares of common stock beneficially owned by Mr. Burns, all shares of common stock issuable upon exercise of warrants which have vested, or which will vest within 60 days of the Date of Determination to Mr. Burns, and for the "Total Beneficial Ownership" column, shares of common stock issuable upon conversion of outstanding shares of Series A Preferred Stock held by Mr. Burns, subject to the Beneficial Ownership Limitation.

(6) Includes all shares of common stock beneficially owned by Mr. Siem and American Resources Offshore Inc. ("American Resources") and all shares of common stock issuable upon exercise of warrants which have vested, or which will vest within 60 days of the Date of Determination to Mr. Siem and American Resources. Mr. Siem is deemed to beneficially own the securities held by American Resources due to his position as Director and CEO of American Resources.

(7) Includes all shares of common stock and warrants to purchase shares of common stock held by Mr. Allen, which have vested, or which will vest within 60 days of the Date of Determination.

(8) Includes all shares of common stock and warrants to purchase shares of common stock held by Mr. Deputy, which have vested, or which will vest within 60 days of the Date of Determination.

(9) Address: 710 N. Post Oak Rd., Suite 500, Houston, Texas 77024. Includes all shares of common stock beneficially owned by Mr. Beasley, Critical Communication LLC ("Critical"), all shares of common stock issuable upon exercise of warrants which have vested, or which will vest within 60 days of the Date of Determination to Mr. Beasley, Critical. Mr. Beasley is deemed to beneficially own the securities held by Critical due to his position as Managing Director of Critical.

(10) Address: 710 N. Post Oak Rd., Suite 500, Houston, Texas 77024. Includes all shares of common stock beneficially owned by Mr. Khan, and Jovian Petroleum Corporation ("Jovian"), all shares of common stock issuable upon exercise of warrants which have vested or which will vest within 60 days of the Date of Determination to Mr. Khan and Jovian, and for the "Total Beneficial Ownership" column, shares of common stock issuable upon conversion of outstanding shares of Series A Preferred Stock held by Mr. Khan and Jovian, subject to the Beneficial Ownership Limitation. Mr. Khan is deemed to beneficially own the securities held by Jovian due to his position as CEO of Jovian.

(11) Includes all shares of common stock beneficially owned by Mr. Oppenheim, all shares of common stock issuable upon exercise of warrants which have vested, or which will vest within 60 days of the Date of Determination to Mr. Oppenheim, and for the "Total Beneficial Ownership" column, shares of common stock issuable upon conversion of outstanding shares of Series A Preferred Stock held by Mr. Oppenheim, subject to the Beneficial Ownership Limitation.

(12) Address: 10360 Kestrel Street, Plantation, Florida, 33324.

Changes in Control

The Company is not aware of any arrangements, which may at a subsequent date result in a change of control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Except as discussed below or otherwise disclosed above under "Item 11. Executive Compensation,", Note 7 – Related Party Notes Payable, Note 10 - Equity and Note 11 - Related Party Transactions, of the consolidated audited financial statements included herein, all of which information is incorporated by reference into this Item 13, there have been no transactions since the beginning of the Company's last fiscal year, and there is not currently any proposed transaction, in which the Company was or is to be a participant, where the amount involved exceeds the lesser of $120,000 or one percent of the average of the Company's total assets at year end, for the last two completed fiscal years, and in which any officer, director, or any stockholder owning greater than five percent (5%) of our outstanding voting shares, nor any member of the above referenced individual's immediate family, had or will have a direct or indirect material interest.

On August 1, 2017, Mr. Joel Oppenheim provided a Letter of Credit (LOC), which was posted as collateral in order for the Company to issue operating bonds with the State of New Mexico for the operation of Twin Lakes San Andres Unit wells. In exchange for the LOC, the Company issued Mr. Oppenheim 2,000,000 shares of common stock valued at $246,000 and warrants to purchase 2,000,000 shares of common stock with an exercise price of $0.14 per share.

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

On October 25, 2021, the Board of Directors of the Company approved the filing of a Certificate of Designations of Petrolia Energy Corporation Establishing the Designations, Preferences, Limitations, and Relative Rights of its Series B Preferred Stock with the Secretary of State of Texas, which designation was filed with, and became effective with, the Secretary of State of Texas on October 25, 2021. The Series B Designation designated three shares of Series B Preferred Stock. The Company issued one share of its newly designated shares of Series B Preferred Stock to each of the three members of its then Board of Directors, (1) James E. Burns, (2) Leo Womack and (3) Ivar Siem, in consideration for services rendered to the Company as members of the Board of Directors. Such shares of Series B Preferred Stock vote in aggregate sixty percent (60%) of the total vote on all shareholder matters, voting separately as a class.

In October and November of 2021, and January 2022, the Company entered into various subscription agreements with certain accredited investors, pursuant to which the Subscribers agreed, subject to certain conditions in the Subscription Agreements, to purchase an aggregate amount of 11,000 shares of the Company's newly designated shares of Series C Convertible Preferred Stock, par value $0.10 per share at $10.00 per share. 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).

Review, Approval and Ratification of Related Party Transactions

On August 22, 2018, the Company adopted a formal related party transaction policy (the "Policy") for the review, approval or ratification of transactions, such as those described above, with our directors, nominees for director, executive officers and significant shareholders or certain entities or persons related to them.

Under the terms of the Policy, the Audit Committee shall review the material facts of all related party transactions and may approve or disapprove of the entry into the related party transaction. Where advance Audit Committee review of a related party transaction is not feasible or has otherwise not been obtained, then the related party transaction shall be reviewed subsequently by the Audit Committee (and such transaction may be ratified subsequently by the Audit Committee). The Audit Committee may also disapprove of a previously entered into related party transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the related party transaction. The Audit Committee shall be authorized to review in advance and provide standing pre-approval in advance of certain related party transactions or categories of related party transactions which include employment of executive officers, director compensation and others. The Audit Committee or the Board of Directors may recommend the creation of a special Audit Committee to review any related party transaction.

Each officer and/or director who is a related party with respect to a particular related party transaction shall disclose all material information to the Audit Committee concerning such related party transaction and his or her interest in such transaction. Any member of the Audit Committee who has a potential interest in any related party transaction shall recuse himself or herself and abstain from voting on the approval or ratification of the related party transaction, but may participate in all or a portion of the Audit Committee's discussions of the related party transaction, if requested by the Audit Committee.

In connection with its review of a related party transaction, the Audit Committee shall take into account, among other factors it deems appropriate, including the following factors, among others, to the extent relevant to the related party transaction:

● Whether the terms of the related party transaction are fair to the Company and would apply on the same basis if the transaction did not involve a related party, i.e., whether the terms of the transaction would be the same if the transaction was undertaken on an arms-length basis;

● Whether there are any compelling business reasons for the Company to enter into the related party transaction and the nature of alternative transactions, if any;

● Whether the related party transaction would impair the independence of an otherwise independent director or nominee for director;

● Whether the Company was notified about the related party transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and

● Whether the related party transaction would present an improper conflict of interest for any related party, taking into account the size of the transaction, the overall financial position of the related party, the direct or indirect nature of the related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

If a related party transaction will be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the related party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the related party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under the Policy shall also be subject to subsequent review under the Policy.

In addition to guidelines for ongoing related party transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other related party transactions including those that (i) involve de minimus amounts, (ii) do not require public disclosure, or (iii) involve transactions that have primarily a charitable purpose.

Director Independence

Our common stock is quoted for trading on the OTC Pink Sheet market operated by OTC Markets Group and we are not required to have independent members of our Board of Directors pursuant to OTC Pink Sheet market rules. Notwithstanding that we currently consider Leo Womack and Ivar Siem as independent directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Our independent public accounting firm is M&K CPAS, PLLC, Houston, Texas, PCAOB Auditor ID #2738.

M&K CPAS, PLLC ("M&K") served as our independent registered public accounting firm for the year ended December 31, 2018. MaloneBailey, LLP ("MaloneBailey") served as our independent registered public accounting firm for the year ended December 31, 2017 and resigned effective January 29, 2019. The following table shows the aggregate fees billed to us for these years by M&K and MaloneBailey.

	Year Ended December 31, 2020	2019
Audit Fees	$ 27,000	$ 70,100
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 27,000	$ 70,100

Audit fees represent amounts billed for professional services rendered for the audit of our annual consolidated financial statements and the reviews of the financial statements included in our Form 10-Q reports. Prior to contracting with M&K to render audit or non-audit services, each engagement was approved by our directors.

It is the policy of our Board of Directors that all services to be provided by our independent registered public accounting firm, including audit services and permitted audit-related and non-audit services, must be pre-approved by our Board of Directors. Our Board of Directors pre-approved all services, audit and non-audit related, provided to us by M&K for 2019 and 2020.

In order to assure continuing auditor independence, the Board of Directors periodically considers the independent auditor's qualifications, performance and independence and whether there should be a regular rotation of our independent external audit firm.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

INDEX TO FINANCIAL STATEMENTS

Audited Financial Statements for Years Ended December 31, 2020 and 2019

(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

(3) Exhibits required by Item 601 of Regulation S-K

Incorporated by Reference

Exhibit Number		Filed or Furnished Herewith	Form	Exhibit Number	Filing Date/ Period End Date	File No.
04.01	Exhibit 4.1 - Description of Company's Capital Stock		10-Q	04.01	06/30/2019	
10.01	$500,000 Convertible Promissory Note dated April 1, 2018 entered into with Blue Sky International Holdings Inc.		10-K	10.01	12/30/2017	000-52690
10.02	Amended Revolving Line of Credit Agreement with Jovian Petroleum Corporation dated February 9, 2018 and amended April 12, 2018		10-K	10.02	12/30/2017	000-52690
10.03	Separation and Release Agreement dated April 19, 2018, by and between James E. Burns and Petrolia Energy Corporation		8-K	10.03	5/1/2018	000-52690
10.04	Chairman Offer Letter dated April 20, 2018, by and between James E. Burns and Petrolia Energy Corporation		8-K	10.04	5/1/2018	000-52690
10.05	Warrant to Purchase Common Stock, evidencing warrants to purchase 5,000,000 shares of common stock granted to James E. Burns on April 19, 2018		8-K	10.05	5/1/2018	000-52690
10.06	Tariq Chaudhary Offer Letter dated January 12, 2018		10-Q	10.06	3/31/2018	000-52690
10.07	Bukit Energy Inc. $500,000 Promissory Note dated August 31, 2017 and amendment		10-Q	10.07	3/31/2018	000-52690
10.08	Memorandum of Understanding between Blue Sky Resources Ltd. and Petrolia Energy Corporation dated June 29, 2018		8-K	10.08	7/6/2018	000-52690
10.09	Conveyance between Blue Sky Resources Ltd. and Petrolia Energy Corporation dated June 29, 2018		8-K	10.09	7/6/2018	000-52690
10.10	CAD $406,181 Promissory Note by Petrolia Energy Corporation in favor of Blue Sky Resources Ltd. dated June 8, 2018		8-K	10.10	7/6/2018	000-52690
10.11	EJL Debt Repayment Agreement effective July 31, 2018, by and between Petrolia Energy Corporation and Blue Sky Resources Ltd (incorporated by reference to Schedule 2A of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.11	9/5/2018	000-52690
10.12	Assignment of 20% BOW EIH effective July 31, 2018, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 3 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.12	9/5/2018	000-52690

Exhibit Number		Filed or Furnished Herewith	Form	Exhibit Number	Filing Date/ Period End Date	File No.
10.13	Assignment of Petrolia Royalty effective July 31, 2018, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 4 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.13	9/5/2018	000-52690
10.14	Petrolia Carry Agreement, by and between Petrolia Energy Corporation and Bow Energy Ltd. (incorporated by reference to Schedule 5 of the Share Exchange Agreement incorporated by reference herewith as Exhibit 2.3)		8-K	10.14	9/5/2018	000-52690
10.15	Form of 12% Bridge Note – 2018		8-K	10.15	9/5/2018	000-52690
10.16	Purchase and Sale Agreement dated and effective November 1, 2018, by and between Petrolia Energy Corporation and Crossroads Petroleum L.L.C.		10-Q	10.16	9/30/2018	000-52690
10.17	$240,000 Promissory Note dated November 2, 2018, by Crossroads Petroleum L.L.C. in favor of Petrolia Energy Corporation		10-Q	10.17	9/30/2018	000-52690
10.18	Loan Agreement dated September 17, 2018 with Emmett Lescroart		10-Q	10.18	9/30/2018	000-52690
10.19	Purchase and Sale Agreement dated and effective August 6, 2019, by and between Petrolia Energy Corporation and FlowTex Energy LLC		10-Q	10.19	06/30/19	
10.20	Jovian Petroleum Corporation Line of Credit Extension, dated December 31, 2019		10-Q	10.20	06/30/2019	
10.21	Employment Agreement - Mark Allen dated September 1, 2020		8-K	10.21	09/1/2020	
10.22	Executive Salary Payment Agreement – Zel Khan dated January 11, 2021		10-Q	10.22	06/30/2019	
10.23	Utikuma Letter Agreement between BSR and Petrolia dated June 29, 2020		10-Q	10.23	06/30/2019	
10.24	Executive Salary Payable Agreement – Mark Allen dated March 30, 2021		10-Q	10.24	06/30/2019	
10.25	Debt to Equity Conversion Agreement – Mark Allen dated March 30, 2021		10-Q	10.25	06/30/2019	
10.26	Settlement and Mutual Release Agreement – Paul Deputy dated January 29, 2021		10-Q	10.26	06/30/2019	
14.1	Code of Ethical Business Conduct		10-Q	14.1	9/30/2015	000-52690
14.2	Whistleblower Protection Policy		8-K	14.1	5/24/2018	000-52690
14.3	Insider Trading Policy		10-Q	14.3	06/30/2019	
14.4	Related Party Transaction Policy		10-Q	14.4	06/30/2019	
16.1	Letter to Securities and Exchange Commission from MaloneBailey, LLP, LLP, dated February 22, 2019		8-K	16.1	2/25/2019	000-52690
21.1*	Subsidiaries	X				
23.1*	Consent of MKM Engineering dated October 15, 2019	X				
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X				
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X				
99.1*	Appraisal of certain Oil and Gas interests owned by Petrolia Energy Corporation located in Saskatchewan, Alberta Canada as of December 31, 2020, dated June 28, 2021	X				
99.2*	Appraisal of certain Oil and Gas interests owned by Petrolia Energy Corporation located in Alberta Canada as of December 31, 2020, dated July 29, 2021	X				
99.3	Charter of the Audit Committee		8-K	99.1	5/24/2018	000-52690
99.4	Charter of the Compensation Committee		8-K	99.2	5/24/2018	000-52690
99.5	Charter of the Nominating and Corporate Governance Committee		8-K	99.3	5/24/2018	000-52690
99.6*	Appraisal of certain Oil and Gas interests owned by Petrolia Energy Corporation located in Chaves County, New Mexico as of January 1, 2021, dated February 3, 2022	X				

99.7*	Appraisal of certain Oil and Gas interests owned by Petrolia Energy Corporation located in Creek County, Oklahoma as of January 1, 2021, dated February 9, 2022	X
101.INS+	XBRL Instance Document	X
101.SCH+	XBRL Taxonomy Extension Schema Document	X
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE+	XBRL Taxonomy Presentation Linkbase Document	X

ITEM 16. FORM 10–K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PETROLIA ENERGY CORPORATION

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

Date: May 13, 2022

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

Date: May 13, 2022

Pursuant to the requirements of the Securities Exchange Act of l934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mark Allen Mark Allen	Chief Executive Officer (Principal Executive Officer)	May 13, 2022
/s/ Paul M Deputy Paul M Deputy	Interim Chief Financial Officer (Principal Financial/Accounting Officer)	May 13, 2022
/s/ Leo Womack Leo Womack	Director	May 13, 2022
/s/ James E. Burns James E. Burns	Director	May 13, 2022
/s/ Ivar Siem Ivar Siem	Director	May 13, 2022

M&K CPAS PLLC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Petrolia Energy Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Petrolia Energy Corporation (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations, stockholders' equity/(deficit), and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the company suffered recurring net losses from operations for the years ended December 31, 2020 and 2019 and has a working capital deficit at December

31, 2020, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in Note 3. The Consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB ..

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Capital Stock and Other Equity Accounts

As discussed in Note 10, the Company issues stock options and warrants as stock-based compensation to employees and non-employees.

Auditing management's calculation of the fair value of the options and warrants issued can be a significant judgment given the fact that the Company uses management estimates on various inputs to the calculations.

To test the valuation of the warrants and options, we evaluated management's significant judgments and estimates. Significant judgements and estimates related to the valuation of the warrants and options include fair valuing of warrants and options which involve significant estimates of volatility, grant terms, risk-free rates and the use of historical trading data. We evaluated management's conclusions regarding their fair values and reviewed support for the significant inputs used in the valuation model, as well as assessing the model for reasonableness. In addition, we evaluated the Company's disclosure in relation to this matter included in Note 10 to the consolidated financial statements

/s/ M&K CPAS, PLLC

M&K CPAS, PLLC
We have served as the Company's auditor since 2019

Houston, TX
May 13, 2022

PETROLIA ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	$ 155,045	$ 34,513
Accounts receivable	5,000	5,000
Other current assets	39,443	135,195
Total current assets	199,488	174,708
Property & equipment		
Oil and gas, on the basis of full cost accounting:		
Evaluated Properties	8,619,427	12,913,972
Furniture, equipment & software	201,110	201,110
Less accumulated depreciation & depletion	(2,868,453)	(1,663,994)
Net property and equipment	5,952,084	11,451,088
Other assets		
Operating Lease Right-of-Use Asset	23,145	
Other assets	985,187	944,055
Total Assets	$ 7,159,904	$ 12,569,851
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,067,841	$ 598,029
Accounts payable - related parties	587	25,587
Operating Lease Liability	13,107	-

Accrued liabilities	1,572,055	677,890
Accrued liabilities - related parties	751,949	1,053,564
Notes payable - short term	3,037,737	653,540
Notes payable - related party	1,035,329	983,291
Total current liabilities	7,478,605	3,991,901
Asset retirement obligations	3,624,133	1,723,364
Operating Lease Liability	13,909	-
Notes payable	573	1,443,538
Derivative liability	183,798	24,509
Total Liabilities	11,301,018	7,183,312
Stockholders' Equity (Deficit)		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized; 199,100 and 199,100 shares issued and outstanding	199	199
Common stock, \$0.001 par value; 400,000,000 shares authorized; 168,696,226 and 164,548,726 shares issued and outstanding	168,696	164,549
Additional paid in capital	59,044,519	57,985,359
Shares to be issued	-	55,375
Accumulated other comprehensive income (loss)	(266,432)	(218,565)
Accumulated deficit	(63,088,096)	(52,600,378)
Total Stockholders' Equity (Deficit)	(4,141,114)	5,386,539
Total Liabilities and Stockholders' Equity (Deficit)	$ 7,159,904	$ 12,569,851

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

PETROLIA ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year ended December 31, 2020	Year ended December 31, 2019
Oil and gas sales	$ 2,892,241	$ 2,916,734
Total revenue	2,892,241	2,916,734
Operating expenses		
Lease operating expense	3,627,541	3,382,133
Production tax	3,066	4,966
General and administrative expenses	864,583	1,412,249
Depreciation, depletion and amortization	1,147,281	1,037,019
Asset retirement obligation accretion	287,758	149,624
Loss on forfeiture	6,255,103	-
Impairment of oil and gas properties	396,922	-
Total operating expenses	12,582,254	5,985,991
Loss from operations	(9,690,013)	(3,069,256)
Other income (expenses)		
Interest expense	(735,622)	(279,141)
Foreign exchange gain (loss)	-	62,004
Change in fair value of derivative liabilities	(159,289)	12,504
Other income (expense)	275,905	10,242
Gain on sale of assets	-	280,000
Gain/(loss) on related party debt settlement of accrued salaries	-	92,750
Total other income (expenses)	(619,006)	178,359
Net loss before taxes	(10,309,019)	(2,890,898)
Income tax provision (benefit)	-	-
Net Loss	$ (10,309,019)	$ (2,890,898)
Series A preferred dividends	(178,699)	(178,208)
Net loss attributable to common stockholders	(10,487,718)	(3,069,106)
Other comprehensive income, net of tax		
Foreign currency translation adjustments	(47,867)	(226,838)
Comprehensive loss	$ (10,535,585)	$ (3,295,944)
Loss per share		
(Basic and diluted)	$ (0.06)	$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	165,389,389	162,955,319

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

PETROLIA ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash Flows from Operating Activities		
Net loss	$ (10,309,019)	$ (2,890,898)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depletion, depreciation and amortization	1,147,281	1,037,019
Asset retirement obligation accretion	287,758	149,624
Operating Lease Accrual	1,054	
Amortization of debt discount	209,570	13,148
Change in fair value of derivative liabilities	159,289	(12,504)
Warrant expense related to business combination	34,867	72,037
Stock-based compensation expense	244,520	473,353
Gain on settlement of accrued salaries	—	(92,750)
Gain on extinguishment of debt	—	(32,600)
Gain on sale of assets	—	(280,000)
Impairment of oil and gas properties	396,922	
Loss on forfeiture	6,255,103	—
Accounts receivable	—	(5,000)
Prepaids and other current assets	346,114	1,379
Accounts payable	462,979	333,375
Accounts payable – related parties	(25,000)	(16,907)
Accrued liabilities	792,578	(108,676)
Accrued liabilities – related parties	(281,615)	513,681
Net cash used in operating activities	(277,599)	(845,719)
Cash Flows from Investing Activities		
Purchase of working interest in Canadian Properties	—	(944,055)
Sale of NOACK property	—	120,000
Proceeds from 2nd NOACK sale	—	375,000
Cash used in investing activities	—	(449,055)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock	—	30,000
Proceeds from notes payable	10,000	1,225,000
Proceeds from Paycheck Protection Loan	56,680	
Repayments of notes payable	(68,367)	(7,096)
Proceeds from related party notes payable	657,470	797,793
Repayments of related party notes payable	(334,268)	(558,726)
Proceeds from exercise of warrants	119,375	55,375
Cash provided by financing activities	440,890	1,542,346
Foreign exchange	(42,759)	(226,838)
Net change in cash	120,532	20,734
Cash at beginning of period	34,513	13,779
Cash at end of period	$ 155,045	$ 34,513

The accompanying notes are an integral part of these audited consolidated financial statements

	Year Ended December 31, 2020	Year Ended December 31, 2019
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 187,662	$ 82,657
Income taxes paid	—	—
NON-CASH INVESTING AND FINANCIAL DISCLOSURES		
Settlement of related party accrued liabilities for common shares	77,500	17,000
Settlement of notes payable related party for common shares	—	113,000
Assumption of note payable by related party	—	125,000
Debt discount on warrant issue	499,170	38,249
Shares to be issued	119,375	—
Shares issued for related party expense	20,000	
Issuing of previous shares to be issued	55,375	—
Accrued Series A preferred dividends	178,699	178,208
Utikuma acquisition – purchase price	678,675	—
Utikuma acquisition – initial ARO	906,146	—
Third party loan for Utikuma purchase	1,120,000	—
Related party loan payments on Company's behalf	170,000	—

PETROLIA ENERGY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred stock		Common stock		Additional paid-in capital	Shares to be Issued	Accumulated Other Comprehensive income	Accumulated deficit	Stockholders' equity (deficit)
	Shares	Amount	Shares	Amount					
Balance at December 31, 2018	19,100	199	162,673,726	162,674	57,253,595	—	8,273	(49,531,272)	7,893,469
Common shares issued	—	—	1,875,000	1,875	148,125	—	—	—	150,000
Stock based compensation	—	—	—	—	473,353	—	—	—	473,353
Warrants issued as financing fee	—	—	—	—	72,037	—	—	—	72,037
Series A preferred dividends	—	—	—	—	—	—	—	(178,208)	(178,208)
Shares to be issued	—	—	—	—	—	55,375	—	—	55,375
Warrants issued for loans	—	—	—	—	38,249	—	—	—	34,249
Other comprehensive income (loss)	—	—	—	—	—	—	(226,838)	—	(226,838)
Net loss	—	—	—	—	—	—	—	(2,890,898)	(2,890,898)
Balance at December 31, 2019	199,100	$ 199	164,548,726	$ 164,549	$ 57,985,359	$ 55,375	$ (218,565)	$ (52,600,378)	$ 5,386,539
Common shares issued for the exercise of warrants	—	—	2,650,000	2,650	116,725	—	—	—	119375
Stock based compensation	—	—			244,520	—	—	—	244,520
Shares issued for extinguishment of debt			656,250	656	89,344				90,000
Warrants issued as financing fee	—	—	—	—	34,867	—	—	—	34,867
Common shares issued for services	—	—	250,000	250	19,750	—	—	—	20,000
Series A preferred dividends	—	—	—	—	—	—	—	(178,699)	(178,699)
Shares to be issued	—	—	591,250	591	54,784	(55,375)	—	—	—
Warrants issued for loans	—	—	—	—	499,170	—	—	—	499,170
Other comprehensive income (loss)	—	—	—	—	—	—	(47,867)	—	(47,867)
Net loss	—	—	—	—	—	—	—	(10,309,019)	(10,309,019)
Balance at December 31, 2020	199,100	$ 199	168,696,226	168,696	59,044,519	—	(266,432)	(63,088,096)	(4,141,114)

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

PETROLIA ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

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

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the accounting and disclosure rules and regulations of the United States Securities and Exchange Commission ("SEC"). A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Askarii Resources and Petrolia Canada Corporation. All significant intercompany balances and transactions have been eliminated upon consolidation.

The Company accounts for its investment in companies in which it has significant influence by the equity method. The Company's proportionate share of earnings is included in earnings and added to or deducted from the cost of the investment.

Foreign currency translation

The functional and reporting currency of the Company is the United States dollar. The functional currencies of the Company's wholly-owned subsidiaries, Askarii Resources and Petrolia Canada Corporation, are the United States dollar and the Canadian dollar, respectively. Transactions involving foreign currencies are converted into the Company's functional currency using the exchange rates in effect at the time of the transactions. At the balance sheet date, monetary assets and liabilities that are denominated in currencies other than the Company's functional currency are translated using exchange rates at that date. Exchange gains and losses are included in net earnings. On consolidation, Petrolia Canada Corporation's income statement amounts are translated at average exchange rates for the year, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments are accumulated as a separate component of stockholders' equity in other comprehensive income.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made in preparing these financial statements include depreciation of furniture, equipment and software, asset retirement obligations ("AROs") (Note 9), income taxes (Note 13) and the estimate of proved oil and gas reserves and related present value estimates of future net cash flows therefrom (Note 15).

Cash and cash equivalents

The Company considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. At December 31, 2020, the Company did not hold any cash equivalents.

Receivables and allowance for doubtful accounts

Oil revenues receivable do not bear any interest. These receivables are primarily comprised of joint interest billings. Management regularly reviews collectability and establishes or adjusts an allowance for uncollectible amounts as necessary using the specific identification method. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management has determined that a reserve for uncollectible amounts was not required in the periods presented.

Oil and gas properties

The Company follows the full cost accounting method to account for oil and natural gas properties, whereby costs incurred in the acquisition, exploration and development of oil and gas reserves are capitalized. Such costs include lease acquisition, geological and geophysical activities, rentals on nonproducing leases, drilling, completing and equipping of oil and gas wells and administrative costs directly attributable to those activities and asset retirement costs. Disposition of oil and gas properties are accounted for as a reduction of capitalized costs, with no gain or loss recognized unless such adjustment would significantly alter the relationship between capital costs and proved reserves of oil and gas, in which case the gain or loss is recognized to operations.

The capitalized costs of oil and gas properties, excluding unevaluated and unproved properties, are amortized as depreciation, depletion and amortization expense using the units-of-production method based on estimated proved recoverable oil and gas reserves.

The costs associated with unevaluated and unproved properties, initially excluded from the amortization base, relate to unproved leasehold acreage, wells and production facilities in progress and wells pending determination of the existence of proved reserves, together with capitalized interest costs for these projects. Unproved leasehold costs are transferred to the amortization base with the costs of drilling the related well once a determination of the existence of proved reserves has been made or upon impairment of a lease. Costs associated with wells in progress and completed wells that have yet to be evaluated are transferred to the amortization base once a determination is made whether or not proved reserves can be assigned to the property. Costs of dry wells are transferred to the amortization base immediately upon determination that the well is unsuccessful.

All items classified as unproved property are assessed on a quarterly basis for possible impairment or reduction in value. Properties are assessed on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of various factors, including, but not limited to, the following: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; assignment of proved reserves; and economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and become subject to amortization.

Under full cost accounting rules for each cost center, capitalized costs of evaluated oil and gas properties, including asset retirement costs, less accumulated amortization and related deferred income taxes, may not exceed an amount (the "cost ceiling") equal to the sum of (a) the present value of future net cash flows from estimated production of proved oil and gas reserves, based on current prices and operating conditions, discounted at ten percent (10%), plus (b) the cost of properties not being amortized, plus (c) the lower of cost or estimated fair value of any unproved properties included in the costs being amortized, less (d) any income tax effects related to differences between the book and tax basis of the properties involved. If capitalized costs exceed this limit, the excess is charged to operations. For purposes of the ceiling test calculation, current prices are defined as the un-weighted arithmetic average of the first day of the month price for each month within the 12 month period prior to the end of the reporting period. Prices are adjusted for basis or location differentials. Unless sales contracts specify otherwise, prices are held constant for the productive life of each well. Similarly, current costs are assumed to remain constant over the entire calculation period.

Given the volatility of oil and gas prices, it is reasonably possible that the estimate of discounted future net cash flows from proved oil and gas reserves could change in the near term. If oil and gas prices decline in the future, even if only for a short period of time, it is possible that impairments of oil and gas properties could occur. In addition, it is reasonably possible that impairments could occur if costs are incurred in excess of any increases in the present value of future net cash flows from proved oil and gas reserves, or if properties are sold for proceeds less than the discounted present value of the related proved oil and gas reserves.

Furniture, equipment and software

Furniture, equipment, and software are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related asset, generally three to five years. Fully depreciated assets are retained in property and accumulated depreciation accounts until they are removed from service. Management performs ongoing evaluations of the estimated useful lives of the property and equipment for depreciation purposes. Maintenance and repairs are expensed as incurred. Management periodically reviews long-lived assets, other than oil and gas property, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Derivative financial instruments

The Company's derivative financial instruments consist of warrants with an exercise price denominated in a currency other than the Company's functional currency. These derivative financial instruments are measured at their fair value at the end of each reporting period. Changes in fair value are recorded in net income.

Asset retirement obligations

The Company records a liability for Asset Retirement Obligations ("AROs") associated with its oil and gas wells when those assets are placed in service. The corresponding cost is capitalized as an asset and included in the carrying amount of oil and gas properties and is depleted over the useful life of the properties. Subsequently, the ARO liability is accreted to its then-present value.

Inherent in the fair value calculation of an ARO are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and gas property balance. Settlements greater than or less than amounts accrued as ARO are recorded as a gain or loss upon settlement.

Debt issuance costs

Costs incurred in connection with the issuance of long-term debt are presented as a direct deduction from the carrying value of the related debt and amortized over the term of the related debt.

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers.* This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract(s) which includes (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue as each performance obligation is satisfied. The Company adopted this standard on a modified retroactive basis on January 1, 2018. No financial statement impact occurred upon adoption.

Revenue from contracts with customers

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration the Company expects to receive in exchange for those products.

Performance obligations and significant judgments

The Company sells oil and natural gas products in the United States through a single reportable segment. The Company enters into contracts that generally include one type of distinct product in variable quantities and priced based on a specific index related to the type of product.

The oil and natural gas is typically sold in an unprocessed state to processors and other third parties for processing and sale to customers. The Company recognizes revenue at a point in time when control of the oil or natural gas passes to the customer or processor, as applicable, discussed below. For oil sales, control is typically transferred to the customer upon receipt at the wellhead or a contractually agreed upon delivery point. Under our natural gas contracts with processors, control transfers upon delivery at the wellhead or the inlet of the processing entity's system. For our other natural gas contracts, control transfers upon delivery to the inlet or to a contractually agreed upon delivery point. In the cases where the Company sells to a processor, management has determined that the Company is the principal in the arrangement and the processors are customers. The Company recognizes the revenue in these contracts based on the net proceeds received from the processor.

Transfer of control drives the presentation of transportation and gathering costs within the accompanying consolidated statements of operations. Transportation and gathering costs incurred prior to control transfer are recorded within the transportation and gathering expense line item on the accompanying consolidated statements of operations, while transportation and gathering costs incurred subsequent to control transfer are recorded as a reduction to the related revenue.

A portion of our product sales are short-term in nature. For those contracts, the Company uses the practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14 exempting us from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For our product sales that have a contract term greater than one year, the Company has utilized the practical expedient in ASC 606-10-50-14(a) which states the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to an unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. The Company has no unsatisfied performance obligations at the end of each reporting period.

Management does not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified. There is a low level of uncertainty due to the precision of measurement and use of index-based pricing with predictable differentials. Additionally, any variable consideration identified is not constrained.

Stock-based compensation

The Company accounts for stock-based compensation to employees in accordance with FASB ASC 718. *Stock-based compensation* to employees is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to other than employees in accordance with FASB ASC 505-50. Equity instruments issued to other than employees are valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments, and is recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-Sholes Option Pricing Model for common stock options and warrants and the closing price of the Company's common stock for common share issuances. The Company may grant stock to employees and non-employees in exchange for goods, services or for settlement of liabilities. Shares granted to employees in exchange for goods, services or settlement of liabilities are measured based on the fair value of the shares issued. Shares granted to non-employees in exchange for goods or services are measured based on the fair value of the consideration received or the fair value of the shares issued, whichever is more reliably measurable.

Income taxes

Income taxes are accounted for pursuant to ASC 740, *Income Taxes*, which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The Company provides for deferred taxes on temporary differences between the financial statements and tax basis of assets using the enacted tax rates that are expected to apply to taxable income when the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Uncertain tax positions are recognized in the financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. The Company recognizes interest and penalties related to uncertain tax positions in the income tax provision. There are currently no unrecognized tax benefits that if recognized would affect the tax rate. There was no interest or penalties recognized for the twelve months ended December 31, 2020 and 2019.

The Company is required to file federal income tax returns in the United States and Canada, and in various state and local jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction.

Earnings (loss) per share

Basic earnings (loss) per share has been calculated based on the weighted-average number of common shares outstanding. The treasury stock method is used to compute the dilutive effect of the Company's share-based compensation awards. Under this method, the incremental number of shares used in computing diluted earnings per share ("EPS") is the difference between the number of shares assumed issued and purchased using assumed proceeds. Diluted EPS amounts would include the effect of outstanding stock options, warrants, and other convertible securities if including such potential shares of common stock is dilutive. Basic and diluted earnings per share are the same in all periods presented as all outstanding instruments are anti-dilutive.

Concentration of credit risk

The Company is subject to credit risk resulting from the concentration of its oil receivables with significant purchasers. Two purchasers accounted for all of the Company's oil sales revenues for 2019 and 2020. The Company does not require collateral. While the Company believes its recorded receivables will be collected, in the event of default the Company would follow normal collection procedures. The Company does not believe the loss of a purchaser would materially impact its operating results as oil is a fungible product with a well-established market and numerous purchasers.

At times, the Company maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the credit ratings and concentration of risk with these financial institutions on a continuing basis to safeguard cash deposits.

Fair value measurements

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

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

Our derivative liabilities are measured at fair value on a recurring basis and estimated as follows:

December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liabilities	—		183,798	183,798
ARO liabilities	—	—	3,624,133	3,624,133
December 31, 2019				
Derivative liabilities	—		24,509	24,509
ARO liabilities	—	—	1,723,364	1,723,364

The carrying value of cash, accounts receivable, other current assets, accounts payable, accounts payable – related parties, accrued liabilities and accrued liabilities – related parties, as reflected in the consolidated balance sheets, approximate fair value, due to the short-term maturity of these instruments. The carrying value of notes payable approximates their fair value due to immaterial changes in market interest rates and the Company's credit risk since issuance of the instruments or due to their short-term nature. Derivative liabilities are remeasured at fair value every reporting period. Our derivative liabilities are considered level 3 financial instruments.

Related parties

The Audit Committee approves all material related party transactions. The Audit Committee is provided with the details of each new, existing or proposed related party transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and the relevant related party. In determining whether to approve a related party transaction, the following factors are considered: (1) if the terms are fair to the Company, (2) if there are business reasons to enter into the transaction, (3) if the transaction would impair independence of an outside Director, or (4) if the transaction would present an improper conflict of interest for any Director or executive officer. Any member of the Audit Committee who has an interest in the transaction will abstain from voting on the approval of the related party transaction.

Business combinations

In January 2017, the FASB issued ASU 2017-01 *Business Combinations* (Topic 805): *Clarifying the Definition of a Business.* The ASU provides an updated model for determining if acquired assets and liabilities constitute a business. In a business combination, the acquired assets and liabilities are recognized at fair value and goodwill could be recognized. In an asset acquisition, the assets are allocated value based on relative fair value and no goodwill is recognized. The ASU narrows the definition of a business. The Company adopted this standard on January 1, 2018. ASU 2017-01 did not have a material impact on our financial statements on adoption.

Reclassifications

Certain amounts previously presented for prior periods have been reclassified to conform to the current presentation. The reclassifications had no effect on net loss, working capital or equity previously reported.

Recent accounting pronouncements

The Company has evaluated all the recent accounting pronouncements through the filing date and believes that none of them will have a material effect on the Company other than those discussed below.

Leases

In February 2016, the FASB issued ASU 2016-02, *"Leases"*, which requires lessees to recognize all rights and obligations created by those leases, including operating leases, with a term greater than 12 months on the balance sheet. The accounting for lessors will remain largely unchanged from the existing accounting standards. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

Under ASU 2016-02, each lease agreement will be evaluated to identify the lease components and non-lease components at lease inception. The total consideration in the lease agreement will be allocated to the lease and non-lease components based on their relative standalone selling prices.

In July 2018, the FASB issued ASU 2018-11, *"Leases – Targeted Improvements"* that allows lessors to elect, as a practical expedient, to not separate lease and non-lease components and allows these components to be accounted for as a single lease component if both (1) the timing and pattern of transfer to the lessee of the lease component and the related non-lease component are the same and (2) the lease component, if accounted for separately, would be classified as an operating lease. In addition, a company is permitted to use its effective date as the date of initial application. Therefore, a company electing this option will not restate comparative period financial information, will not make the new required lease disclosures in comparative periods beginning before the effective date and will recognize its cumulative effect transition adjustment as of the effective date. Under the practical expedient mentioned above, it is expected that revenue will be presented under a single lease component presentation. The Company will elect this expedient upon adoption.

The Company adopted ASU 2016-02 on January 1, 2019 using the modified retrospective method, whereby a cumulative effect adjustment will be made as of that day with no retrospective effect. The Company applied the package of practical expedients such that for any expired or existing leases it will not reassess lease classification, initial direct costs or whether any expired or existing contracts are or contain leases. Note that the Company had no outstanding leases as of December 31, 2019. In 2020, we entered a lease with a related party, that is accounted for and disclosed using the framework of ASC 842.

NOTE 3. GOING CONCERN

The Company has suffered recurring losses from operations and currently has a working capital deficit. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to generate profits by reworking its existing oil or gas wells, as needed, funding permitting. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. The Company does not have any commitments or arrangements from any person to provide the Company with any additional capital.

If additional financing is not available when needed, we may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

NOTE 4. EVALUATED PROPERTIES

The acquired properties and current properties can be summarized as follows:

Cost	Canadian properties	US properties	Total
As of December 31, 2018	2,443,747	10,350,538	12,794,285
Additions	—	—	—
Dispositions	—	—	—
Asset retirement cost additions	—	—	—
Foreign currency translations	119,687	—	119,687
As of December 31, 2019	$ 2,563,434	$ 10,350,538	$ 12,913,972
Additions	678,765	—	678,765
Dispositions	—	5,648,904)	(6,255,103)
Impairment of oil and gas properties		(396,922)	(396,922)
Asset retirement cost additions	906,146	—	1,512,256
Foreign currency translation	166,459	—	166,459
As of December 31, 2020	4,314,804	4,304,622	8,619,427
Accumulated depletion			
As of December 31, 2018	413,657	61,551	475,208
Dispositions	—	—	—
Impairment of oil and gas properties	—	—	—
Depletion	1,004,832	—	1,004,832
Foreign currency translations	40,487	—	40,487
As of December 31, 2019	1,458,976	61,551	1,520,527
Dispositions	—	—	—
Depletion	1,115,595	—	1,115,595
Foreign currency translation	57,178	—	57,178
As of December 31, 2020	$ 2,631,749	$ 61,551	$ 2,693,300
Net book value as at December 31, 2020	$ 1,683,055	$ 4,243,071	$ 5,926,126
Net book value as at December 31, 2019	$ 1,104,458	$ 10,288,987	$ 11,393,445

U.S. Properties – Minerva-Rockdale Field ("NOACK") Field

On November 1, 2018, the Company sold 83% leasehold net revenue interest and 100% working interest in the NOACK Field Assets, i.e., the Company's leasehold in the Noack Farms, Minera Lease and all related leases and assets located in Milam County, Texas (the "NOACK Assets") to Crossroads Petroleum LLC ("CP") for $ 375,000. The terms of this agreement included $260,000 to be paid as a deposit with the balance of $115,000 to be paid by December 31, 2018. On April 15, 2019, the Company foreclosed on the property since CP did not satisfy all of the contractual payment requirements. On April 15, 2019, the remaining unpaid receivable balance was $120,000 which was written off as a loss on sale of property. Note that previous payments of $255,000 were forfeited to the Company and no reimbursement to CP was made.

On August 6, 2019, the Company entered into a Purchase and Sale Agreement ("PSA") for the sale of the same NOACK property with Flowtex Energy LLC. ("FT"). The purchaser agreed to pay $400,000 for the NOACK Assets including a $20,000 deposit that was received on August 15, 2019, and the remaining balance of $380,000 to be received by September 30, 2019. By December 31, 2020, FT had made cumulative payments of $375,000, resulting in a $25,000 account receivable to the Company at December 31, 2020 which is included in other current assets. The $400,000 was recorded as a gain on sale of properties. On July 6, 2021, the remaining $25,000 accounts receivable was settled via the following. The purchaser remitted a cash payment of $8,995, as well as paying (on the Company's behalf) $16,005 of outstanding property tax invoices previously incurred by the Company.

U.S. Properties – Slick Unit Dutcher Sands ("SUDS") Field

On July 24, 2018, the Company announced the signing of the Slick Unit Exploration and Development Agreement (the "Development Agreement") with Boone Operating Inc. ("Boone"), a private Exploration & Production company, to explore and develop the Misener and Simpson Formations at the SUDS Field. The Development Agreement expired and was not renewed. The Company's primary focus remains to develop the Dutcher Sands formation.

The SUDS Field is a 2604-acre lease located in Creek County, 36 miles Southwest of Tulsa, Oklahoma. The field was first discovered in 1918 by SOHIO Oil Company utilizing over 100 wells with the primary objective to produce from the Dutcher Sands at an average well depth of 3,100 ft.

U.S. properties – Twin Lakes San Andres Unit ("TLSAU") Field

TLSAU is located 45 miles from Roswell, Chaves County, New Mexico. The last independent reserve report prepared by MKM Engineering on December 31, 2020, reflects approximately 98,250 barrels of proven oil reserves remaining for the 100% working interest.

On July 27, 2020 the Company entered into a settlement agreement with their Trustee pursuant to which nine leases totaling approximately 3,800 acres of the 4,880 acre Twin Lakes San Andres Unit were forfeited as a part of the settlement agreement. Consequently, the Company no longer has the right to produce oil, gas, or other hydrocarbons and any other minerals from the mineral estate encumbered by the leases and owned by the Trustee. The company accounted for the forfeiture of the TLSAU properties, in accordance with Reg S-W.T.Rule 4-10(c)(6). Accordingly, an analysis of multi-period reserve reports was performed to determine the percentage of the cumulative US full cost pool's reserves that were forfeited (56% or 943,820). Then that percentage was multiplied by the period end net property balance of $10,175,456. This resulted in a write down of $5,648,994 ($10,175,456 * 56%) of the US cost pool. Note that both TLSAU and SUDS make up the US full cost pool.

Canadian properties –

Luseland, Hearts Hill and Cuthbert fields

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

The effective date of the acquisition was June 1, 2018. The acquisition of the Canadian Properties was evidenced and documented by a Memorandum of Understanding between the Company and Blue Sky dated June 29, 2018 and a Conveyance between the parties dated as of the same date, pursuant to which the Company agreed to acquire the Working Interest in consideration for $1,428,581 in Canadian dollars ("CAD") (approximately $1,096,216 in U.S. dollars) of which CAD $1,022,400 (approximately $782,441 in U.S. dollars) was paid in cash (the "Cash Payment") and CAD $406,181 (approximately $313,775 in U.S. dollars) was evidenced by a promissory note (the "Acquisition Note"). The Cash Payment was made with funds borrowed by the Company pursuant to the terms of that certain $1,530,000 May 9, 2018, Amended and Restated Loan Agreement entered into with Bow and a third party (the "Loan Agreement" and the "Lender"). The amount owed under the Loan Agreement accrues interest at the rate of 12% per annum (19% upon the occurrence of an event of default) and is due and payable on May 11, 2021.

The Working Interest will be held in the name of the Company's wholly-owned Alberta, Canada, subsidiary, Petrolia Canada Corporation. The Acquisition Note which was dated June 8, 2018, bears interest at the rate of 9% per annum, beginning on August 1, 2018 and is due and payable on November 30, 2018, provided that the Company has the right to extend the maturity date for a period six months with 10 days' notice to Blue Sky, in the event the Company pays 25% of the principal amount of the Acquisition Note at the time of extension.

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

On February 16, 2022, Petrolia Canada Corporation (PCC), a wholly owned subsidiary of Petrolia Energy Corporation (PEC), entered into a Purchase and Sale Agreement (PSA) and Debt Settlement Agreement (DSA) with Prospera Energy, Inc. whereby PCC sold its 28% working interest in the Luseland, Hearts Hill and Cuthbert fields.

Utikuma field

On May 1, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 500 bpd of light oil. The working interest was acquired from Blue Sky Resources Ltd. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky. Blue Sky acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent $1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($599,851 USD), necessary for the wells to continue in production after the acquisition. Additional funds ($385,336 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

On December 2, 2020 Petrolia Canada Corporation received $602,404.84 CAD from the proceeds of a secured royalty interest loan between Blue Sky Resources and PrairieSky Royalty related to the Utikuma asset.

NOTE 5. NOTES PAYABLE

	Interest rate	Date of maturity	December 31, 2020	December 31, 2019
Truck loan (ii)	5.49%	January 20, 2022	9,916	16,141
Credit note I (iii)	12%	May 11, 2021	800,000	800,000
Credit note II (iv)	12%	October 17, 2019	346,038	346,038
Credit note III (v)	15%	April 25, 2021	750,000	750,000
Discount on credit note III	—	—	(5,976)	(25,101)
Credit note VI (vi)	10%	January 01, 2020	937,019	—
Discount on credit note VI			(285,768)	—
Lee Lytton (i)		On demand	3,500	—
Joel Oppenheim (vii)	10%	On demand	161,900	—
Joel Oppenheim (vii)	10%	On demand	15,000	—
Joel Oppenheim (vii)	10%	October 17, 2018	240,000	—

Origin Bank (PPP loan)			56,680	—
Mark Allen(viii)	12%	June 30, 2021	—	200,000
M. Hortwitz	10%	October 14, 2016	10,000	10,000
			3,038,309	2,097,078
Current portion:				
Truck loan			9,343	7,502
Credit note I			800,000	90,000
Credit note II			346,038	346,038
Credit note III			744,023	—
Credit note VI			651,251	—
M. Hortwitz			10,000	10,000
Lee Lytton			3,500	—
Joel Oppenheim			176,900	—
Joes Oppenheim			240,000	—
Mark Allen			—	200,000
Origin Bank (PPP Loan)			56,680	—
Current portion of notes payable			$ 3,037,737	$ 653,540

(i) Note needs to be settled with the estate of Lee Lytton.

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

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

The additional $800,000 borrowed in connection with the entry into the Loan Agreement was used by the Company to acquire the Working Interest in the Canadian Properties.

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

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

Upon the disposition of Bow pursuant to the Exchange Agreement, a total of $730,000 of the obligations owed under the Loan Agreement were transferred to Blue Sky.

(iv) On September 17, 2018, the Company entered into a loan agreement (LOC) with a third party for $200,000 (which was later increased to $500,000) to acquire an additional 3% working interest in the Canadian Properties. The loan bears interest at 3.5% per annum and has a maturity date of October 17, 2019. Payments of principal and interest in the amount of $6,000 are due monthly. The loan is secured against the Company's 3% Working Interest in the Canadian Properties and has no financial covenants.

During 2019, the LOC balance increased by $150,000 resulting in a $346,038 ending balance. During 2020, the LOC balance decreased by $157,753 resulting in a $188,285 ending balance.

(v) On April 25, 2019, the Company entered into a promissory note (an Acquisition Note") with a third party in the amount of $750,000 to acquire working interests in the Utikuma oil field in Alberta Canada. The Note bears interest at 15% per annum and is due in full at maturity at April 25, 2021. No payments are required on the note until maturity while interest is accrued. In addition, warrants to purchase 500,000 shares of common stock with an exercise price of $0.012 per share expiring on May 1, 2021 were issued associated with the note and were recorded as a debt discount of $5,976 on the balance sheet. The notes hold a security guarantee of a 50% Working Interest in the Utikima oil field and a 100% Working Interest in the Twin Lakes Properties.

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

(vii) Various Shareholder Advances provided by Mr. Oppenheim during 2018 and 2019. There were no formal documents drawn. Interest rates were applied based on other similar loan agreements entered into by the Company during that period. On February 22, 2021, Mr. Oppenheimer combined the loans, which now bear an interest rate of 10% and are due on December 31, 2021.

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

On January 15, 2019, the Company entered into a loan agreement in the amount of $125,000 with a third party. The note bore interest at an interest rate of $4% per annum and was to mature on January 15, 2020. On September 30, 2019, Jovian Petroleum Corporation reimbursed the $125,000 to the third party. Consequently, the $125,000 debt balances was transferred into the Jovian LOC and is now included in the $362,583 at December 31, 2020 (see Note 7: Related Party Notes Payable)

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

(viii)Mark Allen became a related party in 2020, therefore his note has been moved to that schedule.

The following is a schedule of future minimum repayments of notes payable as of December 31:

2021		3,037,737
2022		573
Thereafter		—
	$	3,038,310

NOTE 6. LEASES

Our adoption of ASU 2016-02, Leases (Topic 842), and subsequent ASUs related to Topic 842, requires us to recognize substantially all leases on the balance sheet as an ROU asset and a corresponding lease liability. The new guidance also requires additional disclosures as detailed below. We adopted this standard on the effective date of January 1, 2019 and used this effective date as the date of initial application. Under this application method, we were not required to restate prior period financial information or provide Topic 842 disclosures for prior periods. We elected the 'package of practical expedients,' which permitted us to not reassess our prior conclusions related to lease identification, lease classification, and initial direct costs, and we did not elect the use of hindsight.

Lease ROU assets and liabilities are recognized at commencement date of the lease, based on the present value of lease payments over the lease term. The lease ROU asset also includes any lease payments made and excludes any lease incentives. When readily determinable, we use the implicit rate in determining the present value of lease payments. When leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date, including the lease term.

Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense for short-term leases is recognized on a straight-line basis over the lease term. As of December 31, 2020 and 2019, we did not have any short-term leases.

The tables below present financial information associated with our lease.

	Balance Sheet Classification	December 31, 2020	December 31, 2019
Right-of-use assets	Other long-term assets	23,145	
Current lease liabilities	Other current liabilities	13,107	
Non-current lease liabilities	Other long-term liabilities	13,909	

As of December 31, 2020, our maturities of our lease liability are as follows:

2021	$	14,997
Total	$	14,997
Less: Imputed interest		(1,088)
Present value of lease liabilities	$	13,909

NOTE 7. RELATED PARTY NOTES PAYABLE

The chart below summarizes the related party Notes Payable as of December 31, 2020 and 2019.

	Interest rate	Date of maturity		December 31, 2020		December 31, 2019
Lee Lytton (i)	—	On demand		—		3,500
Quinten Beasley	10%	October 14, 2016		5,000		10,000
Joel Oppenheim	—	On demand		—		217,208
Joel Oppenheim	12%	On demand		—		15,000
Jovian Petroleum Corporation (ii)	3.5%	December 31, 2021		188,285		362,583
Ivar Siem (vi)	12%	On demand		200,000		100,000
Ivar Siem (vi)	No interest	On demand		50,000		50,000
Joel Oppenheim (iii)	12%	December 31, 2019		—		200,000
Mark Allen–SUDS Development (ix)	9%	September 2, 2021		55,000		—
Mark Allen-SUDS Development (vii)	10%	June 30, 2021		135,000		—
Mark Allen	12%	June 30, 2020		200,000		—
Mark Allen (iv)	10%	June 30, 2020		100,000		—
Discount on note				(11,536)		—
Mark Allen (v)	10%	June 30, 2020		125,000		—
Discount on note				(11,420)		—
			$	1,035,329	$	983,291

Note: Mark Allen's notes were not included in related party notes payable at December 31, 2019 because he was not appointed as an officer of the Company until September 1, 2020. In 2020 his notes are reported in related party notes payable.

(i) Not used

(ii) On February 9, 2018, the Company entered into a Revolving Line of Credit Agreement ("LOC") for $200,000 (subsequently increased to $500,000 on April 12, 2018) with Jovian Petroleum Corporation. The CEO of Jovian is Quinten Beasley, our former director (resigned October 31, 2018), and 25% of Jovian is owned by Zel C. Khan, our CEO and director. The initial agreement is for a period of 6 months and can be extended for up to 5 additional terms of 6 months each. All amounts advanced pursuant to the LOC will bear interest from the date of advance until paid in full at 3.5% simple interest per annum. Interest will be calculated on a basis of a 360-day year and charged for the actual number of days elapsed. Subsequent to year-end this LOC has been extended until December 31, 2021.

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

(iii) Joel Oppenheim was no longer a related party on December 31, 2020. This note is now reflected in Note 5 (Notes Payable).

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

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

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

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

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

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

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

(ix) On April 15, 2020, the Company entered into a consulting agreement, with Mark M Allen, that included a funding clause where the Company borrowed $55,000 from Mr. Allen. The note bore interest at an interest rate of 9% per annum and matures on August 15, 2021.

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

The following is a schedule of future minimum repayments of related party notes payable as of December 31, 2020:

2021	$	1,035,329
Thereafter		—
	$	1,035,329

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

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

On January 06, 2020, as an inducement to enter into a Loan Agreement, the Company issued, among other instruments, warrants to acquire 5,000,000 shares of common stock with an exercise price of $0.10 per share. The warrants are valued using the Black Scholes Option Pricing Model and the derivative is fair valued at the end of each reporting period. The Company valued the derivative liability at initial recognition as $144,259.

On October 30, 2020, as an inducement to extend the principal payment deadline from the previously issued Loan Agreement, the Company issued additional warrants to acquire 5,000,000 shares of common stock with an exercise price of $0.10 per share. The warrants are valued using the Black Scholes Option Pricing Model and the derivative is fair valued at the end of each reporting period. The Company valued the derivative liability at initial recognition as $95,352.

A summary of the activity of the derivative liabilities is shown below:

Balance, December 31, 2019	$	24,509
Additions		236,611

Fair value adjustments		(77,322)
As of December 31, 2020	$	183,798

Derivative liability classified warrants in the years ended December 31, 2020 were valued using the Black Scholes Option Pricing Model with the range of assumptions outlined below. Expected life was determined based on historical exercise data of the Company.

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

NOTE 9. ASSET RETIREMENT OBLIGATIONS

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

Petrolia Energy Corporation ("Petrolia" or the "Company") is the operator of certain wells located in New Mexico, at the Twin Lakes San Andres Unit ("TLSAU") Field. TLSAU is located 45 miles from Roswell, Chaves County, New Mexico.

On March 4, 2021, the Company received a letter from the Commissioner of Public Lands of the State of New Mexico, which was sent to us and certain other parties notifying such parties of certain non-compliance with the laws and regulations that it administers. The deficiencies are currently in the process of being settled by a third party agreeing to plug six wells, including at least two Company operated wells (TLSAU wells #316 and #037). The scope of the matter above included only 240 acres of the 640 acres of The New Mexico State Land Office (SLO) lease. The Commissioner of Public Lands of the State of New Mexico could still file suit and require the plugging and surface remediation of all wells in section 36.

On April 8, 2021, the State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division ("OCD") sent the Company a Notice of Violation alleging that the Company was not in compliance with certain New Mexico Oil and Gas Act regulations (the "NMAC"), associated with required reporting, inactive wells and financial assurance requirements, plugging certain abandoned wells, providing required financial assurance in connection with plugging expenses, and proposing to assess certain civil penalties in the amount of an aggregate of approximately $35,100.

As previously reported and in Petrolia's Form 8-K dated October 25, 2021 (reference to which is hereby made), on April 8, 2021, the State of New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division (the "OCD") issued a Notice of Violation (the "NOV") to Petrolia alleging that the Company violated four regulations under Title 19, Chapter 15 of the New Mexico Administrative Code (the "NMAC") by: (i) failing to file production reports for certain wells, (ii) exceeding the number of inactive wells allowed, (iii) failing to provide financial assurance in the amount required, and (iv) failing to provide additional financial assurance in the amount required.

The Company acknowledged the violations alleged in the NOV and requested an informal resolution. On December 30, 2021, to resolve this matter, Petrolia entered into a Stipulated Final Order (the "SFO") in Case No. 21982 with the OCD whereby Petrolia among other things agreed to: (i) submit appropriate forms for wells identified on the SFO Inactive Well List, (ii) plug the specific TLSAU wells listed in section 8 (c) and (d) of the SFO, as well as submit all required information and forms specified in the SFO, (iii) open an escrow account meeting the terms listed in the SFO, (iv) deposit funds into an escrow account within the timeframe described in the SFO, and (v) provide the OCD with a report proposing deadlines for bringing all remaining wells into compliance. The company recognized an additional liability of $660,000 to plug these wells.

The Company entered into a settlement agreement on July 27, 2020 with Moon Company, Trustee of the O'Brien Mineral Trust pursuant to which nine leases totaling approximately 3,800 acres of the 4,880 acre Twin Lakes San Andres Unit were terminated as a part of the settlement agreement. Pursuant to this settlement agreement, the Company no longer has the right to produce oil, gas, or other hydrocarbons and any other minerals from the mineral estate encumbered by the leases and owned by the trustee of the O'Brien Mineral Trust.

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

	December 31, 2020
Inflation rate	1.92 - 2.15%
Estimated asset life	12 - 22 years

The following table shows the change in the Company's ARO liability for the years ended December 31, 2020 and 2019:

	Canadian properties	United States properties	Total
Asset retirement obligations, December 31, 2018	$ 1,258,399	$ 251,223	$ 1,509,622
Additions	—	—	—
Accretion expense	123,474	26,150	149,624
Disposition	—	—	—
Foreign currency translation	64,118	—	64,118
Asset retirement obligations, December 31, 2019	1,445,991	277,373	1,723,364
Acquisition of Canadian property - Utikuma	906,146	—	906,146
Plugging liability at Twin Lakes		606,109	606,109
Accretion expense	259,016	28,742	287,758
Disposition	—	—	—
Foreign currency translation	100,756	—	100,756
Asset retirement obligations, December 31, 2020	$ 2,711,909	$ 912,225	$ 3,624,133

NOTE 10. EQUITY

Preferred stock

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

In accordance with the terms of the Preferred Stock, cumulative dividends of $178,699 and $178,208 were declared for the year ended December 31, 2020 and December 31, 2019, respectively.

Common stock

During the year ended December 31, 2019, the Company closed private placements for $0.08 per unit for a total of 1,875,000 units and gross proceeds of $150,000 (the "2019 Units"). Each 2019 Unit was comprised of one common share and two warrants entitling the holder to exercise such warrant for one common share for a period of two years from the date of issuance. The warrants have exercise price of $0.10 per share. See additional description of the detail transactions concerning those warrants in Note 7: Related Party Transactions, below.

On July 23, 2019, director Joel Martin Oppenheim purchased additional 2019 private placements for $0.08 per unit for a total of 156,250 units with gross proceeds of $12,500. Each 2019 Unit was comprised of one common share and two warrants entitling the holder to exercise such warrant for one common share for a period of two years from the date of issuance. The warrants have exercise price of $0.10 per share. Consideration for the purchase was provided through a cash payment of $2,500 as well as the forgiving of an outstanding bridge loan of $10,000. These shares were not issued until January 2020.

On August 8, 2019, director Joel Martin Oppenheim exercised warrants to purchase 150,000 shares of common stock for cash proceeds of $15,000 at an exercise price of $0.10 per share. These shares were not issued until January 2020.

On August 14, 2019, director Joel Martin Oppenheim exercised warrants to purchase 10,000 shares of common stock for the exercise price of $1,000 or $0.10 per share. These shares were not issued until January 2020.

During 2019, a Mark Allen exercised warrants to purchase 275,000 shares of common stock for cash proceeds of $26,875 at an average exercise price of $0.098 per share. These shares were not issued until January 2020.

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

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

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

On December 15, 2020, President Mark Allen exercised warrants to purchase 1,650,000 shares of common stock for cash proceeds of $69,375 at an average exercise price of $0.04 per share.

On December 22, 2020, prior CFO Tariq Chaudhary was issued 500,000 shares of common stock. These shares were issued in exchange for Mr. Chaudhary releasing the Company of his remaining deferred outstanding salary balance of $77,500. The shares were issued at an average conversion price of $0.15 per share.

The common stock is currently not actively traded because of SEC Rule 15c2-11.

Warrants

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

	Warrants		Weighted average exercise price
Outstanding at year ended December 31, 2018	51,066,864		0.20
Granted	12,250,000		0.15
Exercised	(125,000)		0.09
Expired	(6,148,028)		0.25
Outstanding at year ended December 31, 2019	57,043,836	$	0.14
Granted	18,650,000		0.15
Exercised	(1,650,000)		0.08
Expired	(33,279,170)		0.19
Outstanding at year ended December 31, 2020	40,764,666		0.13

As of December 31, 2020, the weighted-average remaining contractual life of warrants outstanding was 1.39 years (2019 – 1.04 years).

As of December 31, 2020, the intrinsic value of warrants outstanding is $0 (2019 - $8,256).

The table below summarizes warrant issuances during the years ended December 31, 2020 and 2019:

	Year ended December 31,	
	2020	2019
Warrants granted:		
Board of directors and advisory board service	5,250,000	7,000,000
Private placements		3,750,000
Pursuant to employment agreements	1,000,000	—
Pursuant to financing arrangements	1,000,000	1,500,000
Pursuant to consulting agreements	250,000	—

Pursuant to loan agreements	11,150,000	—
Total	18,650,000	12,250,000

Warrants granted in the years ended December 31, 2020 and 2019 were valued using the Black Scholes Option Pricing Model with the range of assumptions outlined below. Expected life was determined based on historical exercise data of the Company.

	December 31, 2020	December 31, 2019
Risk-free interest rate	1.65% to 2.38%	1.94% to 2.39%
Expected life	1.0 - 3.0 years	1.0 - 3.0 years
Expected dividend rate	0%	0%
Expected volatility	240% - 274%	240% - 283%

On October 30, 2020, a third party debtor was issued warrants to purchase5,000,000 shares of common stock at an exercise price of $0.05 per share. The warrants have a 3 year expiration date. The warrants were issued in exchange of an agreement to extend a debt principal payment deadline. The fair value of the warrants is calculated using the Black Sholes Option Pricing Model and recorded as a debt discount. See Note 7 for more details.

NOTE 11. RELATED PARTY TRANSACTIONS

On August 21, 2019, Jovian, a related party, purchased 4 units of the debt private placement with gross proceeds of $50,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 625,000 shares of common stock and warrants to purchase1,250,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $62,066 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

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

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

On January 20, 2020, a related party, purchased 1 unit of the debt private placement with gross proceeds of $12,500. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 156,250 shares of common stock and warrants to purchase312,500 shares of common stock at a price of $0.08 per unit. Jovian converted the debt into shares during 2020.

On May 29, 2020, Petrolia Energy Corporation acquired a 50% working interest in approximately 28,000 acres located in the Utikuma Lake area in Alberta, Canada. The property is an oil-weighted asset currently producing approximately 500 bpd of light oil. The working interest was acquired from Blue Sky Resources Ltd. in an affiliated party transaction as Zel C. Khan, the Company's former Chief Executive Officer, is related to the ownership of Blue Sky. Blue Sky acquired a 100% working interest in the Canadian Property from Vermilion Energy Inc. via Vermilion's subsidiary Vermilion Resources. The effective date of the acquisition was May 1, 2020. The total purchase price of the property was $2,000,000 (CAD), with $1,000,000 of that total due initially. The additional $1,000,000 was contingent on the future price of WTI crude. At the time WTI price exceeded $50/bbl, the Company would pay an additional $750,000. In addition, at the time WTI price exceeded $57/bbl the Company would pay an additional $250,000 (for a cumulative contingent total of $1,000,000). Note that WTI crude prices did not exceed those price thresholds until 2021, so the contingent$1,000,000 will not be recorded until 2021. Included in the terms of the agreement, the Company also funded their portion of the Alberta Energy Regulator ("AER") bond fund requirement ($599,851 USD), necessary for the wells to continue in production after the acquisition. Additional funds ($385,336 USD) remain in the other current asset balance for future payments to BSR, related to the acquisition.

On August 21, 2019, Leo Womack, a related party, purchased 2 units of the debt private placement with gross proceeds of $25,000. At maturity, the holder has the option to either collect the principal or convert the balance into shares/warrants. The conversion would be for 312,500 shares of common stock and warrants to purchase625,000 shares of common stock at a price of $0.08 per unit. The warrants fair value was determined to be $31,033 via the Black Sholes Option Pricing Model. Consideration for the purchase was provided though a cash payment and the conversion of the related party's prior notes payable and accrued payables.

On September 1, 2020, the Company entered into an employment agreement with Mark Allen, to serve as President for a period of six months (with monthly extensions). The President was to be paid a salary of $15,000 a month. Also, the President was issued a signing bonus of2,000,000 shares of common stock. One million (1,000,000) shares were to be issued upon signing and the remaining 1,000,000 shares are to be issued at the completion of a 6 month probationary period. In addition, the President was granted warrants to purchase 1,000,000 shares of common stock exercisable at $0.08 per share equally vesting over 24 months. The warrants expire in36 months.

On December 15, 2020, President Mark Allen exercised warrants to purchase1,650,000 shares of common stock for cash proceeds of $69,375 at an average exercise price of $0.04 per share.

On December 15, 2020, in accordance with the Mark Allen's Consulting agreement that was signed prior to the Employment agreement, the Company issued Mr. Allen250,000 shares of common stock as part of the compensation terms of that agreement.

On December 22, 2020, prior CFO Tariq Chaudhary was issued500,000 shares of common stock. These shares were issued in exchange for Mr. Chaudhary releasing the Company of his remaining deferred outstanding salary balance of $77,500. The shares were issued at an average conversion price of $0.15 per share.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Environmental Matters – The Company, as a lessee of oil and gas properties, is subject to various federal, provincial, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution clean-up resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in the affected area. There can be no assurance, however, that current regulatory requirements will not change, or past noncompliance with environmental laws will not be discovered on the Company's properties.

Office Lease – On December 31, 2020, the Company terminated its one annually renewable office lease in Houston with minimum contractual lease payments of $1,500 per month.

As mentioned in Note 6, the Company holds a lease for acreage at SUDS Field from Joel Opeenheim.

On August 1, 2017, Mr. Joel Oppenheim provided a Letter of Credit (LOC), which was posted as collateral in order for the Company to issue operating bonds with the State of New Mexico for the operation of Twin Lakes San Andres Unit wells. In exchange for the LOC, the Company issued Mr. Oppenheim 2,000,000 shares of common stock valued at $246,000 and warrants to purchase 2,000,000 shares of common stock with an exercise price of $0.14 per share.

NOTE 13. INCOME TAXES

There was no provision for income taxes for 2020 and 2019 due to net operating losses and doubt as to the entity's ability to continue as a going concern resulting in a 100% valuation allowance. Years from 2016 forward are open to examination by tax authorities in the United States. Years from 2019 forward are open to examination by Canadian tax authorities.

The provision for income taxes differs from the amount computed by applying the federal statutory income tax rate of 21% (2019 – 21%) on operations due primarily to permanent differences attributable to organizational expenses.

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2019
Income tax (benefit) expense computed at statutory rates	$ (2,078,000)	$ (629,000)
Non-deductible items	85,000	69,000
Change in statutory, foreign tax, foreign exchange rates and other	(2,427,000)	172,000
Change in valuation allowance	4,420,000	388,000
Total	$ —	$ —

The significant components of the net deferred tax asset were as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets		$
Net operating loss carryforwards	$ 5,772,000	$ 2,174,000
Asset retirement obligation	679,000	331,000
Oil and gas properties	(644,000)	(430,000)
Property and equipment	6,000	—
Other	—	—
Total deferred tax assets (liabilities)	5,813,000	2,075,000
Less: Valuation allowance	(5,813,000)	(2,075,000)
Net deferred tax assets (liabilities)	$ —	$ —

A valuation allowance has been established to offset deferred tax assets. The Company's accumulated net operating losses in the United States were approximately $2.2 million at December 31, 2020 and begin to expire if not utilized beginning in the year 2033 The Company's accumulated non-capital tax losses in Canada were approximately $27.5 million at December 31, 2020 and will expire in 2039. The Tax Cuts and Jobs Act was signed into law on December 22, 2017 and reduced the corporate income tax rate from 34% to 21%. The Company's deferred tax assets, liabilities, and valuation allowance have been adjusted to reflect the impact of the new tax law.

NOTE 14. SEGMENT REPORTING

The Company has a single reportable operating segment, Oil and Gas Exploration and Production, which includes exploration, development, and production of current and potential oil and gas properties. Results of operations from producing activities were as follows for the years ended December 31, 2020 and 2019:

	Canada	United States	Total
Year ended December 31, 2020			
Revenue	$ 2,860,324	$ 31,917	$ 2,892,241
Production costs	(3,377,055)	(253,552)	(3,630,607)
Depreciation, depletion, amortization and accretion	(1,374,611)	(60,429)	(1,435,039)
Results of operations from producing activities	$ (1,891,341)	$ (282,064)	$ (2,173,405)
Total long-lived assets	$ 1,683,055	$ 4,767,628	$ 5,952,084
Year ended December 31, 2019			
Revenue	$ 2,827,877	$ 88,857	$ 2,916,734
Production costs	(3,021,805)	(365,294)	(3,387,099)
Depreciation, depletion, amortization and accretion	(1,004,832)	(32,187)	(1,037,019)
Results of operations from producing activities	$ (1,198,760)	$ (308,624)	$ (1,507,384)
Total long-lived assets	$ 1,104,458	$ 10,346,630	$ 11,451,088

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

	December 31, 2020	December 31, 2019
Customer A	$ 2,860,324	$ 2,827,877
Customer B	31,917	88,857
Other customers	—	—

Total revenues	$ 2,892,241	$ 2,916,734

NOTE 15. SUPPLEMENTAL INFORMATION RELATING TO OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED)

Costs Incurred in Oil and Gas Property Acquisition, Exploration and Development

Amounts reported as costs incurred include both capitalized costs and costs charged to expense during the year for oil and gas property acquisition, exploration and development activities. Costs incurred also include new ARO established in the current year, as well as increases or decreases to the ARO resulting from changes to cost estimates during the year. Exploration costs presented below include the costs of drilling and equipping successful exploration wells, as well as dry hole costs, leasehold impairments, geological and geophysical expenses, and the costs of retaining undeveloped leaseholds. Development costs include the costs of drilling and equipping development wells, and construction of related production facilities.

In 2019, the Company did not make any acquisitions or purchase any working interests.

In 2020, the Company purchased 50% working interest in the Utikuma field in Alberta, Canada for an aggregate purchase price of $678,765. In connection with the acquisition, Company recognized an asset retirement obligation of $906,146.

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2019
Property acquisitions	$ 678,765	$ —
Unevaluated	—	—
Evaluated	—	—
Exploration	—	—
Development	—	—
Total costs incurred	$ 678,765	$ —

Capitalized costs

Capitalized costs include the cost of properties, equipment and facilities for oil and natural-gas producing activities, excluding any asset retirement obligations. Capitalized costs for proved properties include costs for oil and natural-gas leaseholds where proved reserves have been identified, development wells, and related equipment and facilities, including development wells in progress. Capitalized costs for unproved properties include costs for acquiring oil and gas leaseholds and geological and geophysical expenses where no proved reserves have been identified.

	December 31, 2020	December 31, 2019
Capitalized costs:		
Unevaluated properties	$ —	$ —
Evaluated properties	6,456,367	11,400,285
	6,456,367	11,400,284
Less: Accumulated DD&A	(2,693,300)	(1,520,527)
Net capitalized costs	$ 3,763,067	$ 9,879,758

Oil and Gas Reserve Information

MKM Engineering ("MKM"), an independent engineering firm, prepared the estimates of the proved reserves, future production, and income attributable to the Chaves County, New Mexico and Creek County, Oklahoma and Canadian property leasehold interests as of December 31, 2020 and the estimates of the proved reserves, future production, and income attributable to the Milam County, Texas, Chaves County, New Mexico and Creek County, Oklahoma leasehold interests as of December 31, 2017. The estimated proved net recoverable reserves presented below include only those quantities that were expected to be commercially recoverable at prices and costs in effect at the balance sheet dates under the then existing regulatory practices and with conventional equipment and operating methods. Proved Developed Reserves represent only those reserves estimated to be recovered through existing wells. Proved Undeveloped Reserves include those reserves that may be recovered from new wells on undrilled acreage or from existing wells on which a relatively major expenditure for recompletion or secondary recovery operations is required. All of the Company's Proved Reserves are located onshore in the continental United States of America and Canada.

Discounted future cash flow estimates like those shown below are not intended to represent estimates of the fair value of oil and gas properties. Estimates of fair value should also consider unproved reserves, anticipated future oil and gas prices, interest rates, changes in development and production costs and risks associated with future production. Because of these and other considerations, any estimate of fair value is subjective and imprecise.

The following table sets forth estimates of the proved oil and gas reserves (net of royalty interests) for the Company and changes therein, for the periods indicated.

	Oil (Bbls)
December 31, 2018	1,894,180
Revisions of prior estimates	(11,217)
Purchases of reserves in place	—
Disposition of mineral in place	—
Production	(82,506)
December 31, 2019	1,800,457
Revisions of prior estimates	(860,450)
Purchases of reserves in place	466,800
Disposition of mineral in place	—
Production	(95,135)
December 31, 2020	1,311,672

	December 31, 2020	December 31, 2019

Estimated quantities of proved developed reserves – Oil (Bbls)	1,245,512	1,668,437
Estimated quantities of proved undeveloped reserves – Oil (Bbls)	66,160	112,020

Proved developed and proved undeveloped reserves decreased from December 31, 2019 to December 31, 2020, primarily due the forfeiture of wells in New Mexico, production and revision of prior estimates, partially offset by the acquisition of the Canadian Properties.

The following table sets forth estimates of the proved developed and proved undeveloped oil and gas reserves (net of royalty interests) for the Company and changes therein, for the period indicates.

Proved developed producing and non-producing reserve	**Oil (bbls)**
December 31, 2019	1,688,439
Acquired reserves	466,800
Disposition of reserves	—
Revision of prior estimates	(827,234)
Production	(95,135)
December 31, 2020	1,245,512

Proved undeveloped reserves	**Oil (bbls)**
December 31, 2019	112,020
Acquired reserves	
Revisions to prior estimates	(45,860)
December 31, 2020	66,160

Standardized Measure of Discounted Future Net Cash Flows

The Standardized Measure related to proved oil and gas reserves is summarized below. Future cash inflows were computed by applying a twelve-month average of the first day of the month prices to estimated future production, less estimated future expenditures (based on year end costs) to be incurred in developing and producing the proved reserves, less estimated future income tax expense. Future income tax expenses are calculated by applying appropriate year-end tax rates to future pretax net cash flows, less the tax basis of properties involved. Future net cash flows are discounted at a rate of 10% annually to derive the standardized measure of discounted future net cash flows. This calculation procedure does not necessarily result in an estimate of the fair market value or the present value of the Company.

Standardized Measure of Oil and Gas

The following table sets forth the changes in standardized measure of discounted future net cash flows relating to proved oil and gas reserves for the periods indicated.

	December 31, 2020	**December 31, 2019**
Future cash inflows	$ 47,647,500	$ 95,308,120
Future production costs	(25,203,830)	(30,349,800)
Future development costs	(2,148,510)	(2,051,730)
Future income taxes	—	—
Future net cash flows	20,295,160	62,906,590
Discount of future net cash flows at 10% per annum	(12,339,240)	(37,081,860)
Standardized measure of discounted future net cash flows	$ 7,956,920	$ 25,824,730

Changes in standardized measure of discounted future cash flows

	December 31, 2020	**December 31, 2019**
Beginning of year	$ 25,824,730	$ 23,638,725
Sales and transfers of oil & gas produced, net of production costs	(735,300)	(1,514,335)
Net changes in prices and production costs	(249,508)	5,780,704
Changes in estimated future development costs	96,780	(676,141)
Acquisitions/dispositions of minerals in place, net of production costs	—	—
Revision of previous estimates	(14,938,598)	(878,772)
Change in discount	436,490	1,386,793
Change in production rate or other	(2,477,674)	(1,912,244)
End of year	$ 7,956,920	$ 25,824,730

NOTE 16. SUBSEQUENT EVENTS

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

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

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

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

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

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

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

EXHIBIT 21.1

SUBSIDIARIES

Askarii Resources, LLC, wholly-owned
Petrolia Canada Corporation, wholly-owned

EXHIBIT 23.1

CONSENT OF PETROLEUM ENGINEER

We consent to the references to our firm in the form and context in which they appear in the Annual Report on Form 10-K of Petrolia Energy Corporation (the "Company") for the year ended December 31, 2020 (including, but not limited to, the notes to the financial statements included therein) (the "Annual Report").

We further consent to the inclusion and use in the Annual Report of our reports dated December 31, 2020 and January 1, 2021, relating to an estimate of certain hydrocarbon reserves owned by Petrolia Energy Corporation (the "Reports"), and the information from our report contained in the Annual Report and the filing of the Reports as Exhibit 99.1, Exhibit 99.2, Exhibit 99.6, Exhibit 99.7 to the Annual Report.

MKM ENGINEERING
State of Texas Registration No. F-009733

By: */s/ Michele Mudrone*
Name: Michele Mudrone, P.E.
Title: Petroleum Engineer

Date: February 9, 2022

EXHIBIT 31.1

CERTIFICATION

I, Mark Allen, certify that:

1. I have reviewed this annual report on Form 10-K of Petrolia Energy Corporation;

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

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

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

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

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

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

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

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

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

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

May 13, 2022

/s/ Mark Allen

Mark Allen, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Paul M Deputy, certify that:

1. I have reviewed this annual report on Form 10-K of Petrolia Energy Corporation;

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

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

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

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

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

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

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

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

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

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

May 13, 2022

/s/ Paul M Deputy

Paul M. Deputy, Interim Chief Financial Officer
(Principal Financial/Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SS. 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Petrolia Energy Corporation (the “Company”) on Form 10-K for the period ending December 31, 2020 as filed with the Securities and Exchange Commission (the “Report”), Mark Allen, the Company’s Chief Executive Officer, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

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

May 13, 2022

/s/ Mark Allen

Mark Allen, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SS. 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Petrolia Energy Corporation (the “Company”) on Form 10-K for the period ending December 31, 2020 as filed with the Securities and Exchange Commission (the “Report”), Paul M Deputy, the Company’s Chief Financial/Accounting Officer, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

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

May 13, 2022

/s/ Paul M Deputy

Paul M Deputy, Interim Chief Financial Officer
(Principal Finance/Accounting Officer)

APPRAISAL OF
CERTAIN
OIL AND GAS INTERESTS
OWNED BY
PETROLIA ENERGY CORPORATION
LOCATED IN
SASKATCHEWAN, ALBERTA CANADA
AS OF DECEMBER 31, 2020

PREPARED FOR
PETROLIA ENERGY CORPORATION
SEC Parameters

MKM ENGINEERING
F-009377

Michele K. Mudrone

Michele K. Mudrone, P.E.
June 28, 2021

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

MKM ENGINEERING
Oil and Gas Consulting Services
3905 Sagamore Hill Court
Plano, Texas 75025

June 28, 2021

Mr. Zel C. Khan
Petrolia Energy Corporation
710 N. Post Oak Road, Suite 512
Houston, TX 77024

Dear Mr. Khan:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the interests of Petrolia Energy Corporation as of December 31, 2020, in certain properties located in Saskatchewan, Alberta Canada. We completed our evaluation on June 28, 2021. It is our understanding that the proved reserves estimated in this report constitute approximately 45% of all proved reserves owned by Petrolia Energy Corporation in Canada.

This report has been prepared for Petrolia Energy Corporation use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose. Composite reserve estimates and economic forecasts are summarized below:

		Proved	Proved Developed Producing	Proved Undeveloped
Net Reserves				
Oil/Condensate	MBbl	76.0	9.8	66.2
Gas	MMcf	50.6	50.6	0.0
Revenue				
Oil/Condensate	M$	3,170.2	412.8	2,757.4
Gas	M$	111.3	111.3	0.0
Crown Royalties	M$	268.0	24.0	244.0
Operating Expenses	M$	1,660.7	377.6	1,283.1
Investments	M$	822.4	0.0	822.4
Operating Income (BFIT)	M$	530.6	122.6	408.0
Discounted @ 10%	M$	231.5	109.2	122.3

In accordance with the Securities and Exchange Commission guidelines, the operating income (BFIT) has been discounted at an annual rate of 10% to determine its "present worth". The discounted value, "present worth", shown above should not be construed to represent an estimate of the fair market value by MKM Engineering.

As requested, hydrocarbon pricing of $39.57 per barrel of oil/condensate (WTI Cushing) and $2.00 per MMBtu of gas (Henry Hub) was used. In accordance with the Securities and Exchange Commission guidelines, these prices were determined as an unweighted arithmetic average of the first-day-of-the-month price for each month of 2020. The oil and gas prices were held constant and were adjusted for gravity, heating value, quality, transportation and marketing. The adjusted volume-weighted average product prices over the life of the properties are $41.72 per barrel of oil and $2.20 per mcf of gas.

Operating costs were based on operating expense records of Petrolia Energy Corporation. Drilling and completion costs were based on estimates provided by Petrolia Energy Corporation and reviewed by MKM Engineering. There is no severance tax or ad valorem tax in Canada. Crown royalties were specified by the individual property based on published rates. As per the Securities and Exchange Commission guidelines, neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The reserves and economics are predicted on the regulatory agency classifications, rules, policies, laws, taxes, and royalties in effect on the date of this report except as noted herein. In evaluating the information at our disposal concerning this report, we have excluded from our consideration all matters as to which the controlling interpretation my be legal or accounting, rather than engineering and geosciences. Therefore, the possible effects of changes in legislation or other Federal or State restrictive actions have not been considered. An on-site field inspection of these properties has not been made nor have the wells been tested by MKM Engineering. Possible environmental liability related to the properties has not been investigated nor considered.

The reserves were estimated using a combination of the production performance, volumetric and analogy methods, in each case as we considered to be appropriate and necessary to establish the conclusions set forth herein. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Petrolia Energy Corporation. Ownership interests were supplied by Petrolia Energy Corporation and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data.

MKM Engineering is independent with respect to Petrolia Energy Corporation as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers ("SPE Standards"). Neither MKM Engineering nor any of its employees has any interest in the subject properties. Neither the employment to make this study nor the compensation is contingent on the results of our work or the future production rates for the subject properties.

Our work papers and related data are available for inspection and review by authorized parties.

Respectfully submitted,

MKM ENGINEERING
Texas Registered Engineering Firm F-009733

Michele K. Mudrone

Michele K. Mudrone, P.E.

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

Attachments

LIST OF ECONOMIC TABLES

Table No.

Appendix

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and
(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

> *Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:*
>
> *932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:*
>
> *a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*
> *b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*
>
> *The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.*
>
> *932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:*
>
> *a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*
> *b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*
> *c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*
> *d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*
> *e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*
> *f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

Cashflow Summaries

Petrolia Energy Corp
Reserve and Economic Projection
As of 12/31/2020

Total Proved

TABLE 1

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.05	0.00	0.18	0.01	0.00	0.05	44.19	0.00	2.20
2021	12	28.05	0.00	71.42	7.85	0.00	19.93	42.06	0.00	2.20
2022	11	42.22	0.00	55.00	11.82	0.00	15.40	41.68	0.00	2.20
2023	9	44.53	0.00	39.00	12.47	0.00	10.92	41.68	0.00	2.20
2024	7	37.78	0.00	12.72	10.58	0.00	3.56	41.68	0.00	2.20
2025	7	31.69	0.00	2.43	8.87	0.00	0.68	41.68	0.00	2.20
2026	6	27.95	0.00	0.00	7.83	0.00	0.00	41.68	0.00	0.00
2027	6	25.15	0.00	0.00	7.04	0.00	0.00	41.68	0.00	0.00
2028	6	22.69	0.00	0.00	6.35	0.00	0.00	41.68	0.00	0.00
2029	6	11.00	0.00	0.00	3.08	0.00	0.00	41.68	0.00	0.00
2030	1	0.28	0.00	0.00	0.08	0.00	0.00	41.68	0.00	0.00
Sub-T		271.39	0.00	180.75	75.99	0.00	50.55	41.72	0.00	2.20
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		271.39	0.00	180.75	75.99	0.00	50.55	41.72	0.00	2.20
Cum.		17,276.08	0.00	19,746.94						
Ult.		17,547.48	0.00	19,927.69						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.61	0.00	0.11	0.00	0.72	0.05	0.00	0.67
2021	330.29	0.00	43.88	0.00	374.17	24.23	0.00	349.93
2022	492.77	0.00	33.90	0.00	526.67	40.95	0.00	485.71
2023	519.71	0.00	24.04	0.00	543.75	43.00	0.00	500.75
2024	440.89	0.00	7.84	0.00	448.73	37.12	0.00	411.61
2025	369.78	0.00	1.50	0.00	371.28	32.39	0.00	338.90
2026	326.24	0.00	0.00	0.00	326.24	28.89	0.00	297.34
2027	293.47	0.00	0.00	0.00	293.47	25.99	0.00	267.47
2028	264.83	0.00	0.00	0.00	264.83	23.46	0.00	241.37
2029	128.40	0.00	0.00	0.00	128.40	11.55	0.00	116.84
2030	3.26	0.00	0.00	0.00	3.26	0.29	0.00	2.97
Sub-T	3,170.23	0.00	111.27	0.00	3,281.49	267.93	0.00	3,013.57
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	3,170.23	0.00	111.27	0.00	3,281.49	267.93	0.00	3.013.57

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Undiscounted Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.55	0.00	0.00	0.00	0.12	0.12	0.12	0.12
2021	211.88	407.00	0.00	0.00	-268.95	-268.83	-259.67	-259.55
2022	233.01	415.37	0.00	0.00	-162.67	-431.50	-141.78	-401.33
2023	226.35	0.00	0.00	0.00	274.40	-157.10	214.44	-186.89
2024	201.50	0.00	0.00	0.00	210.11	53.01	148.58	-38.30
2025	178.32	0.00	0.00	0.00	160.57	213.59	102.79	64.49
2026	172.71	0.00	0.00	0.00	124.63	338.22	72.21	136.70
2027	172.71	0.00	0.00	0.00	94.76	432.98	49.72	186.42
2028	172.71	0.00	0.00	0.00	68.66	501.64	32.63	219.04
2029	88.60	0.00	0.00	0.00	28.24	529.88	12.17	231.21
2030	2.32	0.00	0.00	0.00	0.65	530.53	0.26	231.47
Sub-T	1,660.67	822.37	0.00	0.00	530.53	530.53	231.47	231.47
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1,660.67	822.37	0.00	0.00	530.53	530.53	231.47	231.47

Present Worth Profile (M$)

PW 5.00% :	361.08
PW 8.00% :	279.23
PW 10.00% :	231.47
PW 12.00% :	188.47
PW 15.00% :	131.82
PW 20.00% :	54.86

Petrolia Energy Corp
Reserve and Economic Projection
As of 12/31/2020

MKM Engineering

Proved Rsv Class
Producing Rsv Category

TABLE 2

Year	Wells	Estimated 8/8 Ths Production: Oil (Mbbl)	Estimated 8/8 Ths Production: NGL (Mgal)	Estimated 8/8 Ths Production: Gas (MMcf)	Net Production: Oil (Mbbl)	Net Production: NGL (Mgal)	Net Production: Gas (MMcf)	Oil ($/bbl)	NGL ($/gal)	Gas ($/Mcf)
2020	0	0.05	0.00	0.18	0.01	0.00	0.05	44.19	0.00	2.20
2021	9	17.73	0.00	71.42	4.96	0.00	19.93	42.28	0.00	2.20
2022	5	10.75	0.00	55.00	3.01	0.00	15.40	41.68	0.00	2.20
2023	3	3.81	0.00	39.00	1.07	0.00	10.92	41.68	0.00	2.20
2024	1	2.33	0.00	12.72	0.65	0.00	3.56	41.68	0.00	2.20
2025	1	0.44	0.00	2.43	0.12	0.00	0.68	41.68	0.00	2.20
Sub-T		35.11	0.00	180.75	9.83	0.00	50.55	41.99	0.00	2.20
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		35.11	0.00	180.75	9.83	0.00	50.55	41.99	0.00	2.20
Cum.		17,276.08	0.00	19,746.94						
Ult.		17,311.20	0.00	19,927.69						

Year	Company Future Gross Revenue: Oil (M$)	Company Future Gross Revenue: NGL (M$)	Company Future Gross Revenue: Gas (M$)	Company Future Gross Revenue: Other (M$)	Company Future Gross Revenue: Total (M$)	Prod & Adv Taxes: Prod Tax (M$)	Prod & Adv Taxes: Adv Tax (M$)	Revenue after Sev & Adv (M$)
2020	0.61	0.00	0.11	0.00	0.72	0.05	0.00	0.67
2021	209.90	0.00	43.88	0.00	253.78	13.77	0.00	240.01
2022	125.49	0.00	33.90	0.00	159.40	8.68	0.00	150.72
2023	44.46	0.00	24.04	0.00	68.50	0.89	0.00	67.61
2024	27.16	0.00	7.84	0.00	35.00	0.47	0.00	34.53
2025	5.18	0.00	1.50	0.00	6.68	0.09	0.00	6.59
Sub-T	412.80	0.00	111.27	0.00	524.07	23.95	0.00	500.12
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	412.80	0.00	111.27	0.00	524.07	23.95	0.00	500.12

Year	Deductions: Lease Net Costs (M$)	Deductions: Net Investments (M$)	Deductions: Trans. Costs (M$)	Deductions: Net Profits (M$)	Future Net Income Before Income Taxes: Undiscounted Annual (M$)	Undiscounted Cumulative (M$)	Discounted Ann @ 10.00% (M$)	Disc. Cum. Annual @ 10.00% (M$)
2020	0.55	0.00	0.00	0.00	0.12	0.12	0.12	0.12
2021	175.90	0.00	0.00	0.00	64.11	64.23	60.76	60.88
2022	113.08	0.00	0.00	0.00	37.64	101.87	32.66	93.53
2023	53.64	0.00	0.00	0.00	13.96	115.84	10.97	104.50
2024	28.79	0.00	0.00	0.00	5.74	121.58	4.06	108.56
2025	5.61	0.00	0.00	0.00	0.98	122.56	0.65	109.21
Sub-T	377.57	0.00	0.00	0.00	122.56	122.56	109.21	109.21
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	377.57	0.00	0.00	0.00	122.56	122.56	109.21	109.21

Present Worth Profile (M$)

PW 5.00% :	115.57
PW 8.00% :	111.68
PW 10.00% :	109.21
PW 12.00% :	106.83
PW 15.00% :	103.41
PW 20.00% :	98.10

Petrolia Energy Corp
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Undeveloped Rsv Category

TABLE 3

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl ----	Estimated 8/8 Ths Production NGL ---- Mgal ----	Estimated 8/8 Ths Production Gas ---- MMcf ----	Net Production Oil ---- Mbbl ----	Net Production NGL ---- Mgal ----	Net Production Gas ---- MMcf ----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	3	10.32	0.00	0.00	2.89	0.00	0.00	41.68	0.00	0.00
2022	6	31.47	0.00	0.00	8.81	0.00	0.00	41.68	0.00	0.00
2023	6	40.72	0.00	0.00	11.40	0.00	0.00	41.68	0.00	0.00
2024	6	35.45	0.00	0.00	9.93	0.00	0.00	41.68	0.00	0.00
2025	6	31.24	0.00	0.00	8.75	0.00	0.00	41.68	0.00	0.00
2026	6	27.95	0.00	0.00	7.83	0.00	0.00	41.68	0.00	0.00
2027	6	25.15	0.00	0.00	7.04	0.00	0.00	41.68	0.00	0.00
2028	6	22.69	0.00	0.00	6.35	0.00	0.00	41.68	0.00	0.00
2029	6	11.00	0.00	0.00	3.08	0.00	0.00	41.68	0.00	0.00
2030	1	0.28	0.00	0.00	0.08	0.00	0.00	41.68	0.00	0.00
Sub-T		236.28	0.00	0.00	66.16	0.00	0.00	41.68	0.00	0.00
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		236.28	0.00	0.00	66.16	0.00	0.00	41.68	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		236.28	0.00	0.00						

Year	Company Future Gross Revenue Oil ------ M$ ------	Company Future Gross Revenue NGL ------ M$ ------	Company Future Gross Revenue Gas ------ M$ ------	Company Future Gross Revenue Other ------ M$ ------	Company Future Gross Revenue Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Prod & Adv Taxes Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	120.38	0.00	0.00	0.00	120.38	10.46	0.00	109.92
2022	367.27	0.00	0.00	0.00	367.27	32.27	0.00	335.00
2023	475.25	0.00	0.00	0.00	475.25	42.11	0.00	433.14
2024	413.73	0.00	0.00	0.00	413.73	36.65	0.00	377.08
2025	364.60	0.00	0.00	0.00	364.60	32.30	0.00	332.31
2026	326.24	0.00	0.00	0.00	326.24	28.89	0.00	297.34
2027	293.47	0.00	0.00	0.00	293.47	25.99	0.00	267.47
2028	264.83	0.00	0.00	0.00	264.83	23.46	0.00	241.37
2029	128.40	0.00	0.00	0.00	128.40	11.55	0.00	116.84
2030	3.26	0.00	0.00	0.00	3.26	0.29	0.00	2.97
Sub-T	2,757.43	0.00	0.00	0.00	2,757.43	243.98	0.00	2,513.45
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	2,757.43	0.00	0.00	0.00	2,757.43	243.98	0.00	2.513.45

Year	Deductions Lease Net Costs ------ M$ ------	Deductions Net Investments ------ M$ ------	Deductions Trans. Costs ------ M$ ------	Deductions Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Undiscounted Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	35.98	407.00	0.00	0.00	-333.06	-333.06	-320.42	-320.42
2022	119.94	415.37	0.00	0.00	-200.31	-533.37	-174.44	-494.86
2023	172.71	0.00	0.00	0.00	260.43	-272.93	203.47	-291.39
2024	172.71	0.00	0.00	0.00	204.37	-68.57	144.52	-146.87
2025	172.71	0.00	0.00	0.00	159.60	91.03	102.14	-44.73
2026	172.71	0.00	0.00	0.00	124.63	215.66	72.21	27.49
2027	172.71	0.00	0.00	0.00	94.76	310.43	49.72	77.20
2028	172.71	0.00	0.00	0.00	68.66	379.09	32.63	109.83
2029	88.60	0.00	0.00	0.00	28.24	407.33	12.17	122.00
2030	2.32	0.00	0.00	0.00	0.65	407.97	0.26	122.26
Sub-T	1,283.10	822.37	0.00	0.00	407.97	407.97	122.26	122.26
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1,283.10	822.37	0.00	0.00	407.97	407.97	122.26	122.26

Present Worth Profile (M$)

PW 5.00% :	245.51
PW 8.00% :	167.55
PW 10.00% :	122.26
PW 12.00% :	81.65
PW 15.00% :	28.41
PW 20.00% :	-43.23

Tabular Summaries

Economic One-Liners

Project Name : **Petrolia Energy Corp**

As of Date: 12/31/2020

MKM Engineering

TABLE 4

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves		Net Revenue			Expense		Cash Flow		
		Oil (Mbbl)	Gas (MMcf)	Oil (M$)	Gas (M$)	Other (M$)	& Tax (M$)	Invest. (M$)	Non-Disc. (M$)	Disc. CF (M$)	Life (years)
Proved Rsv Class											
Producing Rsv Category											
BAKKEN SW PATTERN 1	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LUSELAND	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 10	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 2	*P-DP*	0.16	0.00	9.88	0.00	0.00	8.85	0.00	1.04	1.02	0.25
MAIN BAKKEN PATTERN 3	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 4	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 5	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 6	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 7	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 8	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAIN BAKKEN PATTERN 9	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT A11-28-26-29	*P-DP*	1.44	29.51	59.96	64.95	0.00	82.69	0.00	42.22	37.99	2.84
NBRI CUTHBERT A14-21-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT A2-28-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT A5-27-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT A7-28-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT A9-28-26-29	*P-DP*	0.59	0.43	24.80	0.94	0.00	25.03	0.00	0.71	0.54	0.85
NBRI CUTHBERT DD 10D1-3-3D1-3-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT DD 4A10-27-1A10-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT DD 6D16-21-4D9-21	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT DD 8B15-21-2C10-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 10D16-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 11A9-27	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 13A2-28	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 13A7-28	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 16A10-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 16B15-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 17A7-28	*P-DP*	1.87	0.71	78.10	1.57	0.00	56.23	0.00	23.43	21.98	1.69
NBRI CUTHBERT SOUTH DD 21A7-28	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 2A3-28-	*P-DP*	0.88	4.16	36.66	9.15	0.00	36.45	0.00	9.36	8.86	1.25
NBRI CUTHBERT SOUTH DD 2A9-27-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 4A2-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 4A8-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Economic One-Liners

Project Name : **Petrolia Energy Corp**

As of Date: 12/31/2020

MKM Engineering

TABLE 4

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves		Net Revenue			Expense		Cash Flow		
		Oil (Mbbl)	Gas (MMcf)	Oil (M$)	Gas (M$)	Other (M$)	& Tax (M$)	Invest. (M$)	Non-Disc. (M$)	Disc. CF (M$)	Life (years)
NBRI CUTHBERT SOUTH DD 5A2-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 5A7-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 5A9-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 7A5-27-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 8A10-27	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 8A14-21	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 8A8-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 9A2-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI CUTHBERT SOUTH DD 9A7-28-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NBRI HEARTS HILL 15-28-36-26	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT 12-7-27-28	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT 8-28-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT A13-22-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT B15-26-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT B16-34-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT DD 3A9-27-4A9-2	*P-DP*	2.75	15.02	114.51	33.06	0.00	122.81	0.00	24.76	19.41	4.20
NEXEN CUTHBERT DD 4B15-21-1B15	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT HZ 1C10-34-1A1-	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT HZ 1C4-2-4A13-3	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT HZ 1D8-2-4A14-3	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT HZ 3A1-3-4A16-3	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN CUTHBERT HZ 6D1-3-4B13-3	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEXEN HEARTS HILL D9-19-36-26	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT 8-3-27-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT A3-2-27-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT A8-2-27-29	*P-DP*	2.13	0.72	88.90	1.59	0.00	69.45	0.00	21.04	19.42	2.03
WASCANA CUTHBERT B16-3-27-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT B16-33-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT C15-34-26-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA CUTHBERT D7-3-27-29	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA HEARTS HILL 12-29-36-26	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WASCANA HEARTS HILL D1-19-36-2	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
	Total	**9.83**	**50.55**	**412.80**	**111.27**	**0.00**	**401.51**	**0.00**	**122.56**	**109.21**	**4.20**

Economic One-Liners

Project Name : **Petrolia Energy Corp**

As of Date: **12/31/2020**

MKM Engineering

TABLE 4

Lease Name *Risked* / UnRisked	*Reserve Category*	**Net Reserves** Oil (Mbbl)	Gas (MMcf)	**Net Revenue** Oil (M$)	Gas (M$)	Other (M$)	**Expense & Tax** (M$)	**Invest.** (M$)	**Cash Flow** Non-Disc. (M$)	Disc. CF (M$)	**Life** (years)
Proved Rsv Class											
Undeveloped Rsv Category											
NBRI CUTHBERT 10A 09 21 26 29W3 :	*P-UD*	11.04	0.00	460.26	0.00	0.00	254.34	135.67	70.25	23.22	8.03
NBRI CUTHBERT 10A 10 21 26 29W3	*P-UD*	11.04	0.00	460.26	0.00	0.00	254.34	135.67	70.25	23.22	8.03
NBRI CUTHBERT 10B 09 21 26 29W3	*P-UD*	11.04	0.00	460.26	0.00	0.00	254.34	135.67	70.25	23.22	8.03
NBRI CUTHBERT 10B 13 22 26 29W3	*P-UD*	11.01	0.00	458.85	0.00	0.00	254.72	138.38	65.75	17.61	9.00
NBRI CUTHBERT 10C 10 27 26 29W3	*P-UD*	11.01	0.00	458.96	0.00	0.00	254.63	138.61	65.72	17.37	9.08
NBRI CUTHBERT 10C 16 21 26 29W3	*P-UD*	11.01	0.00	458.85	0.00	0.00	254.72	138.38	65.75	17.61	9.00
	Total	**66.16**	**0.00**	**2,757.43**	**0.00**	**0.00**	**1,527.08**	**822.37**	**407.97**	**122.26**	**9.08**
Proved Rsv Class	**Total**	**75.99**	**50.55**	**3,170.23**	**111.27**	**0.00**	**1,928.60**	**822.37**	**530.53**	**231.47**	**9.08**

Gross Ultimates, Interests & Prices

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 5

As of 12/31/2020

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
Proved Reserve Class									
Producing Reserve Category									
BAKKEN SW PATTERN 1	P-DP	170.87	80.70	0.00	0.00	170.87	80.70	0.28000000	0.28000000
LUSELAND	P-DP	10,191.92	10,051.28	0.00	0.00	10,191.92	10,051.28	0.28000000	0.28000000
MAIN BAKKEN PATTERN 10	P-DP	201.00	62.45	0.00	0.00	201.00	62.45	0.28000000	0.28000000
MAIN BAKKEN PATTERN 2	P-DP	809.67	655.53	0.59	0.23	809.08	655.30	0.28000000	0.28000000
MAIN BAKKEN PATTERN 3	P-DP	668.93	270.09	0.00	0.00	668.93	270.09	0.28000000	0.28000000
MAIN BAKKEN PATTERN 4	P-DP	407.20	356.23	0.00	0.00	407.20	356.23	0.28000000	0.28000000
MAIN BAKKEN PATTERN 5	P-DP	151.37	59.47	0.00	0.00	151.37	59.47	0.28000000	0.28000000
MAIN BAKKEN PATTERN 6	P-DP	416.83	387.23	0.00	0.00	416.83	387.23	0.28000000	0.28000000
MAIN BAKKEN PATTERN 7	P-DP	80.94	80.21	0.00	0.00	80.94	80.21	0.28000000	0.28000000
MAIN BAKKEN PATTERN 8	P-DP	48.57	84.27	0.00	0.00	48.57	84.27	0.28000000	0.28000000
MAIN BAKKEN PATTERN 9	P-DP	391.32	1,303.16	0.00	0.00	391.32	1,303.16	0.28000000	0.28000000
NBRI CUTHBERT A11-28-26-29	P-DP	37.77	333.74	5.14	105.38	32.63	228.36	0.28000000	0.28000000
NBRI CUTHBERT A14-21-26-29	P-DP	17.17	13.41	0.00	0.00	17.17	13.41	0.28000000	0.28000000
NBRI CUTHBERT A2-28-26-29	P-DP	31.64	54.27	0.00	0.00	31.64	54.27	0.28000000	0.28000000
NBRI CUTHBERT A5-27-26-29	P-DP	17.05	13.72	0.00	0.00	17.05	13.72	0.28000000	0.28000000
NBRI CUTHBERT A7-28-26-29	P-DP	34.54	64.35	0.00	0.00	34.54	64.35	0.28000000	0.28000000
NBRI CUTHBERT A9-28-26-29	P-DP	37.03	59.46	2.12	1.52	34.90	57.94	0.28000000	0.28000000
NBRI CUTHBERT DD 10D1-3-3D1-3-27-2	P-DP	21.90	35.76	0.00	0.00	21.90	35.76	0.28000000	0.28000000
NBRI CUTHBERT DD 4A10-27-1A10-27-26-29	P-DP	31.16	134.57	0.00	0.00	31.16	134.57	0.28000000	0.28000000
NBRI CUTHBERT DD 6D16-21-4D9-21-26-29	P-DP	25.69	19.43	0.00	0.00	25.69	19.43	0.28000000	0.28000000
NBRI CUTHBERT DD 8B15-21-2C10-21-26-29	P-DP	43.34	33.90	0.00	0.00	43.34	33.90	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 10D16-21-4A16-21	P-DP	30.54	50.43	0.00	0.00	30.54	50.43	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 11A9-27-2D9-27-2	P-DP	32.62	159.40	0.00	0.00	32.62	159.40	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 13A2-28-4D15-21-	P-DP	22.45	41.65	0.00	0.00	22.45	41.65	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 13A7-28-4B7-28-2	P-DP	51.94	44.13	0.00	0.00	51.94	44.13	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 16A10-27-1D7-27-	P-DP	11.79	26.34	0.00	0.00	11.79	26.34	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 16B15-21-4A15-21	P-DP	5.96	7.19	0.00	0.00	5.96	7.19	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 17A7-28-4B8-28-2	P-DP	78.01	74.99	6.69	2.54	71.32	72.45	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 21A7-28-1D7-28-2	P-DP	36.86	33.76	0.00	0.00	36.86	33.76	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 2A3-28-1C14-21-2	P-DP	35.90	185.54	3.14	14.85	32.76	170.69	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 2A9-27-4B9-27-26	P-DP	19.78	111.54	0.00	0.00	19.78	111.54	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 4A2-28-4B2-28-26	P-DP	51.43	71.19	0.00	0.00	51.43	71.19	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 4A8-28-3A8-28-26	P-DP	64.40	30.92	0.00	0.00	64.40	30.92	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 5A2-28-4D2-28-26	P-DP	45.53	39.02	0.00	0.00	45.53	39.02	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 5A7-28-4C1-28-26	P-DP	58.21	54.54	0.00	0.00	58.21	54.54	0.28000000	0.28000000

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
NBRI CUTHBERT SOUTH DD 5A9-28-2B12-27-2	P-DP	29.44	16.03	0.00	0.00	29.44	16.03	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 7A5-27-3C5-27-26	P-DP	13.34	8.55	0.00	0.00	13.34	8.55	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 8A10-27-4B10-27-	P-DP	31.16	27.81	0.00	0.00	31.16	27.81	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 8A14-21-4C15-21-	P-DP	22.04	26.62	0.00	0.00	22.04	26.62	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 8A8-28-3D1-28-26	P-DP	17.05	11.24	0.00	0.00	17.05	11.24	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 9A2-28-3B1-28-26	P-DP	53.52	44.37	0.00	0.00	53.52	44.37	0.28000000	0.28000000
NBRI CUTHBERT SOUTH DD 9A7-28-4C2-28-26	P-DP	62.94	46.00	0.00	0.00	62.94	46.00	0.28000000	0.28000000
NBRI HEARTS HILL 15-28-36-26	P-DP	3.54	256.70	0.00	0.00	3.54	256.70	0.28000000	0.28000000
NEXEN CUTHBERT 12-7-27-28	P-DP	20.87	181.83	0.00	0.00	20.87	181.83	0.28000000	0.28000000
NEXEN CUTHBERT 8-28-26-29	P-DP	81.12	90.78	0.00	0.00	81.12	90.78	0.28000000	0.28000000
NEXEN CUTHBERT A13-22-26-29	P-DP	80.29	274.03	0.00	0.00	80.29	274.03	0.28000000	0.28000000
NEXEN CUTHBERT B15-26-26-29	P-DP	52.62	49.23	0.00	0.00	52.62	49.23	0.28000000	0.28000000
NEXEN CUTHBERT B16-34-26-29	P-DP	48.73	81.21	0.00	0.00	48.73	81.21	0.28000000	0.28000000
NEXEN CUTHBERT DD 3A9-27-4A9-27-26-29	P-DP	68.55	725.73	9.81	53.64	58.74	672.09	0.28000000	0.28000000
NEXEN CUTHBERT DD 4B15-21-1B15-21-26-29	P-DP	74.15	342.47	0.00	0.00	74.15	342.47	0.28000000	0.28000000
NEXEN CUTHBERT HZ 1C10-34-1A1-2-27-2	P-DP	133.90	119.56	0.00	0.00	133.90	119.56	0.28000000	0.28000000
NEXEN CUTHBERT HZ 1C4-2-4A13-34-26-2	P-DP	52.91	48.35	0.00	0.00	52.91	48.35	0.28000000	0.28000000
NEXEN CUTHBERT HZ 1D8-2-4A14-34-26-2	P-DP	195.95	208.82	0.00	0.00	195.95	208.82	0.28000000	0.28000000
NEXEN CUTHBERT HZ 3A1-3-4A16-33-26-2	P-DP	171.19	164.04	0.00	0.00	171.19	164.04	0.28000000	0.28000000
NEXEN CUTHBERT HZ 6D1-3-4B13-34-26-2	P-DP	174.73	112.19	0.00	0.00	174.73	112.19	0.28000000	0.28000000
NEXEN HEARTS HILL D9-19-36-26	P-DP	157.31	175.29	0.00	0.00	157.31	175.29	0.28000000	0.28000000
WASCANA CUTHBERT 8-3-27-29	P-DP	153.70	724.73	0.00	0.00	153.70	724.73	0.28000000	0.28000000
WASCANA CUTHBERT A3-2-27-29	P-DP	456.22	234.36	0.00	0.00	456.22	234.36	0.28000000	0.28000000
WASCANA CUTHBERT A8-2-27-29	P-DP	119.29	190.30	7.62	2.58	111.68	187.71	0.28000000	0.28000000
WASCANA CUTHBERT B16-3-27-29	P-DP	71.78	53.62	0.00	0.00	71.78	53.62	0.28000000	0.28000000
WASCANA CUTHBERT B16-33-26-29	P-DP	248.40	264.98	0.00	0.00	248.40	264.98	0.28000000	0.28000000
WASCANA CUTHBERT C15-34-26-29	P-DP	75.82	152.38	0.00	0.00	75.82	152.38	0.28000000	0.28000000
WASCANA CUTHBERT D7-3-27-29	P-DP	53.74	141.10	0.00	0.00	53.74	141.10	0.28000000	0.28000000
WASCANA HEARTS HILL 12-29-36-26	P-DP	151.02	28.98	0.00	0.00	151.02	28.98	0.28000000	0.28000000
WASCANA HEARTS HILL D1-19-36-26	P-DP	54.53	42.52	0.00	0.00	54.53	42.52	0.28000000	0.28000000
		17,311.20	**19,927.69**	**35.11**	**180.75**	**17,276.08**	**19,746.94**		
Proved Reserve Class									
Undeveloped Reserve Category									
NBRI CUTHBERT 10A 09 21 26 29W3 X	P-UD	39.44	0.00	39.44	0.00	0.00	0.00	0.28000000	0.28000000
NBRI CUTHBERT 10A 10 21 26 29W3	P-UD	39.44	0.00	39.44	0.00	0.00	0.00	0.28000000	0.28000000

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 5

As of 12/31/2020

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
NBRI CUTHBERT 10B 09 21 26 29W3	P-UD	39.44	0.00	39.44	0.00	0.00	0.00	0.28000000	0.28000000
NBRI CUTHBERT 10B 13 22 26 29W3	P-UD	39.32	0.00	39.32	0.00	0.00	0.00	0.28000000	0.28000000
NBRI CUTHBERT 10C 10 27 26 29W3	P-UD	39.33	0.00	39.33	0.00	0.00	0.00	0.28000000	0.28000000
NBRI CUTHBERT 10C 16 21 26 29W3	P-UD	39.32	0.00	39.32	0.00	0.00	0.00	0.28000000	0.28000000
		236.28	**0.00**	**236.28**	**0.00**	**0.00**	**0.00**		
Total Proved Class		**17,547.48**	**19,927.69**	**271.39**	**180.75**	**17,276.08**	**19,746.94**		

APPRAISAL OF
CERTAIN
OIL AND GAS INTERESTS
OWNED BY
PETROLIA ENERGY CORPORATION
LOCATED IN
ALBERTA CANADA
AS OF DECEMBER 31, 2020

PREPARED FOR
PETROLIA ENERGY CORPORATION
SEC Parameters

MKM ENGINEERING
F-009377

Michele K. Mudrone

Michele K. Mudrone, P.E.
July 29, 2021

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

MKM ENGINEERING
Oil and Gas Consulting Services
3905 Sagamore Hill Court
Plano, Texas 75025

July 29, 2021

Mr. Zel C. Khan
Petrolia Energy Corporation
710 N. Post Oak Road, Suite 512
Houston. TX 77024

Dear Mr. Khan:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the interests of Petrolia Energy Corporation as of December 31, 2020, in certain properties located in Alberta Canada. We completed our evaluation on July 29, 2021. It is our understanding that the proved reserves estimated in this report constitute approximately 55% of all proved reserves owned by Petrolia Energy Corporation in Canada.

This report has been prepared for Petrolia Energy Corporation use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose. Composite reserve estimates and economic forecasts are summarized below:

		Proved	Proved Developed Producing	Proved Proved Non-Producing
Net Reserves				
Oil/Condensate	MBbl	466.8	325.4	141.4
Gas	MMcf	25.3	12.6	12.7
Revenue				
Oil/Condensate	M$	15,777.0	10,999.4	4,777.6
Gas	M$	123.1	61.5	61.6
Crown Royalties	M$	393.5	272.0	121.5
Operating Expenses	M$	9,020.7	6,071.6	2,949.1
Investments	M$	837.1	0.0	837.1
Operating Income (BFIT)	M$	5,648.6	4,717.2	931.4
Discounted @ 10%	M$	3,097.2	2,837.2	260.0

In accordance with the Securities and Exchange Commission guidelines, the operating income (BFIT) has been discounted at an annual rate of 10% to determine its "present worth". The discounted value, "present worth", shown above should not be construed to represent an estimate of the fair market value by MKM Engineering.

As requested, hydrocarbon pricing of $39.57 per barrel of oil/condensate (WTI Cushing) and $2.00 per MMBtu of gas (Henry Hub) was used. In accordance with the Securities and Exchange Commission guidelines, these prices were determined as an unweighted arithmetic average of the first-day-of-the-month price for each month of 2020. The oil and gas prices were held constant and were adjusted for gravity, heating value, quality, transportation and marketing. The adjusted volume-weighted average product prices over the life of the properties are $33.80 per barrel of oil and $4.86 per mcf of gas.

Operating costs were based on operating expense records of Petrolia Energy Corporation. Drilling and completion costs were based on estimates provided by Petrolia Energy Corporation and reviewed by MKM Engineering. There is no severance tax or ad valorem tax in Canada. Crown royalties were specified by the individual property based on published rates. As per the Securities and Exchange Commission guidelines, neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The reserves and economics are predicted on the regulatory agency classifications, rules, policies, laws, taxes, and royalties in effect on the date of this report except as noted herein. In evaluating the information at our disposal concerning this report, we have excluded from our consideration all matters as to which the controlling interpretation my be legal or accounting, rather than engineering and geosciences. Therefore, the possible effects of changes in legislation or other Federal or State restrictive actions have not been considered. An on-site field inspection of these properties has not been made nor have the wells been tested by MKM Engineering. Possible environmental liability related to the properties has not been investigated nor considered.

The reserves were estimated using a combination of the production performance, volumetric and analogy methods, in each case as we considered to be appropriate and necessary to establish the conclusions set forth herein. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered. the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Petrolia Energy Corporation. Ownership interests were supplied by Petrolia Energy Corporation and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data.

MKM Engineering is independent with respect to Petrolia Energy Corporation as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers ("SPE Standards"). Neither MKM Engineering nor any of its employees has any interest in the subject properties. Neither the employment to make this study nor the compensation is contingent on the results of our work or the future production rates for the subject properties.

Our work papers and related data are available for inspection and review by authorized parties.

Respectfully submitted,

MKM ENGINEERING
Texas Registered Engineering Firm F-009733

Michele K. Mudrone

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

Michele K. Mudrone, P.E.

Attachments

LIST OF ECONOMIC TABLES

Table No.

Appendix

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and
(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

a. *Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*
b. *Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

a. *Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*
b. *Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*
c. *Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*
d. *Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*
e. *Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*
f. *Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

Cashflow Summaries

Petrolia Energy - Utikuma Lake
Reserve and Economic Projection
As of 12/31/2020

Total Proved

TABLE 1

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.39	0.00	0.10	0.14	0.00	0.01	33.80	0.00	4.86
2021	53	123.81	0.00	25.68	43.37	0.00	2.12	33.80	0.00	4.86
2022	32	134.58	0.00	36.20	46.10	0.00	2.90	33.80	0.00	4.86
2023	32	122.73	0.00	33.15	42.04	0.00	2.65	33.80	0.00	4.86
2024	31	108.94	0.00	29.38	37.19	0.00	2.33	33.80	0.00	4.86
2025	28	96.28	0.00	25.74	32.93	0.00	2.05	33.80	0.00	4.86
2026	25	87.40	0.00	23.77	30.03	0.00	1.89	33.80	0.00	4.86
2027	25	80.60	0.00	22.11	27.69	0.00	1.75	33.80	0.00	4.86
2028	24	74.02	0.00	19.91	25.47	0.00	1.59	33.80	0.00	4.86
2029	23	66.05	0.00	15.95	22.88	0.00	1.30	33.80	0.00	4.86
2030	21	54.58	0.00	12.27	18.84	0.00	1.00	33.80	0.00	4.86
2031	17	48.55	0.00	9.85	16.72	0.00	0.80	33.80	0.00	4.86
2032	16	44.43	0.00	8.89	15.26	0.00	0.72	33.80	0.00	4.86
2033	14	39.10	0.00	7.78	13.39	0.00	0.63	33.80	0.00	4.86
2034	13	35.67	0.00	7.13	12.33	0.00	0.58	33.80	0.00	4.86
Sub-T		1,117.12	0.00	277.90	384.37	0.00	22.29	33.80	0.00	4.86
After		235.41	0.00	37.88	82.40	0.00	3.02	33.80	0.00	4.86
Total		1,352.53	0.00	315.78	466.77	0.00	25.31	33.80	0.00	4.86
Cum.		55,633.44	0.00	20,648.38						
Ult.		56,985.97	0.00	20,964.16						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	4.75	0.00	0.04	0.00	4.79	0.12	0.00	4.68
2021	1,465.92	0.00	10.30	0.00	1,476.22	36.46	0.00	1,439.76
2022	1,558.04	0.00	14.09	0.00	1,572.13	39.06	0.00	1,533.07
2023	1,420.81	0.00	12.87	0.00	1,433.69	35.62	0.00	1,398.07
2024	1,256.99	0.00	11.33	0.00	1,268.32	31.51	0.00	1,236.81
2025	1,113.18	0.00	9.94	0.00	1,123.13	27.89	0.00	1,095.24
2026	1,015.05	0.00	9.18	0.00	1,024.23	25.45	0.00	998.79
2027	935.82	0.00	8.53	0.00	944.35	23.47	0.00	920.89
2028	860.75	0.00	7.71	0.00	868.46	21.57	0.00	846.89
2029	773.50	0.00	6.32	0.00	779.82	19.32	0.00	760.49
2030	636.96	0.00	4.87	0.00	641.83	15.88	0.00	625.95
2031	565.14	0.00	3.88	0.00	569.02	14.05	0.00	554.97
2032	515.64	0.00	3.49	0.00	519.13	12.81	0.00	506.32
2033	452.75	0.00	3.04	0.00	455.79	11.25	0.00	444.54
2034	416.70	0.00	2.80	0.00	419.50	10.35	0.00	409.15
Sub-T	12,992.01	0.00	108.40	0.00	13,100.41	324.81	0.00	12,775.59
After	2,785.03	0.00	14.66	0.00	2,799.69	68.81	0.00	2,730.88
Total	15,777.03	0.00	123.06	0.00	15,900.10	393.62	0.00	15.506.48

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	2.89	0.00	0.00	0.00	1.79	1.79	1.79	1.79
2021	737.04	837.14	0.00	0.00	-134.42	-132.63	-118.07	-116.28
2022	696.94	0.00	0.00	0.00	836.14	703.51	721.02	604.74
2023	683.52	0.00	0.00	0.00	714.55	1,418.05	557.81	1,162.55
2024	621.62	0.00	0.00	0.00	615.20	2,033.25	434.71	1,597.26
2025	567.29	0.00	0.00	0.00	527.95	2,561.20	337.63	1,934.88
2026	543.47	0.00	0.00	0.00	455.32	3,016.51	263.59	2,198.48
2027	530.45	0.00	0.00	0.00	390.44	3,406.95	204.63	2,403.10
2028	511.93	0.00	0.00	0.00	334.95	3,741.90	158.92	2,562.03
2029	478.07	0.00	0.00	0.00	282.42	4,024.33	121.27	2,683.30
2030	385.55	0.00	0.00	0.00	240.40	4,264.72	93.44	2,776.74
2031	349.06	0.00	0.00	0.00	205.91	4,470.63	72.45	2,849.19
2032	329.23	0.00	0.00	0.00	177.09	4,647.72	56.41	2,905.61
2033	295.23	0.00	0.00	0.00	149.31	4,797.03	43.04	2,948.65
2034	282.91	0.00	0.00	0.00	126.23	4,923.26	32.94	2,981.60
Sub-T	7,015.19	837.14	0.00	0.00	4,923.26	4,923.26	2,981.60	2,981.60
After	2,005.50	0.00	0.00	0.00	725.38	725.38	115.68	115.68
Total	9,020.69	837.14	0.00	0.00	5,648.64	5,648.64	3,097.28	3,097.28

Present Worth Profile (M$)

PW 5.00% :	4,066.08
PW 8.00% :	3,434.71
PW 10.00% :	3,097.28
PW 12.00% :	2,810.11
PW 15.00% :	2,452.31
PW 20.00% :	1,995.96

Petrolia Energy - Utikuma Lake
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Producing Rsv Category

MKM Engineering

TABLE 2

		Estimated 8/8 Ths Production			Net Production					
Year	Wells	Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.38	0.00	0.10	0.14	0.00	0.01	33.80	0.00	4.86
2021	27	97.57	0.00	16.36	35.07	0.00	1.42	33.80	0.00	4.86
2022	20	84.13	0.00	16.80	30.36	0.00	1.46	33.80	0.00	4.86
2023	20	76.70	0.00	14.95	27.68	0.00	1.30	33.80	0.00	4.86
2024	19	67.65	0.00	12.36	24.39	0.00	1.07	33.80	0.00	4.86
2025	17	60.81	0.00	10.75	21.95	0.00	0.93	33.80	0.00	4.86
2026	15	54.68	0.00	9.70	19.90	0.00	0.84	33.80	0.00	4.86
2027	15	50.21	0.00	8.82	18.28	0.00	0.77	33.80	0.00	4.86
2028	14	46.43	0.00	8.02	16.91	0.00	0.70	33.80	0.00	4.86
2029	14	42.96	0.00	7.21	15.66	0.00	0.63	33.80	0.00	4.86
2030	13	34.41	0.00	5.09	12.49	0.00	0.44	33.80	0.00	4.86
2031	10	31.62	0.00	4.51	11.48	0.00	0.39	33.80	0.00	4.86
2032	10	28.49	0.00	3.96	10.34	0.00	0.34	33.80	0.00	4.86
2033	8	24.04	0.00	3.16	8.75	0.00	0.27	33.80	0.00	4.86
2034	7	21.37	0.00	2.78	7.93	0.00	0.24	33.80	0.00	4.86
Sub-T		721.46	0.00	124.56	261.34	0.00	10.80	33.80	0.00	4.86
After		170.98	0.00	20.59	64.08	0.00	1.84	33.80	0.00	4.86
Total		892.44	0.00	145.16	325.42	0.00	12.64	33.80	0.00	4.86
Cum.		40,100.95	0.00	14,888.16						
Ult.		40,993.39	0.00	15,033.32						

	Company Future Gross Revenue					Prod & Adv Taxes		Revenue
Year	Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	after Sev & Adv ------- M$ --------
2020	4.68	0.00	0.04	0.00	4.72	0.12	0.00	4.60
2021	1,185.43	0.00	6.90	0.00	1,192.34	29.35	0.00	1,162.99
2022	1,026.16	0.00	7.10	0.00	1,033.26	25.51	0.00	1,007.74
2023	935.71	0.00	6.31	0.00	942.03	23.25	0.00	918.77
2024	824.33	0.00	5.21	0.00	829.54	20.45	0.00	809.09
2025	741.93	0.00	4.53	0.00	746.46	18.39	0.00	728.07
2026	672.67	0.00	4.09	0.00	676.76	16.67	0.00	660.09
2027	617.97	0.00	3.72	0.00	621.69	15.31	0.00	606.38
2028	571.67	0.00	3.39	0.00	575.06	14.16	0.00	560.90
2029	529.25	0.00	3.05	0.00	532.29	13.10	0.00	519.19
2030	422.25	0.00	2.13	0.00	424.39	10.42	0.00	413.96
2031	388.06	0.00	1.89	0.00	389.95	9.57	0.00	380.38
2032	349.51	0.00	1.66	0.00	351.17	8.62	0.00	342.56
2033	295.85	0.00	1.32	0.00	297.18	7.29	0.00	289.89
2034	267.96	0.00	1.19	0.00	269.15	6.60	0.00	262.55
Sub-T	8,833.44	0.00	52.54	0.00	8,885.98	218.81	0.00	8,667.17
After	2,165.97	0.00	8.94	0.00	2,174.91	53.27	0.00	2,121.64
Total	10,999.41	0.00	61.48	0.00	11,060.89	272.09	0.00	10.788.81

	Deductions				Future Net Income Before Income Taxes			
					Undiscounted			
Year	Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	2.09	0.00	0.00	0.00	2.51	2.51	2.51	2.51
2021	498.43	0.00	0.00	0.00	664.56	667.07	634.00	636.51
2022	458.88	0.00	0.00	0.00	548.86	1,215.93	473.27	1,109.77
2023	445.47	0.00	0.00	0.00	473.31	1,689.24	369.45	1,479.23
2024	396.46	0.00	0.00	0.00	412.63	2,101.87	291.54	1,770.76
2025	369.40	0.00	0.00	0.00	358.67	2,460.54	229.36	2,000.12
2026	347.07	0.00	0.00	0.00	313.02	2,773.56	181.20	2,181.32
2027	334.05	0.00	0.00	0.00	272.33	3,045.90	142.72	2,324.03
2028	323.28	0.00	0.00	0.00	237.62	3,283.52	112.73	2,436.76
2029	315.85	0.00	0.00	0.00	203.34	3,486.86	87.31	2,524.07
2030	238.48	0.00	0.00	0.00	175.48	3,662.34	68.20	2,592.28
2031	228.12	0.00	0.00	0.00	152.26	3,814.59	53.57	2,645.85
2032	210.20	0.00	0.00	0.00	132.35	3,946.95	42.16	2,688.01
2033	176.21	0.00	0.00	0.00	113.69	4,060.63	32.77	2,720.78
2034	163.89	0.00	0.00	0.00	98.67	4,159.30	25.75	2,746.53
Sub-T	4,507.87	0.00	0.00	0.00	4,159.30	4,159.30	2,746.53	2,746.53
After	1,563.73	0.00	0.00	0.00	557.91	557.91	90.71	90.71
Total	6,071.60	0.00	0.00	0.00	4,717.21	4,717.21	2,837.23	2,837.23

Present Worth Profile (M$)

PW 5.00% :	3,550.35
PW 8.00% :	3,085.53
PW 10.00% :	2,837.23
PW 12.00% :	2,625.89
PW 15.00% :	2,362.30
PW 20.00% :	2,024.89

Petrolia Energy - Utikuma Lake
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Non-Producing Rsv Category

TABLE 3

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.01	0.00	0.00	0.00	0.00	0.00	33.80	0.00	4.86
2021	26	26.24	0.00	9.32	8.30	0.00	0.70	33.80	0.00	4.86
2022	12	50.44	0.00	19.40	15.74	0.00	1.44	33.80	0.00	4.86
2023	12	46.04	0.00	18.20	14.35	0.00	1.35	33.80	0.00	4.86
2024	12	41.29	0.00	17.01	12.80	0.00	1.26	33.80	0.00	4.86
2025	11	35.47	0.00	14.99	10.98	0.00	1.11	33.80	0.00	4.86
2026	10	32.71	0.00	14.07	10.13	0.00	1.05	33.80	0.00	4.86
2027	10	30.39	0.00	13.28	9.40	0.00	0.99	33.80	0.00	4.86
2028	10	27.58	0.00	11.89	8.55	0.00	0.89	33.80	0.00	4.86
2029	9	23.09	0.00	8.74	7.23	0.00	0.67	33.80	0.00	4.86
2030	8	20.17	0.00	7.18	6.35	0.00	0.56	33.80	0.00	4.86
2031	7	16.93	0.00	5.34	5.24	0.00	0.41	33.80	0.00	4.86
2032	6	15.94	0.00	4.93	4.91	0.00	0.38	33.80	0.00	4.86
2033	6	15.07	0.00	4.62	4.64	0.00	0.35	33.80	0.00	4.86
2034	6	14.30	0.00	4.34	4.40	0.00	0.33	33.80	0.00	4.86
Sub-T		395.66	0.00	153.33	123.03	0.00	11.49	33.80	0.00	4.86
After		64.43	0.00	17.29	18.32	0.00	1.18	33.80	0.00	4.86
Total		460.09	0.00	170.62	141.35	0.00	12.66	33.80	0.00	4.86
Cum.		15,532.49	0.00	5,760.22						
Ult.		15,992.58	0.00	5,930.84						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.08	0.00	0.00	0.00	0.08	0.00	0.00	0.08
2021	280.49	0.00	3.40	0.00	283.89	7.11	0.00	276.77
2022	531.88	0.00	6.99	0.00	538.87	13.54	0.00	525.33
2023	485.10	0.00	6.56	0.00	491.66	12.37	0.00	479.29
2024	432.66	0.00	6.12	0.00	438.78	11.06	0.00	427.72
2025	371.25	0.00	5.42	0.00	376.67	9.50	0.00	367.17
2026	342.38	0.00	5.09	0.00	347.47	8.77	0.00	338.70
2027	317.85	0.00	4.80	0.00	322.66	8.15	0.00	314.50
2028	289.07	0.00	4.32	0.00	293.39	7.41	0.00	285.98
2029	244.25	0.00	3.27	0.00	247.52	6.22	0.00	241.30
2030	214.71	0.00	2.74	0.00	217.44	5.46	0.00	211.98
2031	177.08	0.00	1.99	0.00	179.07	4.48	0.00	174.60
2032	166.12	0.00	1.83	0.00	167.96	4.20	0.00	163.76
2033	156.89	0.00	1.72	0.00	158.61	3.96	0.00	154.65
2034	148.74	0.00	1.61	0.00	150.35	3.75	0.00	146.60
Sub-T	4,158.56	0.00	55.86	0.00	4,214.42	106.00	0.00	4,108.42
After	619.06	0.00	5.72	0.00	624.78	15.53	0.00	609.25
Total	4,777.62	0.00	61.58	0.00	4,839.20	121.53	0.00	4.717.67

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Undiscounted Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.80	0.00	0.00	0.00	-0.72	-0.72	-0.72	-0.72
2021	238.61	837.14	0.00	0.00	-798.98	-799.70	-752.06	-752.79
2022	238.05	0.00	0.00	0.00	287.28	-512.43	247.76	-505.03
2023	238.05	0.00	0.00	0.00	241.24	-271.19	188.35	-316.68
2024	225.16	0.00	0.00	0.00	202.56	-68.62	143.17	-173.51
2025	197.89	0.00	0.00	0.00	169.28	100.65	108.27	-65.24
2026	196.40	0.00	0.00	0.00	142.30	242.95	82.40	17.16
2027	196.40	0.00	0.00	0.00	118.10	361.06	61.91	79.07
2028	188.65	0.00	0.00	0.00	97.33	458.38	46.19	125.27
2029	162.22	0.00	0.00	0.00	79.08	537.47	33.96	159.23
2030	147.07	0.00	0.00	0.00	64.92	602.39	25.24	184.47
2031	120.94	0.00	0.00	0.00	53.65	656.04	18.88	203.35
2032	119.03	0.00	0.00	0.00	44.73	700.77	14.25	217.60
2033	119.03	0.00	0.00	0.00	35.62	736.39	10.27	227.87
2034	119.03	0.00	0.00	0.00	27.57	763.96	7.20	235.07
Sub-T	2,507.32	837.14	0.00	0.00	763.96	763.96	235.07	235.07
After	441.78	0.00	0.00	0.00	167.47	167.47	24.97	24.97
Total	2,949.10	837.14	0.00	0.00	931.44	931.44	260.04	260.04

Present Worth Profile (M$)

PW 5.00% :	515.73
PW 8.00% :	349.18
PW 10.00% :	260.04
PW 12.00% :	184.22
PW 15.00% :	90.02
PW 20.00% :	-28.94

Tabular Summaries

Economic One-Liners

Project Name : **Petrolia Energy - Utikuma Lake**

As of Date: 12/31/2020

MKM ENGINEERING

TABLE 4

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves Oil (Mbbl)	Net Reserves Gas (MMcf)	Net Revenue Oil (M$)	Net Revenue Gas (M$)	Net Revenue Other (M$)	Expense & Tax (M$)	Invest. (M$)	Cash Flow Non-Disc. (M$)	Cash Flow Disc. CF (M$)	Life (years)
Proved Rsv Class											
Producing Rsv Category											
100/01-12-081-10W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/02-01-081-10W5/00 - BSRL NIPISI	*P-DP*	0.05	0.00	1.82	0.00	0.00	1.58	0.00	0.24	0.24	0.09
100/02-03-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/02-20-081-08W5/02 - BSRL NIPISI	*P-DP*	2.98	0.01	100.63	0.07	0.00	82.85	0.00	17.85	15.66	4.84
100/02-22-081-09W5/00 - BSRL NIPISI	*P-DP*	51.34	1.67	1,735.25	8.12	0.00	841.25	0.00	902.13	445.57	33.57
100/02-23-081-10W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/02-25-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.08	0.00	0.00	0.07	0.00	0.01	0.01	0.00
100/02-28-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/04-03-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/04-16-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.07	0.00	0.00	0.07	0.00	0.00	0.00	0.00
100/04-20-082-09W5/00 - BSRL NIPISI	*P-DP*	0.32	0.01	10.80	0.04	0.00	8.07	0.00	2.77	2.73	0.33
100/04-25-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/04-35-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/05-23-081-09W5/00 - BSRL NIPISI	*P-DP*	3.64	0.20	123.06	0.95	0.00	106.87	0.00	17.14	14.92	4.37
100/05-25-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/05-27-081-09W5/00 - BSRL NIPISI	*P-DP*	7.62	0.06	257.64	0.28	0.00	221.40	0.00	36.53	28.05	9.04
100/06-18-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/06-19-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/06-23-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/06-34-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/07-25-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.07	0.00	0.00	0.07	0.00	0.00	0.00	0.00
100/07-25-081-10W5/00 - BSRL NIPISI	*P-DP*	9.65	0.66	326.20	3.21	0.00	229.99	0.00	99.42	76.64	9.33
100/07-27-081-09W5/00 - BSRL NIPISI	*P-DP*	32.29	0.29	1,091.37	1.42	0.00	519.94	0.00	572.84	353.92	20.75
100/08-01-081-10W5/03 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/08-03-082-09W5/00 - BSRL NIPISI	*P-DP*	3.22	0.25	108.84	1.23	0.00	76.10	0.00	33.96	30.83	3.08
100/08-05-082-09W5/02 - BSRL NIPISI	*P-DP*	38.79	1.60	1,311.10	7.79	0.00	755.33	0.00	563.56	282.45	30.39
100/08-10-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/08-15-081-10W5/02 - BSRL NIPISI	*P-DP*	0.22	0.00	7.32	0.01	0.00	5.85	0.00	1.47	1.46	0.25
100/08-26-081-09W5/00 - BSRL NIPISI	*P-DP*	6.21	0.33	210.02	1.62	0.00	158.81	0.00	52.83	43.73	6.46
100/09-27-081-09W5/02 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/09-28-082-10W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.12	0.00	0.00	0.07	0.00	0.05	0.05	0.00
100/10-01-081-10W5/00 - VERMILION	*P-DP*	19.05	1.02	643.77	4.97	0.00	321.92	0.00	326.83	226.60	14.47
100/10-10-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves Oil (Mbbl)	Net Reserves Gas (MMcf)	Net Revenue Oil (M$)	Net Revenue Gas (M$)	Net Revenue Other (M$)	Expense & Tax (M$)	Invest. (M$)	Cash Flow Non-Disc. (M$)	Cash Flow Disc. CF (M$)	Life (years)
100/10-24-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/10-26-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/10-34-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/11-06-081-09W5/02 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/12-04-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/12-16-081-09W5/00 - BSRL NIPISI	*P-DP*	12.21	0.52	412.67	2.54	0.00	283.66	0.00	131.55	95.87	11.50
100/12-21-081-08W5/00 - BSRL NIPISI	*P-DP*	11.78	0.68	398.31	3.28	0.00	289.69	0.00	111.90	80.52	11.76
100/12-30-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/13-07-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/13-08-081-08W5/00 - BSRL NIPISI	*P-DP*	0.15	0.01	5.21	0.05	0.00	3.61	0.00	1.65	1.64	0.16
100/13-08-081-09W5/00 - BSRL NIPISI	*P-DP*	0.27	0.02	8.97	0.10	0.00	8.03	0.00	1.04	1.03	0.33
100/13-27-081-09W5/00 - BSRL NIPISI	*P-DP*	8.44	0.78	285.33	3.81	0.00	223.24	0.00	65.91	50.48	9.08
100/13-35-081-09W5/00 - BSRL NIPISI	*P-DP*	2.85	0.18	96.22	0.86	0.00	80.87	0.00	16.22	14.64	3.30
100/14-01-081-09W5/00 - BSRL NIPISI	*P-DP*	29.09	0.15	983.42	0.74	0.00	514.03	0.00	470.12	284.46	20.61
100/14-11-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/14-18-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.08	0.00	0.00	0.07	0.00	0.01	0.01	0.00
100/14-26-081-09W5/00 - BSRL NIPISI	*P-DP*	0.19	0.01	6.41	0.03	0.00	6.01	0.00	0.43	0.43	0.25
100/15-01-081-10W5/00 - BSRL NIPISI	*P-DP*	2.00	0.16	67.50	0.77	0.00	59.73	0.00	8.54	7.87	2.44
100/15-08-081-09W5/00 - BSRL NIPISI	*P-DP*	8.99	0.70	303.87	3.43	0.00	214.43	0.00	92.87	72.77	8.70
100/15-13-081-10W5/02 - BSRL NIPISI	*P-DP*	0.25	0.02	8.38	0.10	0.00	8.02	0.00	0.46	0.46	0.33
100/15-33-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/15-34-081-09W5/00 - BSRL NIPISI	*P-DP*	43.39	2.01	1,466.55	9.80	0.00	717.11	0.00	759.23	404.26	28.62
100/16-05-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/16-06-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.06	0.00	0.00	0.05	0.00	0.01	0.01	0.00
100/16-13-081-10W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.17	0.00	0.00	0.07	0.00	0.10	0.10	0.00
100/16-18-082-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100/16-24-081-09W5/00 - BSRL NIPISI	*P-DP*	17.47	0.82	590.61	4.00	0.00	381.84	0.00	212.77	141.30	15.44
100/16-26-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102/05-17-082-09W5/00 - BSRL NIPISI	*P-DP*	12.94	0.46	437.51	2.24	0.00	223.00	0.00	216.74	158.54	12.75
102/10-28-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102/14-11-081-09W5/00 - BSRL NIPISI	*P-DP*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**325.42**	**12.64**	**10,999.41**	**61.48**	**0.00**	**6,343.68**	**0.00**	**4,717.21**	**2,837.23**	**33.57**
Proved Rsv Class											
Non-Producing Rsv Category											
*00/02-03-082-09W5/0 - BSRL UTIKUM	*P-NP*	0.00	0.00	0.00	0.00	0.00	11.74	0.00	-11.74	-11.46	0.50

Economic One-Liners

Project Name : **Petrolia Energy - Utikuma Lake**

As of Date: 12/31/2020

MKM ENGINEERING

TABLE 4

Lease Name ***Risked*** **/ UnRisked**	*Reserve Category*	**Net Reserves**		**Net Revenue**			**Expense & Tax (M$)**	**Invest. (M$)**	**Cash Flow**		**Life (years)**
		Oil (Mbbl)	**Gas (MMcf)**	**Oil (M$)**	**Gas (M$)**	**Other (M$)**			**Non-Disc. (M$)**	**Disc. CF (M$)**	
*00/02-17-081-09W5/0 - BSRL UTIKIM.	*P-NP*	36.35	2.61	1,228.76	12.71	0.00	630.66	84.47	526.35	200.77	34.08
*00/02-28-081-09W5/0 - BSRL UTIKUM	*P-NP*	0.00	0.00	0.00	0.00	0.00	11.74	0.00	-11.74	-11.46	0.50
*00/06-18-082-09W5/0 - VERMILION U	*P-NP*	16.02	1.37	541.65	6.64	0.00	367.36	0.00	180.92	113.50	14.87
*00/06-23-082-09W5/0 - BSRL UTIKUM	*P-NP*	0.00	0.00	0.00	0.00	0.00	2.05	0.00	-2.05	-2.04	0.09
*00/06-34-081-09W5/0 - BSRL RANGEI	*P-NP*	0.00	0.00	0.00	0.00	0.00	11.74	0.00	-11.74	-11.46	0.50
*00/08-01-081-10W5/3 - BSRL UTIKUM	*P-NP*	12.64	0.93	427.31	4.50	0.00	279.03	0.00	152.78	95.89	15.02
*00/09-27-081-09W5/2 - BSRL HZ UTIK	*P-NP*	10.93	1.40	369.35	6.83	0.00	249.48	0.00	126.71	89.76	10.08
*00/10-24-081-09W5/0 - BSRL UTIKUM	*P-NP*	0.01	0.00	0.40	0.00	0.00	4.40	0.00	-4.01	-3.96	0.25
*00/12-04-082-09W5/0 - BSRL UTIKUM	*P-NP*	2.90	0.09	97.88	0.41	0.00	84.74	0.00	13.55	11.32	3.46
*00/12-06-081-09W5/2 - BSRL UTIKIM.	*P-NP*	2.53	0.29	85.58	1.43	0.00	66.21	45.05	-24.25	-25.47	4.09
*00/13-07-082-09W5/0 - VERMILION U	*P-NP*	0.00	0.00	0.00	0.00	0.00	11.74	0.00	-11.74	-11.46	0.50
*00/14-11-081-09W5/0 - BSRL NIPISI 1	*P-NP*	17.50	2.01	591.54	9.76	0.00	350.55	0.00	250.75	164.41	14.09
*00/14-18-082-09W5/0 - BSRL UTIKUM	*P-NP*	0.04	0.00	1.38	0.01	0.00	5.89	0.00	-4.50	-4.44	0.25
*00/16-18-082-09W5/0 - BSRL UTIK RA	*P-NP*	0.00	0.00	0.00	0.00	0.00	11.74	0.00	-11.74	-11.46	0.50
*02/14-11-081-09W5/0 - BSRL NIPISI 1	*P-NP*	11.69	0.77	395.19	3.75	0.00	281.05	0.00	117.89	74.23	15.69
00/03-11-082-09W5/0 - BSRL UTIKIMA	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	45.05	-45.05	-43.22	0.50
00/04-11-082-09W5/0 - BSRL UTIKIMA	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	37.54	-37.54	-35.41	0.67
00/04-12-082-09W5/0 - BSRL UTIKIMA	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	45.05	-45.05	-42.49	0.67
00/04-24-081-10W5/0 - BSRL UTIKIMA	*P-NP*	11.71	0.34	395.90	1.66	0.00	263.25	37.54	96.77	51.62	14.70
00/05-12-082-09W5/0 - BSRL UTIKIMA	*P-NP*	5.88	0.90	198.62	4.37	0.00	128.46	45.05	29.48	14.92	7.57
00/06-22-082-09W5/0 - BSRL UTIKIMA	*P-NP*	5.98	1.05	202.18	5.09	0.00	136.41	65.70	5.16	-8.05	8.09
00/09-02-082-09W5/2 - BSRL UTIKIMA	*P-NP*	7.16	0.91	241.88	4.42	0.00	162.35	56.31	27.63	8.52	9.24
XX/03-17-081-08W5/GILWOOD - BSRI	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	131.39	-131.39	-119.89	1.00
XX/04-20-081-08W5/GILWOOD - BSRI	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	131.39	-131.39	-119.89	1.00
XX/12-06-081-09W5/GILWOOD - BSRI	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	56.31	-56.31	-51.38	1.00
XX/12-21-081-08W5/GILWOOD - BSRI	*P-NP*	0.00	0.00	0.00	0.00	0.00	0.00	56.31	-56.31	-51.38	1.00
	Total	**141.35**	**12.66**	**4,777.62**	**61.58**	**0.00**	**3,070.63**	**837.14**	**931.44**	**260.04**	**34.08**
Proved Rsv Class	**Total**	**466.77**	**25.31**	**15,777.03**	**123.06**	**0.00**	**9,414.31**	**837.14**	**5,648.64**	**3,097.28**	**34.08**

Gross Ultimates, Interests & Prices

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 5

As of 12/31/2020

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
Proved Reserve Class									
Producing Reserve Category									
100/01-12-081-10W5/00 - BSRL NIPISI 1-12-81-10	P-DP	154.47	45.84	0.00	0.00	154.47	45.84	0.50000000	0.37500000
100/02-01-081-10W5/00 - BSRL NIPISI 2-1-81-10	P-DP	56.71	2.70	0.19	0.00	56.51	2.69	0.37540000	0.28155000
100/02-03-082-09W5/00 - BSRL NIPISI 2-3-82-9	P-DP	1,381.14	470.74	0.00	0.00	1,381.14	470.74	0.50000000	0.37500000
100/02-20-081-08W5/02 - BSRL NIPISI 2-20-81-8	P-DP	214.19	88.03	11.34	0.23	202.84	87.80	0.35000000	0.26250000
100/02-22-081-09W5/00 - BSRL NIPISI 2-22-81-9	P-DP	1,384.80	575.61	136.90	18.68	1,247.90	556.93	0.50000000	0.37500000
100/02-23-081-10W5/00 - BSRL NIPISI 2-23-81-10	P-DP	243.02	106.88	0.00	0.00	243.02	106.88	0.50000000	0.37500000
100/02-25-081-09W5/00 - BSRL NIPISI 2-25-81-9	P-DP	1,198.92	389.40	0.01	0.00	1,198.91	389.40	0.50000000	0.37500000
100/02-28-081-09W5/00 - BSRL NIPISI 2-28-81-9	P-DP	202.44	83.67	0.00	0.00	202.44	83.67	0.50000000	0.37500000
100/04-03-082-09W5/00 - BSRL NIPISI 4-3-82-9	P-DP	1,271.71	503.17	0.00	0.00	1,271.71	503.17	0.50000000	0.37500000
100/04-16-081-09W5/00 - BSRL NIPISI 4-16-81-9	P-DP	1,204.47	475.32	0.01	0.00	1,204.46	475.31	0.50000000	0.37500000
100/04-20-082-09W5/00 - BSRL NIPISI 4-20-82-9	P-DP	218.77	86.04	0.85	0.10	217.92	85.94	0.50000000	0.37500000
100/04-25-081-09W5/00 - BSRL NIPISI 4-25-81-9	P-DP	1,811.17	671.12	0.00	0.00	1,811.17	671.12	0.50000000	0.37500000
100/04-35-081-09W5/00 - BSRL NIPISI 4-35-81-9	P-DP	226.37	68.17	0.00	0.00	226.37	68.17	0.50000000	0.37500000
100/05-23-081-09W5/00 - BSRL NIPISI 5-23-81-9	P-DP	192.94	69.70	9.71	2.19	183.24	67.51	0.50000000	0.37500000
100/05-25-081-09W5/00 - BSRL NIPISI 5-25-81-9	P-DP	212.48	56.67	0.00	0.00	212.48	56.67	0.50000000	0.37500000
100/05-27-081-09W5/00 - BSRL NIPISI 5-27-81-9	P-DP	240.31	84.88	20.33	0.65	219.98	84.22	0.50000000	0.37500000
100/06-18-082-09W5/00 - BSRL NIPISI 6-18-82-9	P-DP	1,309.68	508.58	0.00	0.00	1,309.68	508.58	0.50000000	0.37500000
100/06-19-081-09W5/00 - BSRL NIPISI 6-19-81-9	P-DP	58.06	16.94	0.00	0.00	58.06	16.94	0.50000000	0.37500000
100/06-23-082-09W5/00 - BSRL NIPISI 6-23-82-9	P-DP	381.25	114.72	0.00	0.00	381.25	114.72	0.50000000	0.37500000
100/06-34-081-09W5/00 - BSRL NIPISI 6-34-81-9	P-DP	271.76	63.29	0.00	0.00	271.76	63.29	0.50000000	0.37500000
100/07-25-081-09W5/00 - BSRL NIPISI 7-25-81-9	P-DP	80.73	46.04	0.01	0.00	80.73	46.03	0.50000000	0.37500000
100/07-25-081-10W5/00 - BSRL NIPISI 7-25-81-10	P-DP	1,417.09	581.68	25.74	7.39	1,391.35	574.29	0.50000000	0.37500000
100/07-27-081-09W5/00 - BSRL NIPISI 7-27-81-9	P-DP	517.37	152.45	86.10	3.27	431.27	149.19	0.50000000	0.37500000
100/08-01-081-10W5/03 - BSRL NIPISI 8-1-81-10	P-DP	97.55	13.48	0.00	0.00	97.55	13.48	0.37540000	0.28155000
100/08-03-082-09W5/00 - BSRL NIPISI 8-3-82-9	P-DP	180.40	45.86	8.59	2.82	171.81	43.04	0.50000000	0.37500000
100/08-05-082-09W5/02 - BSRL NIPISI 8-5-82-9	P-DP	2,496.85	997.27	103.44	17.91	2,393.41	979.35	0.50000000	0.37500000
100/08-10-082-09W5/00 - BSRL NIPISI 8-10-82-9	P-DP	74.52	8.25	0.00	0.00	74.52	8.25	0.50000000	0.37500000
100/08-15-081-10W5/02 - BSRL NIPISI 8-15-81-10	P-DP	138.58	42.27	0.60	0.02	137.98	42.25	0.48500000	0.36375000
100/08-26-081-09W5/00 - BSRL NIPISI 8-26-81-9	P-DP	721.99	222.64	16.57	3.72	705.42	218.92	0.50000000	0.37500000
100/09-27-081-09W5/02 - BSRL NIPISI 9-27-81-9	P-DP	251.54	103.42	0.00	0.00	251.54	103.42	0.50000000	0.37500000
100/09-28-082-10W5/00 - BSRL NIPISI 9-28-82-10	P-DP	363.48	134.39	0.01	0.00	363.47	134.39	0.50000000	0.37500000
100/10-01-081-10W5/00 - VERMILION NIPISI 10-1-81-10	P-DP	321.61	195.89	57.14	12.87	264.47	183.02	0.44445000	0.33333750
100/10-10-082-09W5/00 - BSRL NIPISI 10-10-82-9	P-DP	119.70	53.48	0.00	0.00	119.70	53.48	0.50000000	0.37500000
100/10-24-081-09W5/00 - BSRL NIPISI 10-24-81-9	P-DP	1,373.77	484.45	0.00	0.00	1,373.77	484.45	0.50000000	0.37500000
100/10-26-081-09W5/00 - BSRL NIPISI 10-26-81-9	P-DP	3,295.21	1,202.94	0.00	0.00	3,295.21	1,202.94	0.50000000	0.37500000
100/10-34-081-09W5/00 - BSRL NIPISI 10-34-81-9	P-DP	1,954.67	654.94	0.00	0.00	1,954.67	654.94	0.50000000	0.37500000
100/11-06-081-09W5/02 - BSRL NIPISI 11-6-81-9	P-DP	257.51	132.34	0.00	0.00	257.51	132.34	0.20822000	0.15616500
100/12-04-082-09W5/00 - BSRL NIPISI 12-4-82-9	P-DP	1,556.01	557.37	0.00	0.00	1,556.01	557.37	0.50000000	0.37500000
100/12-16-081-09W5/00 - BSRL NIPISI 12-16-81-9	P-DP	303.85	92.46	32.56	5.83	271.29	86.63	0.50000000	0.37500000

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 5

As of 12/31/2020

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
100/12-21-081-08W5/00 - BSRL NIPISI 12-21-81-8	P-DP	619.43	154.89	31.42	7.55	588.00	147.33	0.50000000	0.37500000
100/12-30-081-09W5/00 - BSRL NIPISI 12-30-81-9	P-DP	666.75	252.27	0.00	0.00	666.75	252.27	0.50000000	0.37500000
100/13-07-082-09W5/00 - BSRL NIPISI 13-7-82-9	P-DP	854.52	297.23	0.00	0.00	854.52	297.23	0.50000000	0.37500000
100/13-08-081-08W5/00 - BSRL NIPISI 13-8-81-8	P-DP	241.16	54.45	0.46	0.14	240.70	54.31	0.45000000	0.33750000
100/13-08-081-09W5/00 - BSRL NIPISI 13-8-81-9	P-DP	891.98	384.33	0.71	0.24	891.27	384.09	0.50000000	0.37500000
100/13-27-081-09W5/00 - BSRL NIPISI 13-27-81-9	P-DP	186.53	78.98	22.51	8.77	164.02	70.22	0.50000000	0.37500000
100/13-35-081-09W5/00 - BSRL NIPISI 13-35-81-9	P-DP	201.30	50.06	7.59	1.99	193.70	48.07	0.50000000	0.37500000
100/14-01-081-09W5/00 - BSRL NIPISI 14-1-81-9	P-DP	301.55	36.54	77.59	1.70	223.96	34.84	0.50000000	0.37500000
100/14-11-081-09W5/00 - BSRL NIPISI 14-11-81-9	P-DP	1,684.99	758.29	0.00	0.00	1,684.99	758.29	0.50000000	0.37500000
100/14-18-082-09W5/00 - BSRL NIPISI 14-18-82-9	P-DP	422.82	186.51	0.01	0.00	422.81	186.51	0.50000000	0.37500000
100/14-26-081-09W5/00 - BSRL NIPISI 14-26-81-9	P-DP	127.43	45.58	0.51	0.07	126.92	45.51	0.50000000	0.37500000
100/15-01-081-10W5/00 - BSRL NIPISI 15-181-10	P-DP	86.50	13.37	5.33	1.77	81.17	11.60	0.50000000	0.37500000
100/15-08-081-09W5/00 - BSRL NIPISI 15-8-81-9	P-DP	1,357.04	520.80	23.97	7.88	1,333.06	512.92	0.50000000	0.37500000
100/15-13-081-10W5/02 - BSRL NIPISI 15-13-81-10	P-DP	240.47	91.40	0.66	0.23	239.81	91.16	0.50000000	0.37500000
100/15-33-081-09W5/00 - BSRL NIPISI 15-33-81-9	P-DP	576.17	230.37	0.00	0.00	576.17	230.37	0.50000000	0.37500000
100/15-34-081-09W5/00 - BSRL NIPISI 15-34-81-9	P-DP	630.16	179.57	115.70	22.53	514.46	157.04	0.50000000	0.37500000
100/16-05-081-09W5/00 - BSRL NIPISI 16-5-81-9	P-DP	80.31	31.45	0.00	0.00	80.31	31.45	0.36920000	0.27690000
100/16-06-081-09W5/00 - BSRL NIPISI 16-6-81-9	P-DP	198.89	58.12	0.01	0.00	198.89	58.11	0.38500000	0.28875000
100/16-13-081-10W5/00 - BSRL NIPISI 16-13-81-10	P-DP	336.27	110.52	0.01	0.00	336.25	110.52	0.50000000	0.37500000
100/16-18-082-09W5/00 - BSRL NIPISI 16-18-82-9	P-DP	335.77	139.24	0.00	0.00	335.77	139.24	0.50000000	0.37500000
100/16-24-081-09W5/00 - BSRL NIPISI 16-24-81-9	P-DP	377.52	121.05	46.60	9.20	330.93	111.85	0.50000000	0.37500000
100/16-26-081-09W5/00 - BSRL NIPISI 16-26-81-9	P-DP	184.74	42.77	0.00	0.00	184.74	42.77	0.50000000	0.37500000
102/05-17-082-09W5/00 - BSRL NIPISI 5-17-82-9	P-DP	389.43	136.44	49.31	7.36	340.12	129.07	0.35000000	0.26250000
102/10-28-081-09W5/00 - BSRL NIPISI 10-28-81-9	P-DP	2,004.81	755.04	0.00	0.00	2,004.81	755.04	0.50000000	0.37500000
102/14-11-081-09W5/00 - BSRL NIPISI 14-11-81-9	P-DP	239.79	100.99	0.00	0.00	239.79	100.99	0.50000000	0.37500000
		40,993.39	**15,033.32**	**892.44**	**145.16**	**40,100.95**	**14,888.16**		
Proved Reserve Class									
Undeveloped Reserve Category									
*00/02-03-082-09W5/0 - BSRL UTIKUMA 2-3-82-9	P-NP	1,381.14	470.72	0.00	0.00	1,381.14	470.72	0.50000000	0.37500000
*00/02-17-081-09W5/0 - BSRL UTIKIMA 2-17-81-9	P-NP	1,879.62	722.77	129.12	38.94	1,750.51	683.83	0.37540000	0.28155000
*00/02-28-081-09W5/0 - BSRL UTIKUMA 2-28-81-9	P-NP	202.43	83.68	0.00	0.00	202.43	83.68	0.50000000	0.37500000
*00/06-18-082-09W5/0 - VERMILION UTIKUMA 6-18-82-9	P-NP	1,352.42	523.84	42.73	15.27	1,309.68	508.57	0.50000000	0.37500000
*00/06-23-082-09W5/0 - BSRL UTIKUMA 6-23-82-9	P-NP	381.24	114.70	0.00	0.00	381.24	114.70	0.50000000	0.37500000
*00/06-34-081-09W5/0 - BSRL RANGER UTIK 6-34-81-	P-NP	271.76	63.28	0.00	0.00	271.76	63.28	0.50000000	0.37500000
*00/08-01-081-10W5/3 - BSRL UTIKUMA 8-1-81-10	P-NP	142.45	27.24	44.90	13.78	97.55	13.45	0.37540000	0.28155000
*00/09-27-081-09W5/2 - BSRL HZ UTIK 9-27-81-9	P-NP	280.68	119.13	29.14	15.71	251.54	103.42	0.50000000	0.37500000
*00/10-24-081-09W5/0 - BSRL UTIKUMA 10-24-81-9	P-NP	1,373.81	484.45	0.04	0.00	1,373.77	484.45	0.37540000	0.28155000
*00/12-04-082-09W5/0 - BSRL UTIKUMA 12-4-82-9	P-NP	1,563.73	558.31	7.72	0.95	1,556.00	557.36	0.50000000	0.37500000
*00/12-06-081-09W5/2 - BSRL UTIKIMA 12-6-81-9	P-NP	231.01	106.60	8.99	4.39	222.01	102.21	0.37540000	0.28155000

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
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TABLE 5

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Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
*00/13-07-082-09W5/0 - VERMILION UTIKUMA 13-7-82-9	P-NP	854.52	297.22	0.00	0.00	854.52	297.22	0.50000000	0.37500000
*00/14-11-081-09W5/0 - BSRL NIPISI 14-11-81-9	P-NP	1,731.67	780.73	46.67	22.46	1,685.00	758.27	0.50000000	0.37500000
*00/14-18-082-09W5/0 - BSRL UTIKUMA 14-18-82-9	P-NP	422.92	186.52	0.11	0.02	422.81	186.51	0.50000000	0.37500000
*00/16-18-082-09W5/0 - BSRL UTIK RANGER 16-18-82	P-NP	335.77	139.24	0.00	0.00	335.77	139.24	0.50000000	0.37500000
*02/14-11-081-09W5/0 - BSRL NIPISI 14-11-81-9	P-NP	281.31	112.49	41.53	11.50	239.78	100.99	0.37540000	0.28155000
00/03-11-082-09W5/0 - BSRL UTIKIMA 3-11-82-9	P-NP	87.87	29.69	0.00	0.00	87.87	29.69	0.37540000	0.28155000
00/04-11-082-09W5/0 - BSRL UTIKIMA 4-11-82-9	P-NP	569.18	180.52	0.00	0.00	569.18	180.52	0.37540000	0.28155000
00/04-12-082-09W5/0 - BSRL UTIKIMA 4-12-82-9	P-NP	657.01	181.60	0.00	0.00	657.01	181.60	0.37540000	0.28155000
00/04-24-081-10W5/0 - BSRL UTIKIMA 4-24-81-10	P-NP	754.55	286.53	41.60	5.08	712.95	281.45	0.37540000	0.28155000
00/05-12-082-09W5/0 - BSRL UTIKIMA 5-12-82-9	P-NP	168.21	34.37	20.87	13.40	147.34	20.98	0.37540000	0.28155000
00/06-22-082-09W5/0 - BSRL UTIKIMA 6-22-82-9	P-NP	203.00	67.88	21.24	15.59	181.75	52.29	0.37540000	0.28155000
00/09-02-082-09W5/2 - BSRL UTIKIMA 9-2-82-9	P-NP	180.64	78.04	25.42	13.53	155.23	64.51	0.37540000	0.28155000
XX/03-17-081-08W5/GILWOOD - BSRL UTIKIMA 3-17-81-8	P-NP	17.33	1.37	0.00	0.00	17.33	1.37	0.37540000	0.28155000
XX/04-20-081-08W5/GILWOOD - BSRL UTIKIMA 4-20-81-8	P-NP	446.31	177.69	0.00	0.00	446.31	177.69	0.37540000	0.28155000
XX/12-06-081-09W5/GILWOOD - BSRL UTIKIMA 12-6-81-9	P-NP	222.01	102.21	0.00	0.00	222.01	102.21	0.37540000	0.28155000
XX/12-21-081-08W5/GILWOOD - BSRL UTIKIMA 12-21-81-8	P-NP	0.00	0.00	0.00	0.00	0.00	0.00	0.37540000	0.28155000
		15,992.58	**5,930.84**	**460.09**	**170.62**	**15,532.49**	**5,760.22**		
Total Proved Class		**56,985.97**	**20,964.16**	**1,352.53**	**315.78**	**55,633.44**	**20,648.38**		

APPRAISAL OF
CERTAIN
OIL AND GAS INTERESTS
OWNED BY
PETROLIA ENERGY CORPORATION
LOCATED IN
CHAVES COUNTY, NEW MEXICO
AS OF JANUARY 1, 2021

PREPARED FOR
PETROLIA ENERGY CORPORATION
Revision 2

MKM ENGINEERING
F-009377

Michele K. Mudrone

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

Michele K. Mudrone, P.E.
February 3, 2022

MKM ENGINEERING
Oil and Gas Consulting Services
3905 Sagamore Hill Court
Plano, Texas 75025

February 3, 2022

Mr. Mark Allen
Petrolia Energy Corporation
710 N. Post Oak Road, Suite 512
Houston, TX 77024

Dear Mr. Allen:

As requested, an estimate has been made of certain hydrocarbon reserves owned by Petrolia Energy Corporation (hereinafter referred to as "Petrolia"). The appraised properties are located in Chaves County, New Mexico. This evaluation is an update to the evaluation by MKM Engineering, in the reports as of January 1, 2021, dated March 11, 2021, and November 13, 2021. This revision was requested by Mr. Allen. Production data was generally available through December 2020. This appraisal evaluates Petrolia's Proved Developed Non-Producing (PNP), Proved Developed Shut-In (PDSI), and Proved Developed Behind Pipe (PBP) reserves. The effective date of this report is January 1, 2021.

The table below summarizes Petrolia's net oil and gas reserves and cash flows generated using the requested price deck. Results shown below are presented for your information and should not be construed as our estimate of fair market value. As of January 1, 2021, Petrolia's net total proved reserves have been estimated to be as follows:

	Net Reserves as of January 1, 2021			Present Worth of Future
Reserve Category	Hydrocarbon Liquids (Bbl)	Natural Gas (Mcf)	Future Net Income, $	Net Income Discounted @ 10%/Annum, $
Proved Developed Non Producing	74,970	0	929,360	557,880
Proved Developed Shut-In	0	0	(660,000)	(498,600)
Proved Developed Behind Pipe	23,280	0	393,620	243,680
Total Proved	98,250	0	662,980	302,960

FNI is after deducting estimated operating and future development costs, severance and ad valorem taxes, but before Federal income taxes. Total net Proved Reserves are defined as those natural gas and hydrocarbon liquid Reserves to Petrolia's interests after deducting all shrinkage, royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon payout of specified monetary balances. All Reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to guidelines developed and adopted by the Society of Petroleum Engineers ("SPE"), American Association of

Petroleum Geologists ("AAPG"), World Petroleum Council ("WPC"), and the Society of Petroleum Evaluation Engineers ("SPEE"). All hydrocarbon liquid Reserves are expressed in United States barrels ("bbl") of 42 gallons. Natural gas Reserves are expressed in thousand standard cubic feet ("Mcf") at the contractual pressure and temperature bases.

RESERVE ESTIMATE METHODOLOGY

The Reserves estimates contained in this report have been prepared using standard engineering practices generally accepted by the petroleum industry. Decline curve analysis was used to estimate the remaining Reserves of pressure depletion reservoirs with enough historical production data to establish decline trends. Reservoirs under non-pressure depletion drive mechanisms and non-producing Reserves were estimated by volumetric analysis, research of analogous reservoirs, or a combination of both. The maximum remaining Reserves life assigned to wells included in this report is 40 years. This report does not include any gas sales imbalances.

FUTURE PRODUCTION RATES

Initial production rates are based on current producing rates for those wells now on production. If a decline trend has been established, this trend was used as the basis for estimating future production rates. If no production decline trend has been established, future production rates were held constant, or adjusted for market conditions where appropriate, until a decline in ability to produce was anticipated. An estimated rate of decline was then applied to depletion of the reserves. For reserves not yet on production, test data and other related information were used to estimate anticipated initial production rates and sales were estimated to commence at a date deemed reasonable based on our experience and judgment.

RESERVE CLASSIFICATION

The Reserves estimates included in this report conform to the guidelines specified by the SPE, AAPG, WPC, and SPEE. For more information regarding Reserves classification definitions see Appendix A. A complete discussion of the Reserves classification definitions can be found on the SPE website (www.spe.org).

COMMODITY PRICES

Future hydrocarbon revenues were estimated using the New York Mercantile Exchange ("NYMEX") prices outlined below:

	NYMEX PRICES	
Dates	Base Price $/Bbl	Base Price $/MMBtu
2021	39.57	2.00
2022	39.57	2.00
2023	39.57	2.00
2024	39.57	2.00
2025	39.57	2.00
2026	39.57	2.00
2027	39.57	2.00
2028	39.57	2.00
Thereafter	39.57	2.00

Historical hydrocarbon liquid prices were indexed to the monthly average of the daily closing prices received at the Cushing, Oklahoma delivery point. The average difference between the wellhead oil price and the NYMEX price represents adjustments for crude quality, marketing fees, BS&W, transportation costs and purchaser bonuses. These adjustments were applied to the NYMEX prices listed in table above.

Historical natural gas prices were indexed to the monthly Henry Hub prices posted in the Inside FERC publication. The average difference between the wellhead price and the NYMEX price represents adjustments for BTU content, marketing, and transportation costs. These adjustments were applied to the NYMEX prices listed in table above.

Revenue accounting data for the period of January 2020 through December 2020 was used in this evaluation.

OPERATING EXPENSES & CAPITAL COSTS

In most cases, the lease operating costs used in this evaluation represent the average of recent historical monthly operating costs. In cases where historical costs were not available or deemed to be unreliable, operating costs were estimated based on knowledge of analogous wells producing under similar conditions. The lease operating expenses in this report represent field level operating costs and include COPAS charges.

Where available, capital costs were estimated using recent historical information reported for analogous expenditures. Where recent historical information was not available Authority for Expenditure ("AFE") documents were used to estimate capital costs. AFE documents provided by the operator have been checked for reasonableness. Abandonment costs were not included for the properties.

Revenue accounting data for the period of January 2020 through December 2020 was used in this evaluation. Operating expenses and capital costs were held constant in this evaluation.

DISCLAIMERS

All information pertaining to the operating expenses, prices, and the interests of Petrolia in the properties appraised has been accepted as represented. It was not considered necessary to make a field examination of the appraised properties. Data used in performing this appraisal were obtained from Petrolia, public sources, and our own files. Supporting work papers pertinent to the appraisal are retained in our files and are available to you or designated parties at your convenience.

It was beyond the scope of this MKM Engineering report to evaluate the potential environmental liability costs from the operation and abandonment of these properties. In addition, no evaluation was made to determine the degree of operator compliance with current environmental rules, regulations, and reporting requirements. Therefore, no estimate of the potential economic liability, if any, from environmental concerns is included in the forecasts presented herein.

The Proved Reserves presented in this report are estimates only and should not be construed as being exact quantities. They may or may not be actually recovered; and, if recovered, the revenues therefrom and the actual costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the product prices and the costs incurred in recovering these Reserves may vary from the price and cost assumptions in this report. In any case, quantities of Proved Reserves may increase or decrease as a result of future operations.

Reserves estimates for individual properties included in this report are only valid when considered within the context of the overall report and should not be considered independently. The future net income and net present value estimates contained in this report do not represent an estimate of fair market values.

MKM Engineering is independent with respect to Petrolia Energy Corporation as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

CONCLUSIONS

Attached are summary tables of economic analysis of predicted future performance. Other tables identify the properties appraised with summary Reserves and the economic factors applicable to each. A list of tables is included. Reserves identified for this report are not risked.

We appreciate this opportunity to have been of service and hope that this report will fulfill your requirements.

Respectfully submitted,

MKM ENGINEERING
F-009733
Michele K. Mudrone

Michele K. Mudrone, P.E.

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

Attachments

LIST OF ECONOMIC TABLES

Appendix

APPENDIX A

In March 2007, the SPE Board approved a new system for defining hydrocarbon reserves and resources. The updated definitions were developed over two years in coordination with WPC, AAPG, and SPEE. The tables below were taken from the SPE publication titled "Petroleum Resources Management System" and contain the updated reserves definitions and guidelines.

RESERVES STATUS DEFINITIONS AND GUIDELINES

Status	Definition	Guidelines
Developed Reserves	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Undeveloped Reserves are quantities expected to be recovered through future investments:	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

RESERVES CATEGORY DEFINITIONS AND GUIDELINES

Category	Definition	Guidelines
Proved Reserves	Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that: 1) The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. 2) Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Category	Definition	Guidelines
Probable Reserves	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.
Possible Reserves	Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	(See above for separate criteria for Probable Reserves and Possible Reserves.)	The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisonsto results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Cashflow Summaries

Petrolia total 123120
Reserve and Economic Projection
As of 12/31/2020

Total Proved

TABLE 1

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	28	4.32	0.00	0.00	3.29	0.00	0.00	33.69	0.00	0.00
2023	27	21.11	0.00	0.00	16.04	0.00	0.00	33.69	0.00	0.00
2024	21	17.81	0.00	0.00	13.54	0.00	0.00	33.69	0.00	0.00
2025	15	15.50	0.00	0.00	11.78	0.00	0.00	33.69	0.00	0.00
2026	11	13.73	0.00	0.00	10.44	0.00	0.00	33.69	0.00	0.00
2027	11	12.19	0.00	0.00	9.26	0.00	0.00	33.69	0.00	0.00
2028	11	10.79	0.00	0.00	8.20	0.00	0.00	33.69	0.00	0.00
2029	10	8.79	0.00	0.00	6.68	0.00	0.00	33.69	0.00	0.00
2030	9	7.11	0.00	0.00	5.40	0.00	0.00	33.69	0.00	0.00
2031	8	6.21	0.00	0.00	4.72	0.00	0.00	33.69	0.00	0.00
2032	8	5.13	0.00	0.00	3.90	0.00	0.00	33.69	0.00	0.00
2033	7	3.64	0.00	0.00	2.77	0.00	0.00	33.69	0.00	0.00
2034	4	2.00	0.00	0.00	1.52	0.00	0.00	33.69	0.00	0.00
Sub-T		128.33	0.00	0.00	97.53	0.00	0.00	33.69	0.00	0.00
After		0.94	0.00	0.00	0.71	0.00	0.00	33.69	0.00	0.00
Total		129.27	0.00	0.00	98.24	0.00	0.00	33.69	0.00	0.00
Cum.		1,211.82	0.00	480.26						
Ult.		1,341.09	0.00	480.26						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	110.69	0.00	0.00	0.00	110.69	7.85	5.53	97.31
2023	540.46	0.00	0.00	0.00	540.46	38.32	27.02	475.12
2024	456.12	0.00	0.00	0.00	456.12	32.34	22.81	400.98
2025	396.82	0.00	0.00	0.00	396.82	28.13	19.84	348.85
2026	351.61	0.00	0.00	0.00	351.61	24.93	17.58	309.10
2027	312.13	0.00	0.00	0.00	312.13	22.13	15.61	274.39
2028	276.28	0.00	0.00	0.00	276.28	19.59	13.81	242.88
2029	225.18	0.00	0.00	0.00	225.18	15.97	11.26	197.96
2030	182.03	0.00	0.00	0.00	182.03	12.91	9.10	160.02
2031	159.04	0.00	0.00	0.00	159.04	11.28	7.95	139.81
2032	131.31	0.00	0.00	0.00	131.31	9.31	6.57	115.44
2033	93.25	0.00	0.00	0.00	93.25	6.61	4.66	81.97
2034	51.17	0.00	0.00	0.00	51.17	3.63	2.56	44.99
Sub-T	3,286.11	0.00	0.00	0.00	3,286.11	232.99	164.31	2,888.82
After	24.07	0.00	0.00	0.00	24.07	1.71	1.20	21.16
Total	3,310.18	0.00	0.00	0.00	3,310.18	234.69	165.51	2.909.98

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	23.10	264.00	0.00	0.00	-189.79	-189.79	-163.21	-163.21
2023	136.50	254.00	0.00	0.00	84.62	-105.17	64.32	-98.89
2024	142.80	180.00	0.00	0.00	78.18	-27.00	55.99	-42.90
2025	142.80	120.00	0.00	0.00	86.05	59.05	54.19	11.30
2026	142.80	0.00	0.00	0.00	166.30	225.36	96.34	107.64
2027	142.80	0.00	0.00	0.00	131.59	356.95	69.02	176.66
2028	141.01	0.00	0.00	0.00	101.87	458.82	48.38	225.04
2029	122.52	0.00	0.00	0.00	75.44	534.26	32.43	257.47
2030	105.56	0.00	0.00	0.00	54.46	588.72	21.20	278.67
2031	103.20	0.00	0.00	0.00	36.61	625.33	12.91	291.59
2032	93.61	0.00	0.00	0.00	21.83	647.16	6.98	298.56
2033	71.56	0.00	0.00	0.00	10.42	657.58	3.02	301.58
2034	40.90	0.00	0.00	0.00	4.09	661.67	1.07	302.66
Sub-T	1,409.15	818.00	0.00	0.00	661.67	661.67	302.66	302.66
After	19.85	0.00	0.00	0.00	1.31	1.31	0.31	0.31
Total	1,429.00	818.00	0.00	0.00	662.98	662.98	302.97	302.97

Present Worth Profile (M$)

PW 5.00% :	449.78
PW 8.00% :	355.33
PW 9.00% :	328.19
PW 12.00% :	257.66
PW 15.00% :	200.77
PW 20.00% :	129.01

Petrolia total 123120
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Non-Producing Rsv Category

TABLE 2

MKM Engineering

		Estimated 8/8 Ths Production			Net Production					
Year	Wells	Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	6	4.32	0.00	0.00	3.29	0.00	0.00	33.69	0.00	0.00
2023	9	14.27	0.00	0.00	10.85	0.00	0.00	33.69	0.00	0.00
2024	9	13.03	0.00	0.00	9.90	0.00	0.00	33.69	0.00	0.00
2025	9	11.66	0.00	0.00	8.86	0.00	0.00	33.69	0.00	0.00
2026	9	10.47	0.00	0.00	7.96	0.00	0.00	33.69	0.00	0.00
2027	9	9.42	0.00	0.00	7.16	0.00	0.00	33.69	0.00	0.00
2028	9	8.43	0.00	0.00	6.41	0.00	0.00	33.69	0.00	0.00
2029	8	6.79	0.00	0.00	5.16	0.00	0.00	33.69	0.00	0.00
2030	7	5.41	0.00	0.00	4.11	0.00	0.00	33.69	0.00	0.00
2031	6	4.77	0.00	0.00	3.62	0.00	0.00	33.69	0.00	0.00
2032	6	3.90	0.00	0.00	2.96	0.00	0.00	33.69	0.00	0.00
2033	5	3.24	0.00	0.00	2.46	0.00	0.00	33.69	0.00	0.00
2034	4	2.00	0.00	0.00	1.52	0.00	0.00	33.69	0.00	0.00
Sub-T		97.70	0.00	0.00	74.25	0.00	0.00	33.69	0.00	0.00
After		0.94	0.00	0.00	0.71	0.00	0.00	33.69	0.00	0.00
Total		98.64	0.00	0.00	74.97	0.00	0.00	33.69	0.00	0.00
Cum.		387.04	0.00	128.74						
Ult.		485.68	0.00	128.74						

	Company Future Gross Revenue					Prod & Adv Taxes		Revenue
Year	Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	110.69	0.00	0.00	0.00	110.69	7.85	5.53	97.31
2023	365.40	0.00	0.00	0.00	365.40	25.91	18.27	321.23
2024	333.67	0.00	0.00	0.00	333.67	23.66	16.68	293.33
2025	298.55	0.00	0.00	0.00	298.55	21.17	14.93	262.46
2026	268.21	0.00	0.00	0.00	268.21	19.02	13.41	235.78
2027	241.23	0.00	0.00	0.00	241.23	17.10	12.06	212.06
2028	215.86	0.00	0.00	0.00	215.86	15.30	10.79	189.76
2029	173.97	0.00	0.00	0.00	173.97	12.33	8.70	152.93
2030	138.49	0.00	0.00	0.00	138.49	9.82	6.92	121.75
2031	122.03	0.00	0.00	0.00	122.03	8.65	6.10	107.28
2032	99.77	0.00	0.00	0.00	99.77	7.07	4.99	87.71
2033	82.85	0.00	0.00	0.00	82.85	5.87	4.14	72.83
2034	51.17	0.00	0.00	0.00	51.17	3.63	2.56	44.99
Sub-T	2,501.89	0.00	0.00	0.00	2,501.89	177.38	125.09	2,199.41
After	24.07	0.00	0.00	0.00	24.07	1.71	1.20	21.16
Total	2,525.97	0.00	0.00	0.00	2,525.97	179.09	126.30	2.220.58

	Deductions				Future Net Income Before Income Taxes			
					Undiscounted			
Year	Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	23.10	84.00	0.00	0.00	-9.79	-9.79	-8.71	-8.71
2023	115.50	24.00	0.00	0.00	181.73	171.94	141.09	132.38
2024	118.80	0.00	0.00	0.00	174.53	346.47	123.36	255.74
2025	118.80	0.00	0.00	0.00	143.66	490.12	91.91	347.65
2026	118.80	0.00	0.00	0.00	116.98	607.11	67.76	415.41
2027	118.80	0.00	0.00	0.00	93.26	700.37	48.91	464.33
2028	117.01	0.00	0.00	0.00	72.75	773.12	34.55	498.88
2029	98.52	0.00	0.00	0.00	54.41	827.54	23.39	522.27
2030	81.56	0.00	0.00	0.00	40.19	867.73	15.64	537.91
2031	79.20	0.00	0.00	0.00	28.08	895.80	9.90	547.81
2032	69.61	0.00	0.00	0.00	18.10	913.90	5.78	553.59
2033	62.78	0.00	0.00	0.00	10.05	923.96	2.91	556.50
2034	40.90	0.00	0.00	0.00	4.09	928.05	1.07	557.57
Sub-T	1,163.37	108.00	0.00	0.00	928.05	928.05	557.57	557.57
After	19.85	0.00	0.00	0.00	1.31	1.31	0.31	0.31
Total	1,183.22	108.00	0.00	0.00	929.36	929.36	557.88	557.88

Present Worth Profile (M$)

PW 5.00% :	714.57
PW 8.00% :	614.90
PW 9.00% :	585.53
PW 12.00% :	507.23
PW 15.00% :	441.40
PW 20.00% :	353.35

Petrolia total 123120
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Shut-In Rsv Category

TABLE 3

MKM Engineering

		Estimated 8/8 Ths Production			Net Production					
Year	Wells	Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2024	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2025	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-T		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cum.		824.78	0.00	351.52						
Ult.		824.78	0.00	351.52						

	Company Future Gross Revenue					Prod & Adv Taxes		Revenue
Year	Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2025	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Deductions				Future Net Income Before Income Taxes			
					Undiscounted			
Year	Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	0.00	180.00	0.00	0.00	-180.00	-180.00	-154.50	-154.50
2023	0.00	180.00	0.00	0.00	-180.00	-360.00	-139.86	-294.36
2024	0.00	180.00	0.00	0.00	-180.00	-540.00	-126.58	-420.94
2025	0.00	120.00	0.00	0.00	-120.00	-660.00	-77.65	-498.60
Sub-T	0.00	660.00	0.00	0.00	-660.00	-660.00	-498.60	-498.60
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	660.00	0.00	0.00	-660.00	-660.00	-498.60	-498.60

Present Worth Profile (M$)

PW 5.00% :	-572.69
PW 8.00% :	-526.80
PW 9.00% :	-512.47
PW 12.00% :	-472.15
PW 15.00% :	-435.52
PW 20.00% :	-381.66

Petrolia total 123120
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Behind Pipe Rsv Category

MKM Engineering

TABLE 4

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl ----	NGL ---- Mgal ----	Gas ----- MMcf -----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	2	6.84	0.00	0.00	5.20	0.00	0.00	33.69	0.00	0.00
2024	2	4.78	0.00	0.00	3.63	0.00	0.00	33.69	0.00	0.00
2025	2	3.84	0.00	0.00	2.92	0.00	0.00	33.69	0.00	0.00
2026	2	3.26	0.00	0.00	2.48	0.00	0.00	33.69	0.00	0.00
2027	2	2.77	0.00	0.00	2.10	0.00	0.00	33.69	0.00	0.00
2028	2	2.36	0.00	0.00	1.79	0.00	0.00	33.69	0.00	0.00
2029	2	2.00	0.00	0.00	1.52	0.00	0.00	33.69	0.00	0.00
2030	2	1.70	0.00	0.00	1.29	0.00	0.00	33.69	0.00	0.00
2031	2	1.45	0.00	0.00	1.10	0.00	0.00	33.69	0.00	0.00
2032	2	1.23	0.00	0.00	0.94	0.00	0.00	33.69	0.00	0.00
2033	2	0.41	0.00	0.00	0.31	0.00	0.00	33.69	0.00	0.00
Sub-T		30.63	0.00	0.00	23.28	0.00	0.00	33.69	0.00	0.00
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		30.63	0.00	0.00	23.28	0.00	0.00	33.69	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		30.63	0.00	0.00						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	175.05	0.00	0.00	0.00	175.05	12.41	8.75	153.89
2024	122.45	0.00	0.00	0.00	122.45	8.68	6.12	107.65
2025	98.27	0.00	0.00	0.00	98.27	6.97	4.91	86.39
2026	83.40	0.00	0.00	0.00	83.40	5.91	4.17	73.32
2027	70.90	0.00	0.00	0.00	70.90	5.03	3.55	62.33
2028	60.42	0.00	0.00	0.00	60.42	4.28	3.02	53.12
2029	51.21	0.00	0.00	0.00	51.21	3.63	2.56	45.02
2030	43.54	0.00	0.00	0.00	43.54	3.09	2.18	38.27
2031	37.01	0.00	0.00	0.00	37.01	2.62	1.85	32.54
2032	31.54	0.00	0.00	0.00	31.54	2.24	1.58	27.73
2033	10.40	0.00	0.00	0.00	10.40	0.74	0.52	9.14
Sub-T	784.22	0.00	0.00	0.00	784.22	55.60	39.21	689.40
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	784.22	0.00	0.00	0.00	784.22	55.60	39.21	689.40

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Undiscounted Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2023	21.00	50.00	0.00	0.00	82.89	82.89	63.09	63.09
2024	24.00	0.00	0.00	0.00	83.65	166.54	59.22	122.31
2025	24.00	0.00	0.00	0.00	62.39	228.93	39.93	162.24
2026	24.00	0.00	0.00	0.00	49.32	278.25	28.58	190.82
2027	24.00	0.00	0.00	0.00	38.33	316.58	20.11	210.93
2028	24.00	0.00	0.00	0.00	29.12	345.70	13.83	224.76
2029	24.00	0.00	0.00	0.00	21.02	366.72	9.04	233.80
2030	24.00	0.00	0.00	0.00	14.27	381.00	5.56	239.36
2031	24.00	0.00	0.00	0.00	8.54	389.53	3.01	242.38
2032	24.00	0.00	0.00	0.00	3.73	393.26	1.20	243.57
2033	8.78	0.00	0.00	0.00	0.36	393.62	0.11	243.68
Sub-T	245.78	50.00	0.00	0.00	393.62	393.62	243.68	243.68
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	245.78	50.00	0.00	0.00	393.62	393.62	243.68	243.68

Present Worth Profile (M$)

PW 5.00% :	307.89
PW 8.00% :	267.23
PW 9.00% :	255.13
PW 12.00% :	222.58
PW 15.00% :	194.89
PW 20.00% :	157.32

Tabular Summaries

Economic One-Liners

Project Name : **Petrolia total 123120**

As of Date: 12/31/2020

MKM ENGINEERING

TABLE 5

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves Oil (Mbbl)	Net Reserves Gas (MMcf)	Net Revenue Oil (M$)	Net Revenue Gas (M$)	Net Revenue Other (M$)	Expense & Tax (M$)	Invest. (M$)	Cash Flow Non-Disc. (M$)	Cash Flow Disc. CF (M$)	Life (years)
Proved Rsv Class											
Non-Producing Rsv Category											
*TWIN LAKES SA UNIT 123	*P-NP*	12.70	0.00	427.99	0.00	0.00	204.80	12.00	211.19	131.02	13.18
*TWIN LAKES SA UNIT 203	*P-NP*	9.24	0.00	311.42	0.00	0.00	164.46	12.00	134.96	85.96	11.28
*TWIN LAKES SA UNIT 329	*P-NP*	12.59	0.00	424.21	0.00	0.00	230.95	12.00	181.27	103.57	15.36
*TWIN LAKES SA UNIT 331	*P-NP*	7.32	0.00	246.59	0.00	0.00	187.15	12.00	47.44	24.82	13.92
*TWIN LAKES SA UNIT 56	*P-NP*	3.95	0.00	133.17	0.00	0.00	100.32	12.00	20.85	12.27	8.47
*TWIN LAKES SA UNIT 58	*P-NP*	3.76	0.00	126.80	0.00	0.00	107.89	12.00	6.91	2.61	9.18
*TWIN LAKES SA UNIT 67	*P-NP*	3.78	0.00	127.25	0.00	0.00	94.99	12.00	20.26	12.39	7.87
*TWIN LAKES SA UNIT 85	*P-NP*	6.78	0.00	228.59	0.00	0.00	170.71	12.00	45.88	25.06	12.77
*TWIN LAKES SA UNIT 94	*P-NP*	14.84	0.00	499.93	0.00	0.00	227.34	12.00	260.60	160.18	14.15
	Total	**74.97**	**0.00**	**2,525.97**	**0.00**	**0.00**	**1,488.61**	**108.00**	**929.36**	**557.88**	**15.36**
Proved Rsv Class											
Shut-In Rsv Category											
*TWIN LAKES SA UNIT 101	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-21.98	3.13
*TWIN LAKES SA UNIT 102	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-21.62	3.29
*TWIN LAKES SA UNIT 106	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-24.28	2.13
*TWIN LAKES SA UNIT 18	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-26.82	1.13
*TWIN LAKES SA UNIT 200	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-20.23	3.96
*TWIN LAKES SA UNIT 29	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-26.39	1.29
*TWIN LAKES SA UNIT 319	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-21.27	3.46
*TWIN LAKES SA UNIT 321	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-20.92	3.62
*TWIN LAKES SA UNIT 326	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-19.57	4.29
*TWIN LAKES SA UNIT 39	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-20.57	3.79
*TWIN LAKES SA UNIT 40	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-19.89	4.13
*TWIN LAKES SA UNIT 49	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-18.93	4.62
*TWIN LAKES SA UNIT 50 I	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-24.69	1.96
*TWIN LAKES SA UNIT 59 I	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-23.11	2.62
*TWIN LAKES SA UNIT 64	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-22.35	2.96
*TWIN LAKES SA UNIT 68 I	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-25.11	1.79
*TWIN LAKES SA UNIT 70 I	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-23.50	2.46
*TWIN LAKES SA UNIT 71	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-19.25	4.46
*TWIN LAKES SA UNIT 77	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-25.53	1.62
*TWIN LAKES SA UNIT 80	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-25.96	1.46
*TWIN LAKES SA UNIT 88 I	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-23.89	2.29

Economic One-Liners

Project Name : **Petrolia total 123120**

As of Date: 12/31/2020

MKM ENGINEERING

TABLE 5

Lease Name *Risked* / UnRisked	*Reserve Category*	Net Reserves Oil (Mbbl)	Net Reserves Gas (MMcf)	Net Revenue Oil (M$)	Net Revenue Gas (M$)	Net Revenue Other (M$)	Expense & Tax (M$)	Invest. (M$)	Cash Flow Non-Disc. (M$)	Cash Flow Disc. CF (M$)	Life (years)
*TWIN LAKES SA UNIT 92	*P-SI*	0.00	0.00	0.00	0.00	0.00	0.00	30.00	-30.00	-22.73	2.79
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**660.00**	**-660.00**	**-498.60**	**4.62**
Proved Rsv Class											
Behind Pipe Rsv Category											
*TWIN LAKES SA UNIT 67	*P-BP*	11.64	0.00	392.11	0.00	0.00	170.34	25.00	196.76	122.27	12.33
*TWIN LAKES SA UNIT 85	*P-BP*	11.64	0.00	392.11	0.00	0.00	170.25	25.00	196.86	121.41	12.41
	Total	**23.28**	**0.00**	**784.22**	**0.00**	**0.00**	**340.59**	**50.00**	**393.62**	**243.68**	**12.41**
Proved Rsv Class	**Total**	**98.24**	**0.00**	**3,310.18**	**0.00**	**0.00**	**1,829.20**	**818.00**	**662.98**	**302.97**	**15.36**
Grand Total	**Total**	**98.24**	**0.00**	**3,310.18**	**0.00**	**0.00**	**1,829.20**	**818.00**	**662.98**	**302.97**	**15.36**

Gross Ultimates, Interests & Prices

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 6

As of 01/01/2021

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
Proved Reserve Class									
Non Producing Reserve Category									
*TWIN LAKES SA UNIT 123	P-NP	52.35	0.05	16.71	0.00	35.64	0.05	1.00000000	0.76000000
*TWIN LAKES SA UNIT 203	P-NP	58.92	0.04	12.16	0.00	46.76	0.04	1.00000000	0.76000000
*TWIN LAKES SA UNIT 329	P-NP	30.33	0.04	16.57	0.00	13.76	0.04	1.00000000	0.76000000
*TWIN LAKES SA UNIT 331	P-NP	22.39	0.00	9.63	0.00	12.76	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 56	P-NP	44.23	24.51	5.20	0.00	39.03	24.51	1.00000000	0.76000000
*TWIN LAKES SA UNIT 58	P-NP	53.97	21.89	4.95	0.00	49.02	21.89	1.00000000	0.76000000
*TWIN LAKES SA UNIT 67	P-NP	38.73	10.22	4.97	0.00	33.76	10.22	1.00000000	0.76000000
*TWIN LAKES SA UNIT 85	P-NP	69.19	48.40	8.93	0.00	60.27	48.40	1.00000000	0.76000000
*TWIN LAKES SA UNIT 94	P-NP	115.57	23.59	19.52	0.00	96.05	23.59	1.00000000	0.76000000
		485.68	**128.74**	**98.64**	**0.00**	**387.04**	**128.74**		
Proved Reserve Class									
Shut-In Reserve Category									
*TWIN LAKES SA UNIT 101	P-SI	31.26	8.14	0.00	0.00	31.26	8.14	1.00000000	0.76000000
*TWIN LAKES SA UNIT 102	P-SI	37.98	15.80	0.00	0.00	37.98	15.80	1.00000000	0.76000000
*TWIN LAKES SA UNIT 106	P-SI	49.61	19.45	0.00	0.00	49.61	19.45	1.00000000	0.76000000
*TWIN LAKES SA UNIT 18	P-SI	95.59	58.67	0.00	0.00	95.59	58.67	1.00000000	0.76000000
*TWIN LAKES SA UNIT 200	P-SI	32.53	0.08	0.00	0.00	32.53	0.08	1.00000000	0.76000000
*TWIN LAKES SA UNIT 29	P-SI	121.52	75.86	0.00	0.00	121.52	75.86	1.00000000	0.76000000
*TWIN LAKES SA UNIT 319	P-SI	6.81	0.00	0.00	0.00	6.81	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 321	P-SI	8.28	0.00	0.00	0.00	8.28	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 326	P-SI	3.78	0.00	0.00	0.00	3.78	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 39	P-SI	132.24	63.85	0.00	0.00	132.24	63.85	1.00000000	0.76000000
*TWIN LAKES SA UNIT 40	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 49	P-SI	93.37	45.78	0.00	0.00	93.37	45.78	1.00000000	0.76000000
*TWIN LAKES SA UNIT 50 I	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 59 I	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 64	P-SI	3.92	6.08	0.00	0.00	3.92	6.08	1.00000000	0.76000000
*TWIN LAKES SA UNIT 68 I	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 70 I	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 71	P-SI	46.94	2.55	0.00	0.00	46.94	2.55	1.00000000	0.76000000
*TWIN LAKES SA UNIT 77	P-SI	0.81	0.04	0.00	0.00	0.81	0.04	1.00000000	0.76000000
*TWIN LAKES SA UNIT 80	P-SI	70.79	17.83	0.00	0.00	70.79	17.83	1.00000000	0.76000000
*TWIN LAKES SA UNIT 88 I	P-SI	0.00	0.00	0.00	0.00	0.00	0.00	1.00000000	0.76000000

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 6

As of 01/01/2021

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
*TWIN LAKES SA UNIT 92	P-SI	89.37	37.40	0.00	0.00	89.37	37.40	1.00000000	0.76000000
		824.78	**351.52**	**0.00**	**0.00**	**824.78**	**351.52**		
Proved Reserve Class									
Behind Pipe Reserve Category									
*TWIN LAKES SA UNIT 67	P-BP	15.31	0.00	15.31	0.00	0.00	0.00	1.00000000	0.76000000
*TWIN LAKES SA UNIT 85	P-BP	15.31	0.00	15.31	0.00	0.00	0.00	1.00000000	0.76000000
		30.63	**0.00**	**30.63**	**0.00**	**0.00**	**0.00**		
Proved Reserve Class		**1,341.09**	**480.26**	**129.27**	**0.00**	**1,211.82**	**480.26**		

APPRAISAL OF
CERTAIN
OIL AND GAS INTERESTS
OWNED BY
PETROLIA ENERGY CORPORATION
LOCATED IN
CREEK COUNTY, OKLAHOMA
AS OF JANUARY 1, 2021

PREPARED FOR
PETROLIA ENERGY CORPORATION
Revised

MKM ENGINEERING
F-009377

Michele K. Mudrone

Michele K. Mudrone, P.E.
February 9, 2022

MKM ENGINEERING
Oil and Gas Consulting Services
3905 Sagamore Hill Court
Plano, Texas 75025

February 9, 2022

Mr. Mark Allen
Petrolia Energy Corporation
710 N. Post Oak Road, Suite 512
Houston, TX 77024

Dear Mr. Allen:

As requested, an estimate has been made of certain hydrocarbon reserves owned by Petrolia Energy Corporation (hereinafter referred to as "Petrolia"). The appraised properties are located in Creek County, Oklahoma. This evaluation is an update to the evaluation by MKM Engineering, in the report as of January 1, 2021, dated March 12, 2021. This revision was requested by Mr. Allen. Production data was available through December 2020. This appraisal evaluates Petrolia's Proved Developed Producing (PDP), Proved Developed Non-Producing (PNP), Probable Behind Pipe (PrBP), and Probable Undeveloped (PrUD) reserves. The effective date of this report is January 1, 2021.

The table below summarizes Petrolia's net oil and gas reserves and cash flows generated using the requested price deck. Results shown below are presented for your information and should not be construed as our estimate of fair market value. As of January 1, 2021, Petrolia's net total proved and probable reserves have been estimated to be as follows:

Reserve Category	Net Reserves as of January 1, 2021 Hydrocarbon Liquids (Bbl)	Net Reserves as of January 1, 2021 Natural Gas (Mcf)	Future Net Income, $	Present Worth of Future Net Income Discounted @ 10%/Annum, $
Proved Developed Producing	25,060	0	396,550	126,790
Proved Developed Non Producing	632,960	0	12,397,470	3,699,800
Total Proved	658,020	0	12,794,020	3,826,590
Probable Behind Pipe	127,490	0	1,727,640	468,470
Probable Undeveloped	182,440	0	2,193,630	1,030,570
Total Probable	309,930	0	3,921,270	1,499,040
Total Proved + Probable	967,950	0	16,715,290	5,325,630

FNI is after deducting estimated operating and future development costs, severance and ad valorem taxes, but before Federal income taxes. Total net Proved and Probable Reserves are defined as those natural gas and hydrocarbon liquid Reserves to Petrolia's interests after deducting all shrinkage, royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon payout of specified monetary balances. All Reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to guidelines developed and adopted by the Society of Petroleum Engineers ("SPE"), American Association of Petroleum Geologists ("AAPG"), World Petroleum Council ("WPC"), and the Society of Petroleum Evaluation Engineers ("SPEE"). All hydrocarbon liquid Reserves are expressed in United States barrels ("bbl") of 42 gallons. Natural gas Reserves are expressed in thousand standard cubic feet ("Mcf") at the contractual pressure and temperature bases.

RESERVE ESTIMATE METHODOLOGY

The Reserves estimates contained in this report have been prepared using standard engineering practices generally accepted by the petroleum industry. Decline curve analysis was used to estimate the remaining Reserves of pressure depletion reservoirs with enough historical production data to establish decline trends. Reservoirs under non-pressure depletion drive mechanisms and non-producing Reserves were estimated by volumetric analysis, research of analogous reservoirs, or a combination of both. The maximum remaining Reserves life assigned to wells included in this report is 40 years. This report does not include any gas sales imbalances.

FUTURE PRODUCTION RATES

Initial production rates are based on current producing rates for those wells now on production. If a decline trend has been established, this trend was used as the basis for estimating future production rates. If no production decline trend has been established, future production rates were held constant, or adjusted for market conditions where appropriate, until a decline in ability to produce was anticipated. An estimated rate of decline was then applied to depletion of the reserves. For reserves not yet on production, test data and other related information were used to estimate anticipated initial production rates and sales were estimated to commence at a date deemed reasonable based on our experience and judgment.

RESERVE CLASSIFICATION

The Reserves estimates included in this report conform to the guidelines specified by the SPE, AAPG, WPC, and SPEE. For more information regarding Reserves classification definitions see Appendix A. A complete discussion of the Reserves classification definitions can be found on the SPE website (www.spe.org).

COMMODITY PRICES

Future hydrocarbon revenues were estimated using the New York Mercantile Exchange ("NYMEX") prices outlined below:

	NYMEX PRICES	
	Base Price	Base Price
Dates	$/Bbl	$/MMBtu
2021	39.57	2.00
2022	39.57	2.00
2023	39.57	2.00
2024	39.57	2.00

2025	39.57	2.00
2026	39.57	2.00
2027	39.57	2.00
2028	39.57	2.00
2029	39.57	2.00
Thereafter	39.57	2.00

Historical hydrocarbon liquid prices were indexed to the monthly average of the daily closing prices received at the Cushing, Oklahoma delivery point. The average difference between the wellhead oil price and the NYMEX price represents adjustments for crude quality, marketing fees, BS&W, transportation costs and purchaser bonuses. These adjustments were applied to the NYMEX prices listed in table above.

Historical natural gas prices were indexed to the monthly Henry Hub prices posted in the Inside FERC publication. The average difference between the wellhead price and the NYMEX price represents adjustments for BTU content, marketing, and transportation costs. These adjustments were applied to the NYMEX prices listed in table above.

Revenue accounting data for the period of January 2020 through December 2020 was used in this evaluation.

OPERATING EXPENSES & CAPITAL COSTS

In most cases, the lease operating costs used in this evaluation represent the average of recent historical monthly operating costs. In cases where historical costs were not available or deemed to be unreliable, operating costs were estimated based on knowledge of analogous wells producing under similar conditions. The lease operating expenses in this report represent field level operating costs and include COPAS charges.

Where available, capital costs were estimated using recent historical information reported for analogous expenditures. Where recent historical information was not available Authority for Expenditure ("AFE") documents were used to estimate capital costs. AFE documents provided by the operator have been checked for reasonableness. Abandonment costs were not included for the properties.

Revenue accounting data for the period of January 2020 through December 2020 was used in this evaluation. Operating expenses and capital costs were held constant in this evaluation.

DISCLAIMERS

All information pertaining to the operating expenses, prices, and the interests of Petrolia in the properties appraised has been accepted as represented. It was not considered necessary to make a field examination of the appraised properties. Data used in performing this appraisal were obtained from Petrolia, public sources, and our own files. Supporting work papers pertinent to the appraisal are retained in our files and are available to you or designated parties at your convenience.

It was beyond the scope of this MKM Engineering report to evaluate the potential environmental liability costs from the operation and abandonment of these properties. In addition, no evaluation was made to determine the degree of operator compliance with current environmental rules, regulations, and reporting requirements. Therefore, no estimate of the potential economic liability, if any, from environmental concerns is included in the forecasts presented herein.

The Proved and Probable Reserves presented in this report are estimates only and should not be construed as being exact quantities. They may or may not be actually recovered; and, if recovered, the revenues therefrom and the actual costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the product prices and the costs incurred in recovering these Reserves may vary from the price and cost assumptions in this report. In any case, quantities of Proved and Probable Reserves may increase or decrease as a result of future operations.

Reserves estimates for individual properties included in this report are only valid when considered within the context of the overall report and should not be considered independently. The future net income and net present value estimates contained in this report do not represent an estimate of fair market values.

MKM Engineering is independent with respect to Petrolia Energy Corporation as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

CONCLUSIONS

Attached are summary tables of economic analysis of predicted future performance. Other tables identify the properties appraised with summary Reserves and the economic factors applicable to each. A list of tables is included. Reserves identified for this report are not risked.

We appreciate this opportunity to have been of service and hope that this report will fulfill your requirements.

Respectfully submitted,

MKM ENGINEERING
F-009733

Michele K. Mudrone

Michele K. Mudrone, P.E.

STATE OF TEXAS
MICHELE K. MUDRONE
62795
LICENSED
PROFESSIONAL ENGINEER

Attachments

LIST OF ECONOMIC TABLES

Appendix

APPENDIX A

In March 2007, the SPE Board approved a new system for defining hydrocarbon reserves and resources. The updated definitions were developed over two years in coordination with WPC, AAPG, and SPEE. The tables below were taken from the SPE publication titled "Petroleum Resources Management System" and contain the updated reserves definitions and guidelines.

RESERVES STATUS DEFINITIONS AND GUIDELINES

Status	Definition	Guidelines
Developed Reserves	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Undeveloped Reserves are quantities expected to be recovered through future investments:	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

RESERVES CATEGORY DEFINITIONS AND GUIDELINES

Category	Definition	Guidelines
Proved Reserves	Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that: 1) The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. 2) Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Category	Definition	Guidelines
Probable Reserves	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.
Possible Reserves	Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	(See above for separate criteria for Probable Reserves and Possible Reserves.)	The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisonsto results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Cashflow Summaries

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Total Proved + Probable

TABLE 1

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production: Oil ---- Mbbl ----	NGL ---- Mgal ----	Gas ---- MMcf ----	Net Production: Oil ---- Mbbl ----	NGL ---- Mgal ----	Gas ---- MMcf ----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	38.23	0.00	0.00
2021	1	0.06	0.00	0.00	0.04	0.00	0.00	38.23	0.00	0.00
2022	8	19.98	0.00	0.00	15.28	0.00	0.00	38.23	0.00	0.00
2023	17	49.20	0.00	0.00	37.64	0.00	0.00	38.23	0.00	0.00
2024	25	69.31	0.00	0.00	53.02	0.00	0.00	38.23	0.00	0.00
2025	32	69.61	0.00	0.00	53.25	0.00	0.00	38.23	0.00	0.00
2026	37	68.99	0.00	0.00	52.77	0.00	0.00	38.23	0.00	0.00
2027	41	67.25	0.00	0.00	51.45	0.00	0.00	38.23	0.00	0.00
2028	45	67.44	0.00	0.00	51.59	0.00	0.00	38.23	0.00	0.00
2029	45	65.52	0.00	0.00	50.12	0.00	0.00	38.23	0.00	0.00
2030	45	59.42	0.00	0.00	45.45	0.00	0.00	38.23	0.00	0.00
2031	42	52.43	0.00	0.00	40.11	0.00	0.00	38.23	0.00	0.00
2032	38	46.80	0.00	0.00	35.80	0.00	0.00	38.23	0.00	0.00
2033	34	43.35	0.00	0.00	33.16	0.00	0.00	38.23	0.00	0.00
2034	34	41.34	0.00	0.00	31.63	0.00	0.00	38.23	0.00	0.00
Sub-T		720.71	0.00	0.00	551.32	0.00	0.00	38.23	0.00	0.00
After		544.64	0.00	0.00	416.63	0.00	0.00	38.23	0.00	0.00
Total		1,265.35	0.00	0.00	967.96	0.00	0.00	38.23	0.00	0.00
Cum.		7,935.59	0.00	89.11						
Ult.		9,200.94	0.00	89.11						

Year	Company Future Gross Revenue: Oil ---- M$ ----	NGL ---- M$ ----	Gas ---- M$ ----	Other ---- M$ ----	Total ---- M$ ----	Prod & Adv Taxes: Prod Tax ---- M$ ----	Adv Tax ---- M$ ----	Revenue after Sev & Adv ---- M$ ----
2020	0.08	0.00	0.00	0.00	0.08	0.01	0.00	0.08
2021	1.68	0.00	0.00	0.00	1.68	0.12	0.00	1.56
2022	584.25	0.00	0.00	0.00	584.25	41.45	0.00	542.80
2023	1,438.93	0.00	0.00	0.00	1,438.93	102.09	0.00	1,336.84
2024	2,026.85	0.00	0.00	0.00	2,026.85	143.81	0.00	1,883.05
2025	2,035.75	0.00	0.00	0.00	2,035.75	144.44	0.00	1,891.32
2026	2,017.43	0.00	0.00	0.00	2,017.43	143.14	0.00	1,874.29
2027	1,966.78	0.00	0.00	0.00	1,966.78	139.54	0.00	1,827.24
2028	1,972.29	0.00	0.00	0.00	1,972.29	139.93	0.00	1,832.35
2029	1,916.17	0.00	0.00	0.00	1,916.17	135.95	0.00	1,780.22
2030	1,737.68	0.00	0.00	0.00	1,737.68	123.29	0.00	1,614.40
2031	1,533.27	0.00	0.00	0.00	1,533.27	108.79	0.00	1,424.48
2032	1,368.68	0.00	0.00	0.00	1,368.68	97.11	0.00	1,271.57
2033	1,267.80	0.00	0.00	0.00	1,267.80	89.95	0.00	1,177.85
2034	1,209.02	0.00	0.00	0.00	1,209.02	85.78	0.00	1,123.24
Sub-T	21,076.67	0.00	0.00	0.00	21,076.67	1,495.39	0.00	19,581.28
After	15,927.57	0.00	0.00	0.00	15,927.57	1,130.06	0.00	14,797.51
Total	37,004.24	0.00	0.00	0.00	37,004.24	2,625.45	0.00	34.378.79

Year	Deductions: Lease Net Costs ---- M$ ----	Net Investments ---- M$ ----	Trans. Costs ---- M$ ----	Net Profits ---- M$ ----	Future Net Income Before Income Taxes: Undiscounted Annual ---- M$ ----	Undiscounted Cumulative ---- M$ ----	Discounted Ann @ 10.00% ---- M$ ----	Disc. Cum. Annual @ 10.00% ---- M$ ----
2020	0.15	0.00	0.00	0.00	-0.07	-0.07	-0.07	-0.07
2021	55.20	270.00	0.00	0.00	-323.64	-323.71	-296.34	-296.42
2022	111.50	1,203.60	0.00	0.00	-772.30	-1,096.02	-660.92	-957.34
2023	224.11	1,205.40	0.00	0.00	-92.67	-1,188.69	-67.34	-1,024.67
2024	330.75	442.20	0.00	0.00	1,110.10	-78.59	779.55	-245.12
2025	405.33	247.20	0.00	0.00	1,238.78	1,160.20	792.43	547.31
2026	509.95	67.20	0.00	0.00	1,297.14	2,457.34	750.33	1,297.64
2027	542.97	67.20	0.00	0.00	1,217.06	3,674.40	637.10	1,934.75
2028	576.01	67.20	0.00	0.00	1,189.14	4,863.54	563.33	2,498.08
2029	593.98	0.00	0.00	0.00	1,186.24	6,049.79	509.29	3,007.37
2030	574.53	0.00	0.00	0.00	1,039.87	7,089.65	404.20	3,411.57
2031	500.30	0.00	0.00	0.00	924.18	8,013.83	325.14	3,736.71
2032	425.96	0.00	0.00	0.00	845.62	8,859.45	269.24	4,005.94
2033	395.98	0.00	0.00	0.00	781.87	9,641.32	225.30	4,231.25
2034	395.98	0.00	0.00	0.00	727.26	10,368.58	189.71	4,420.96
Sub-T	5,642.69	3,570.00	0.00	0.00	10,368.58	10,368.58	4,420.96	4,420.96
After	8,450.81	0.00	0.00	0.00	6,346.70	6,346.70	904.67	904.67
Total	14,093.50	3,570.00	0.00	0.00	16,715.28	16,715.28	5,325.63	5,325.63

Present Worth Profile (M$)

PW 5.00% :	9,069.68
PW 8.00% :	6,542.05
PW 9.00% :	5,896.44
PW 12.00% :	4,367.77
PW 15.00% :	3,277.71
PW 20.00% :	2,062.46

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Producing Rsv Category

TABLE 2

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	38.23	0.00	0.00
2021	1	0.06	0.00	0.00	0.04	0.00	0.00	38.23	0.00	0.00
2022	1	1.55	0.00	0.00	1.18	0.00	0.00	38.23	0.00	0.00
2023	1	1.78	0.00	0.00	1.36	0.00	0.00	38.23	0.00	0.00
2024	1	1.71	0.00	0.00	1.31	0.00	0.00	38.23	0.00	0.00
2025	1	1.63	0.00	0.00	1.25	0.00	0.00	38.23	0.00	0.00
2026	1	1.56	0.00	0.00	1.19	0.00	0.00	38.23	0.00	0.00
2027	1	1.49	0.00	0.00	1.14	0.00	0.00	38.23	0.00	0.00
2028	1	1.43	0.00	0.00	1.10	0.00	0.00	38.23	0.00	0.00
2029	1	1.37	0.00	0.00	1.05	0.00	0.00	38.23	0.00	0.00
2030	1	1.31	0.00	0.00	1.00	0.00	0.00	38.23	0.00	0.00
2031	1	1.25	0.00	0.00	0.96	0.00	0.00	38.23	0.00	0.00
2032	1	1.20	0.00	0.00	0.92	0.00	0.00	38.23	0.00	0.00
2033	1	1.15	0.00	0.00	0.88	0.00	0.00	38.23	0.00	0.00
2034	1	1.10	0.00	0.00	0.84	0.00	0.00	38.23	0.00	0.00
Sub-T		18.61	0.00	0.00	14.23	0.00	0.00	38.23	0.00	0.00
After		14.16	0.00	0.00	10.83	0.00	0.00	38.23	0.00	0.00
Total		32.76	0.00	0.00	25.06	0.00	0.00	38.23	0.00	0.00
Cum.		7,935.59	0.00	89.11						
Ult.		7,968.35	0.00	89.11						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.08	0.00	0.00	0.00	0.08	0.01	0.00	0.08
2021	1.68	0.00	0.00	0.00	1.68	0.12	0.00	1.56
2022	45.27	0.00	0.00	0.00	45.27	3.21	0.00	42.06
2023	52.14	0.00	0.00	0.00	52.14	3.70	0.00	48.44
2024	50.02	0.00	0.00	0.00	50.02	3.55	0.00	46.47
2025	47.74	0.00	0.00	0.00	47.74	3.39	0.00	44.35
2026	45.68	0.00	0.00	0.00	45.68	3.24	0.00	42.44
2027	43.71	0.00	0.00	0.00	43.71	3.10	0.00	40.61
2028	41.94	0.00	0.00	0.00	41.94	2.98	0.00	38.97
2029	40.03	0.00	0.00	0.00	40.03	2.84	0.00	37.19
2030	38.30	0.00	0.00	0.00	38.30	2.72	0.00	35.59
2031	36.65	0.00	0.00	0.00	36.65	2.60	0.00	34.05
2032	35.17	0.00	0.00	0.00	35.17	2.50	0.00	32.67
2033	33.56	0.00	0.00	0.00	33.56	2.38	0.00	31.18
2034	32.12	0.00	0.00	0.00	32.12	2.28	0.00	29.84
Sub-T	544.10	0.00	0.00	0.00	544.10	38.60	0.00	505.50
After	413.99	0.00	0.00	0.00	413.99	29.37	0.00	384.62
Total	958.09	0.00	0.00	0.00	958.09	67.98	0.00	890.11

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.15	0.00	0.00	0.00	-0.07	-0.07	-0.07	-0.07
2021	55.20	0.00	0.00	0.00	-53.64	-53.71	-50.98	-51.06
2022	38.80	0.00	0.00	0.00	3.26	-50.46	2.27	-48.78
2023	18.24	0.00	0.00	0.00	30.20	-20.26	23.50	-25.28
2024	13.12	0.00	0.00	0.00	33.36	13.10	23.54	-1.74
2025	12.36	0.00	0.00	0.00	31.99	45.10	20.46	18.72
2026	14.59	0.00	0.00	0.00	27.86	72.95	16.11	34.83
2027	13.31	0.00	0.00	0.00	27.30	100.26	14.30	49.13
2028	12.47	0.00	0.00	0.00	26.50	126.75	12.56	61.69
2029	12.28	0.00	0.00	0.00	24.91	151.67	10.69	72.38
2030	12.28	0.00	0.00	0.00	23.31	174.97	9.06	81.43
2031	12.28	0.00	0.00	0.00	21.78	196.75	7.66	89.09
2032	12.28	0.00	0.00	0.00	20.40	217.15	6.49	95.59
2033	12.28	0.00	0.00	0.00	18.90	236.06	5.45	101.03
2034	12.28	0.00	0.00	0.00	17.56	253.62	4.58	105.62
Sub-T	251.88	0.00	0.00	0.00	253.62	253.62	105.62	105.62
After	241.69	0.00	0.00	0.00	142.93	142.93	21.18	21.18
Total	493.56	0.00	0.00	0.00	396.55	396.55	126.79	126.79

Present Worth Profile (M$)

PW 5.00% :	217.79
PW 8.00% :	156.72
PW 9.00% :	140.89
PW 12.00% :	102.89
PW 15.00% :	75.20
PW 20.00% :	43.40

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Proved Rsv Class
Non-Producing Rsv Category

MKM Engineering

TABLE 3

		Estimated 8/8 Ths Production			Net Production					
Year	Wells	Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	2	1.29	0.00	0.00	0.99	0.00	0.00	38.23	0.00	0.00
2023	5	6.48	0.00	0.00	4.96	0.00	0.00	38.23	0.00	0.00
2024	9	13.24	0.00	0.00	10.13	0.00	0.00	38.23	0.00	0.00
2025	13	20.40	0.00	0.00	15.61	0.00	0.00	38.23	0.00	0.00
2026	17	27.35	0.00	0.00	20.92	0.00	0.00	38.23	0.00	0.00
2027	21	33.97	0.00	0.00	25.98	0.00	0.00	38.23	0.00	0.00
2028	25	40.28	0.00	0.00	30.82	0.00	0.00	38.23	0.00	0.00
2029	25	43.14	0.00	0.00	33.00	0.00	0.00	38.23	0.00	0.00
2030	25	41.30	0.00	0.00	31.60	0.00	0.00	38.23	0.00	0.00
2031	25	39.34	0.00	0.00	30.10	0.00	0.00	38.23	0.00	0.00
2032	25	37.57	0.00	0.00	28.74	0.00	0.00	38.23	0.00	0.00
2033	25	35.69	0.00	0.00	27.30	0.00	0.00	38.23	0.00	0.00
2034	25	34.00	0.00	0.00	26.01	0.00	0.00	38.23	0.00	0.00
Sub-T		374.06	0.00	0.00	286.15	0.00	0.00	38.23	0.00	0.00
After		453.37	0.00	0.00	346.82	0.00	0.00	38.23	0.00	0.00
Total		827.43	0.00	0.00	632.96	0.00	0.00	38.23	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		827.43	0.00	0.00						

	Company Future Gross Revenue					Prod & Adv Taxes		Revenue
Year	Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	37.80	0.00	0.00	0.00	37.80	2.68	0.00	35.12
2023	189.47	0.00	0.00	0.00	189.47	13.44	0.00	176.02
2024	387.11	0.00	0.00	0.00	387.11	27.47	0.00	359.65
2025	596.62	0.00	0.00	0.00	596.62	42.33	0.00	554.29
2026	799.82	0.00	0.00	0.00	799.82	56.75	0.00	743.07
2027	993.39	0.00	0.00	0.00	993.39	70.48	0.00	922.90
2028	1,178.06	0.00	0.00	0.00	1,178.06	83.58	0.00	1,094.47
2029	1,261.59	0.00	0.00	0.00	1,261.59	89.51	0.00	1,172.08
2030	1,207.88	0.00	0.00	0.00	1,207.88	85.70	0.00	1,122.18
2031	1,150.53	0.00	0.00	0.00	1,150.53	81.63	0.00	1,068.90
2032	1,098.85	0.00	0.00	0.00	1,098.85	77.96	0.00	1,020.89
2033	1,043.79	0.00	0.00	0.00	1,043.79	74.06	0.00	969.73
2034	994.28	0.00	0.00	0.00	994.28	70.54	0.00	923.73
Sub-T	10,939.18	0.00	0.00	0.00	10,939.18	776.13	0.00	10,163.05
After	13,258.46	0.00	0.00	0.00	13,258.46	940.69	0.00	12,317.77
Total	24,197.65	0.00	0.00	0.00	24,197.65	1,716.82	0.00	22.480.82

	Deductions				Future Net Income Before Income Taxes			
	Lease	Net	Trans.	Net	Undiscounted		Discounted Ann	Disc. Cum.
Year	Net Costs ------ M$ ------	Investments ------ M$ ------	Costs ------ M$ ------	Profits ------ M$ ------	Annual ------ M$ ------	Cumulative ------- M$ -------	@ 10.00% -------M$ -------	Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	21.40	3.60	0.00	0.00	10.12	10.12	8.32	8.32
2023	60.97	5.40	0.00	0.00	109.65	119.77	84.68	92.99
2024	93.08	52.20	0.00	0.00	214.37	334.14	150.47	243.47
2025	138.58	67.20	0.00	0.00	348.51	682.65	221.62	465.09
2026	220.56	67.20	0.00	0.00	455.30	1,137.95	262.23	727.32
2027	254.86	67.20	0.00	0.00	600.84	1,738.79	313.67	1,040.99
2028	288.74	67.20	0.00	0.00	738.53	2,477.32	349.23	1,390.22
2029	306.90	0.00	0.00	0.00	865.18	3,342.50	371.20	1,761.42
2030	306.90	0.00	0.00	0.00	815.28	4,157.79	316.75	2,078.17
2031	306.90	0.00	0.00	0.00	762.00	4,919.79	268.00	2,346.17
2032	306.90	0.00	0.00	0.00	713.99	5,633.78	227.31	2,573.48
2033	306.90	0.00	0.00	0.00	662.83	6,296.61	191.00	2,764.48
2034	306.90	0.00	0.00	0.00	616.83	6,913.44	160.91	2,925.39
Sub-T	2,919.61	330.00	0.00	0.00	6,913.44	6,913.44	2,925.39	2,925.39
After	6,833.75	0.00	0.00	0.00	5,484.03	5,484.03	774.41	774.41
Total	9,753.35	330.00	0.00	0.00	12,397.47	12,397.47	3,699.80	3,699.80

Present Worth Profile (M$)

PW 5.00% :	6,449.44
PW 8.00% :	4,575.11
PW 9.00% :	4,107.98
PW 12.00% :	3,026.52
PW 15.00% :	2,281.59
PW 20.00% :	1,485.18

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Total Proved

MKM Engineering

TABLE 4

		Estimated 8/8 Ths Production			Net Production					
		Oil	NGL	Gas	Oil	NGL	Gas	Oil	NGL	Gas
Year	Wells	Mbbl	Mgal	MMcf	Mbbl	Mgal	MMcf	$/bbl	$/gal	$/Mcf
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	38.23	0.00	0.00
2021	1	0.06	0.00	0.00	0.04	0.00	0.00	38.23	0.00	0.00
2022	3	2.84	0.00	0.00	2.17	0.00	0.00	38.23	0.00	0.00
2023	6	8.26	0.00	0.00	6.32	0.00	0.00	38.23	0.00	0.00
2024	10	14.95	0.00	0.00	11.43	0.00	0.00	38.23	0.00	0.00
2025	14	22.03	0.00	0.00	16.86	0.00	0.00	38.23	0.00	0.00
2026	18	28.91	0.00	0.00	22.12	0.00	0.00	38.23	0.00	0.00
2027	22	35.46	0.00	0.00	27.13	0.00	0.00	38.23	0.00	0.00
2028	26	41.72	0.00	0.00	31.91	0.00	0.00	38.23	0.00	0.00
2029	26	44.51	0.00	0.00	34.05	0.00	0.00	38.23	0.00	0.00
2030	26	42.61	0.00	0.00	32.60	0.00	0.00	38.23	0.00	0.00
2031	26	40.60	0.00	0.00	31.05	0.00	0.00	38.23	0.00	0.00
2032	26	38.78	0.00	0.00	29.66	0.00	0.00	38.23	0.00	0.00
2033	26	36.84	0.00	0.00	28.18	0.00	0.00	38.23	0.00	0.00
2034	26	35.10	0.00	0.00	26.85	0.00	0.00	38.23	0.00	0.00
Sub-T		392.67	0.00	0.00	300.38	0.00	0.00	38.23	0.00	0.00
After		467.52	0.00	0.00	357.64	0.00	0.00	38.23	0.00	0.00
Total		860.19	0.00	0.00	658.02	0.00	0.00	38.23	0.00	0.00
Cum.		7,935.59	0.00	89.11						
Ult.		8,795.78	0.00	89.11						

	Company Future Gross Revenue					Prod & Adv Taxes		Revenue
Year	Oil	NGL	Gas	Other	Total	Prod Tax	Adv Tax	after Sev & Adv
	M$	M$	M$	M$	M$	M$	M$	M$
2020	0.08	0.00	0.00	0.00	0.08	0.01	0.00	0.08
2021	1.68	0.00	0.00	0.00	1.68	0.12	0.00	1.56
2022	83.08	0.00	0.00	0.00	83.08	5.89	0.00	77.18
2023	241.60	0.00	0.00	0.00	241.60	17.14	0.00	224.46
2024	437.14	0.00	0.00	0.00	437.14	31.01	0.00	406.12
2025	644.36	0.00	0.00	0.00	644.36	45.72	0.00	598.64
2026	845.50	0.00	0.00	0.00	845.50	59.99	0.00	785.51
2027	1,037.10	0.00	0.00	0.00	1,037.10	73.58	0.00	963.52
2028	1,220.00	0.00	0.00	0.00	1,220.00	86.56	0.00	1,133.44
2029	1,301.62	0.00	0.00	0.00	1,301.62	92.35	0.00	1,209.27
2030	1,246.19	0.00	0.00	0.00	1,246.19	88.42	0.00	1,157.77
2031	1,187.19	0.00	0.00	0.00	1,187.19	84.23	0.00	1,102.95
2032	1,134.02	0.00	0.00	0.00	1,134.02	80.46	0.00	1,053.56
2033	1,077.35	0.00	0.00	0.00	1,077.35	76.44	0.00	1,000.91
2034	1,026.40	0.00	0.00	0.00	1,026.40	72.82	0.00	953.57
Sub-T	11,483.28	0.00	0.00	0.00	11,483.28	814.74	0.00	10,668.54
After	13,672.45	0.00	0.00	0.00	13,672.45	970.06	0.00	12,702.39
Total	25,155.73	0.00	0.00	0.00	25,155.73	1,784.80	0.00	23.370.93

	Deductions				Future Net Income Before Income Taxes			
	Lease	Net	Trans.	Net	Undiscounted		Discounted Ann	Disc. Cum.
Year	Net Costs	Investments	Costs	Profits	Annual	Cumulative	@ 10.00%	Annual @ 10.00%
	M$	M$	M$	M$	M$	M$	M$	M$
2020	0.15	0.00	0.00	0.00	-0.07	-0.07	-0.07	-0.07
2021	55.20	0.00	0.00	0.00	-53.64	-53.71	-50.98	-51.06
2022	60.20	3.60	0.00	0.00	13.38	-40.34	10.59	-40.47
2023	79.21	5.40	0.00	0.00	139.85	99.51	108.18	67.71
2024	106.20	52.20	0.00	0.00	247.73	347.24	174.01	241.73
2025	150.93	67.20	0.00	0.00	380.50	727.75	242.08	483.81
2026	235.15	67.20	0.00	0.00	483.16	1,210.91	278.34	762.15
2027	268.17	67.20	0.00	0.00	628.14	1,839.05	327.97	1,090.12
2028	301.21	67.20	0.00	0.00	765.03	2,604.08	361.79	1,451.91
2029	319.18	0.00	0.00	0.00	890.09	3,494.17	381.89	1,833.80
2030	319.18	0.00	0.00	0.00	838.59	4,332.76	325.80	2,159.60
2031	319.18	0.00	0.00	0.00	783.78	5,116.54	275.66	2,435.26
2032	319.18	0.00	0.00	0.00	734.39	5,850.93	233.80	2,669.07
2033	319.18	0.00	0.00	0.00	681.73	6,532.66	196.45	2,865.51
2034	319.18	0.00	0.00	0.00	634.40	7,167.06	165.49	3,031.01
Sub-T	3,171.48	330.00	0.00	0.00	7,167.06	7,167.06	3,031.01	3,031.01
After	7,075.43	0.00	0.00	0.00	5,626.96	5,626.96	795.59	795.59
Total	10,246.92	330.00	0.00	0.00	12,794.02	12,794.02	3,826.60	3,826.60

Present Worth Profile (M$)

PW 5.00% :	6,667.23
PW 8.00% :	4,731.83
PW 9.00% :	4,248.87
PW 12.00% :	3,129.41
PW 15.00% :	2,356.79
PW 20.00% :	1,528.58

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

MKM Engineering

Probable Rsv Class
Behind Pipe Rsv Category

TABLE 5

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	Estimated 8/8 Ths Production NGL ---- Mgal ----	Estimated 8/8 Ths Production Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	Net Production NGL ----- Mgal -----	Net Production Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	1	0.60	0.00	0.00	0.46	0.00	0.00	38.23	0.00	0.00
2023	3	2.92	0.00	0.00	2.24	0.00	0.00	38.23	0.00	0.00
2024	5	5.16	0.00	0.00	3.95	0.00	0.00	38.23	0.00	0.00
2025	8	8.99	0.00	0.00	6.87	0.00	0.00	38.23	0.00	0.00
2026	9	10.83	0.00	0.00	8.28	0.00	0.00	38.23	0.00	0.00
2027	9	9.62	0.00	0.00	7.36	0.00	0.00	38.23	0.00	0.00
2028	9	8.88	0.00	0.00	6.80	0.00	0.00	38.23	0.00	0.00
2029	9	8.29	0.00	0.00	6.34	0.00	0.00	38.23	0.00	0.00
2030	9	7.61	0.00	0.00	5.82	0.00	0.00	38.23	0.00	0.00
2031	8	7.08	0.00	0.00	5.42	0.00	0.00	38.23	0.00	0.00
2032	8	6.81	0.00	0.00	5.21	0.00	0.00	38.23	0.00	0.00
2033	8	6.51	0.00	0.00	4.98	0.00	0.00	38.23	0.00	0.00
2034	8	6.24	0.00	0.00	4.78	0.00	0.00	38.23	0.00	0.00
Sub-T		89.55	0.00	0.00	68.50	0.00	0.00	38.23	0.00	0.00
After		77.11	0.00	0.00	58.99	0.00	0.00	38.23	0.00	0.00
Total		166.66	0.00	0.00	127.49	0.00	0.00	38.23	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		166.66	0.00	0.00						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	17.49	0.00	0.00	0.00	17.49	1.24	0.00	16.25
2023	85.46	0.00	0.00	0.00	85.46	6.06	0.00	79.40
2024	150.99	0.00	0.00	0.00	150.99	10.71	0.00	140.28
2025	262.80	0.00	0.00	0.00	262.80	18.65	0.00	244.16
2026	316.57	0.00	0.00	0.00	316.57	22.46	0.00	294.11
2027	281.41	0.00	0.00	0.00	281.41	19.97	0.00	261.44
2028	259.80	0.00	0.00	0.00	259.80	18.43	0.00	241.36
2029	242.47	0.00	0.00	0.00	242.47	17.20	0.00	225.26
2030	222.48	0.00	0.00	0.00	222.48	15.79	0.00	206.70
2031	207.15	0.00	0.00	0.00	207.15	14.70	0.00	192.45
2032	199.17	0.00	0.00	0.00	199.17	14.13	0.00	185.04
2033	190.45	0.00	0.00	0.00	190.45	13.51	0.00	176.94
2034	182.62	0.00	0.00	0.00	182.62	12.96	0.00	169.66
Sub-T	2,618.87	0.00	0.00	0.00	2,618.87	185.81	0.00	2,433.06
After	2,255.12	0.00	0.00	0.00	2,255.12	160.00	0.00	2,095.12
Total	4,873.99	0.00	0.00	0.00	4,873.99	345.81	0.00	4,528.18

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	4.80	120.00	0.00	0.00	-108.55	-108.55	-91.77	-91.77
2023	24.00	120.00	0.00	0.00	-64.60	-173.15	-48.80	-140.57
2024	43.20	120.00	0.00	0.00	-22.92	-196.07	-14.73	-155.30
2025	68.40	180.00	0.00	0.00	-4.24	-200.32	-2.20	-157.50
2026	88.80	0.00	0.00	0.00	205.31	5.00	118.94	-38.56
2027	88.80	0.00	0.00	0.00	172.64	177.64	90.49	51.93
2028	88.80	0.00	0.00	0.00	152.56	330.20	72.37	124.29
2029	88.80	0.00	0.00	0.00	136.46	466.67	58.58	182.87
2030	82.36	0.00	0.00	0.00	124.34	591.00	48.31	231.18
2031	76.80	0.00	0.00	0.00	115.65	706.66	40.67	271.85
2032	76.80	0.00	0.00	0.00	108.24	814.89	34.46	306.31
2033	76.80	0.00	0.00	0.00	100.14	915.03	28.85	335.17
2034	76.80	0.00	0.00	0.00	92.86	1,007.90	24.22	359.39
Sub-T	885.16	540.00	0.00	0.00	1,007.90	1,007.90	359.39	359.39
After	1,375.38	0.00	0.00	0.00	719.74	719.74	109.08	109.08
Total	2,260.54	540.00	0.00	0.00	1,727.64	1,727.64	468.47	468.47

Present Worth Profile (M$)

PW 5.00% :	880.29
PW 8.00% :	601.07
PW 9.00% :	530.47
PW 12.00% :	365.65
PW 15.00% :	251.42
PW 20.00% :	129.99

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Probable Rsv Class
Undeveloped Rsv Category

TABLE 6

MKM Engineering

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	NGL ---- Mgal ----	Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	NGL ----- Mgal -----	Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	4	16.54	0.00	0.00	12.65	0.00	0.00	38.23	0.00	0.00
2023	8	38.02	0.00	0.00	29.08	0.00	0.00	38.23	0.00	0.00
2024	10	49.20	0.00	0.00	37.63	0.00	0.00	38.23	0.00	0.00
2025	10	38.59	0.00	0.00	29.52	0.00	0.00	38.23	0.00	0.00
2026	10	29.25	0.00	0.00	22.37	0.00	0.00	38.23	0.00	0.00
2027	10	22.17	0.00	0.00	16.96	0.00	0.00	38.23	0.00	0.00
2028	10	16.84	0.00	0.00	12.88	0.00	0.00	38.23	0.00	0.00
2029	10	12.72	0.00	0.00	9.73	0.00	0.00	38.23	0.00	0.00
2030	10	9.20	0.00	0.00	7.04	0.00	0.00	38.23	0.00	0.00
2031	8	4.75	0.00	0.00	3.63	0.00	0.00	38.23	0.00	0.00
2032	4	1.21	0.00	0.00	0.93	0.00	0.00	38.23	0.00	0.00
Sub-T		238.49	0.00	0.00	182.44	0.00	0.00	38.23	0.00	0.00
After		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		238.49	0.00	0.00	182.44	0.00	0.00	38.23	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		238.49	0.00	0.00						

Year	Company Future Gross Revenue Oil ------ M$ ------	NGL ------ M$ ------	Gas ------ M$ ------	Other ------ M$ ------	Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	483.69	0.00	0.00	0.00	483.69	34.32	0.00	449.37
2023	1,111.87	0.00	0.00	0.00	1,111.87	78.89	0.00	1,032.98
2024	1,438.72	0.00	0.00	0.00	1,438.72	102.08	0.00	1,336.65
2025	1,128.60	0.00	0.00	0.00	1,128.60	80.07	0.00	1,048.52
2026	855.36	0.00	0.00	0.00	855.36	60.69	0.00	794.67
2027	648.27	0.00	0.00	0.00	648.27	45.99	0.00	602.28
2028	492.49	0.00	0.00	0.00	492.49	34.94	0.00	457.55
2029	372.09	0.00	0.00	0.00	372.09	26.40	0.00	345.69
2030	269.01	0.00	0.00	0.00	269.01	19.09	0.00	249.93
2031	138.93	0.00	0.00	0.00	138.93	9.86	0.00	129.08
2032	35.49	0.00	0.00	0.00	35.49	2.52	0.00	32.97
Sub-T	6,974.52	0.00	0.00	0.00	6,974.52	494.84	0.00	6,479.67
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	6,974.52	0.00	0.00	0.00	6,974.52	494.84	0.00	6,479.67

Year	Deductions Lease Net Costs ------ M$ ------	Net Investments ------ M$ ------	Trans. Costs ------ M$ ------	Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	270.00	0.00	0.00	-270.00	-270.00	-245.36	-245.36
2022	46.50	1,080.00	0.00	0.00	-677.13	-947.13	-579.73	-825.09
2023	120.90	1,080.00	0.00	0.00	-167.92	-1,115.05	-126.72	-951.81
2024	181.35	270.00	0.00	0.00	885.30	-229.76	620.26	-331.55
2025	186.00	0.00	0.00	0.00	862.52	632.77	552.55	221.00
2026	186.00	0.00	0.00	0.00	608.67	1,241.44	353.05	574.05
2027	186.00	0.00	0.00	0.00	416.28	1,657.71	218.65	792.70
2028	186.00	0.00	0.00	0.00	271.55	1,929.26	129.18	921.88
2029	186.00	0.00	0.00	0.00	159.69	2,088.95	68.82	990.70
2030	172.99	0.00	0.00	0.00	76.94	2,165.89	30.09	1,020.79
2031	104.33	0.00	0.00	0.00	24.75	2,190.63	8.80	1,029.59
2032	29.98	0.00	0.00	0.00	2.99	2,193.63	0.98	1,030.57
Sub-T	1,586.05	2,700.00	0.00	0.00	2,193.63	2,193.63	1,030.57	1,030.57
After	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1,586.05	2,700.00	0.00	0.00	2,193.63	2,193.63	1,030.57	1,030.57

Present Worth Profile (M$)

PW 5.00% :	1,522.16
PW 8.00% :	1,209.16
PW 9.00% :	1,117.10
PW 12.00% :	872.71
PW 15.00% :	669.50
PW 20.00% :	403.89

Petrolia 123120
Reserve and Economic Projection
As of 12/31/2020

Total Probable

MKM Engineering

TABLE 7

Year	Wells	Estimated 8/8 Ths Production Oil ---- Mbbl -----	Estimated 8/8 Ths Production NGL ---- Mgal ----	Estimated 8/8 Ths Production Gas ----- MMcf-----	Net Production Oil ----- Mbbl -----	Net Production NGL ----- Mgal -----	Net Production Gas ----- MMcf -----	Oil - $/bbl -	NGL - $/gal -	Gas - $/Mcf -
2020	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	5	17.14	0.00	0.00	13.11	0.00	0.00	38.23	0.00	0.00
2023	11	40.94	0.00	0.00	31.32	0.00	0.00	38.23	0.00	0.00
2024	15	54.36	0.00	0.00	41.58	0.00	0.00	38.23	0.00	0.00
2025	18	47.58	0.00	0.00	36.40	0.00	0.00	38.23	0.00	0.00
2026	19	40.07	0.00	0.00	30.66	0.00	0.00	38.23	0.00	0.00
2027	19	31.79	0.00	0.00	24.32	0.00	0.00	38.23	0.00	0.00
2028	19	25.72	0.00	0.00	19.68	0.00	0.00	38.23	0.00	0.00
2029	19	21.01	0.00	0.00	16.08	0.00	0.00	38.23	0.00	0.00
2030	19	16.81	0.00	0.00	12.86	0.00	0.00	38.23	0.00	0.00
2031	16	11.83	0.00	0.00	9.05	0.00	0.00	38.23	0.00	0.00
2032	12	8.02	0.00	0.00	6.14	0.00	0.00	38.23	0.00	0.00
2033	8	6.51	0.00	0.00	4.98	0.00	0.00	38.23	0.00	0.00
2034	8	6.24	0.00	0.00	4.78	0.00	0.00	38.23	0.00	0.00
Sub-T		328.04	0.00	0.00	250.94	0.00	0.00	38.23	0.00	0.00
After		77.11	0.00	0.00	58.99	0.00	0.00	38.23	0.00	0.00
Total		405.16	0.00	0.00	309.93	0.00	0.00	38.23	0.00	0.00
Cum.		0.00	0.00	0.00						
Ult.		405.16	0.00	0.00						

Year	Company Future Gross Revenue Oil ------ M$ ------	Company Future Gross Revenue NGL ------ M$ ------	Company Future Gross Revenue Gas ------ M$ ------	Company Future Gross Revenue Other ------ M$ ------	Company Future Gross Revenue Total ------ M$ ------	Prod & Adv Taxes Prod Tax ------ M$ ------	Prod & Adv Taxes Adv Tax ------ M$ ------	Revenue after Sev & Adv ------- M$ --------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022	501.18	0.00	0.00	0.00	501.18	35.56	0.00	465.62
2023	1,197.33	0.00	0.00	0.00	1,197.33	84.95	0.00	1,112.38
2024	1,589.72	0.00	0.00	0.00	1,589.72	112.79	0.00	1,476.92
2025	1,391.40	0.00	0.00	0.00	1,391.40	98.72	0.00	1,292.68
2026	1,171.93	0.00	0.00	0.00	1,171.93	83.15	0.00	1,088.78
2027	929.68	0.00	0.00	0.00	929.68	65.96	0.00	863.72
2028	752.29	0.00	0.00	0.00	752.29	53.37	0.00	698.91
2029	614.55	0.00	0.00	0.00	614.55	43.60	0.00	570.95
2030	491.50	0.00	0.00	0.00	491.50	34.87	0.00	456.63
2031	346.08	0.00	0.00	0.00	346.08	24.55	0.00	321.53
2032	234.66	0.00	0.00	0.00	234.66	16.65	0.00	218.01
2033	190.45	0.00	0.00	0.00	190.45	13.51	0.00	176.94
2034	182.62	0.00	0.00	0.00	182.62	12.96	0.00	169.66
Sub-T	9,593.38	0.00	0.00	0.00	9,593.38	680.65	0.00	8,912.73
After	2,255.12	0.00	0.00	0.00	2,255.12	160.00	0.00	2,095.12
Total	11,848.50	0.00	0.00	0.00	11,848.50	840.65	0.00	11,007.85

Year	Deductions Lease Net Costs ------ M$ ------	Deductions Net Investments ------ M$ ------	Deductions Trans. Costs ------ M$ ------	Deductions Net Profits ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Annual ------ M$ ------	Future Net Income Before Income Taxes Undiscounted Cumulative ------- M$ -------	Discounted Ann @ 10.00% -------M$ -------	Disc. Cum. Annual @ 10.00% ------- M$ -------
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021	0.00	270.00	0.00	0.00	-270.00	-270.00	-245.36	-245.36
2022	51.30	1,200.00	0.00	0.00	-785.68	-1,055.68	-671.51	-916.87
2023	144.90	1,200.00	0.00	0.00	-232.52	-1,288.20	-175.52	-1,092.38
2024	224.55	390.00	0.00	0.00	862.37	-425.83	605.54	-486.84
2025	254.40	180.00	0.00	0.00	858.28	432.45	550.35	63.50
2026	274.80	0.00	0.00	0.00	813.98	1,246.43	471.99	535.49
2027	274.80	0.00	0.00	0.00	588.92	1,835.35	309.14	844.63
2028	274.80	0.00	0.00	0.00	424.11	2,259.46	201.54	1,046.17
2029	274.80	0.00	0.00	0.00	296.15	2,555.61	127.40	1,173.57
2030	255.35	0.00	0.00	0.00	201.27	2,756.89	78.40	1,251.97
2031	181.13	0.00	0.00	0.00	140.40	2,897.29	49.47	1,301.44
2032	106.78	0.00	0.00	0.00	111.23	3,008.52	35.44	1,336.88
2033	76.80	0.00	0.00	0.00	100.14	3,108.66	28.85	1,365.73
2034	76.80	0.00	0.00	0.00	92.86	3,201.52	24.22	1,389.96
Sub-T	2,471.21	3,240.00	0.00	0.00	3,201.52	3,201.52	1,389.96	1,389.96
After	1,375.38	0.00	0.00	0.00	719.74	719.74	109.08	109.08
Total	3,846.59	3,240.00	0.00	0.00	3,921.27	3,921.27	1,499.03	1,499.03

Present Worth Profile (M$)

PW 5.00% :	2,402.46
PW 8.00% :	1,810.22
PW 9.00% :	1,647.57
PW 12.00% :	1,238.36
PW 15.00% :	920.92
PW 20.00% :	533.88

Tabular Summaries

Economic One-Liners

Project Name : **Petrolia 123120**

As of Date: **12/31/2020**

MKM ENGINEERING

TABLE 8

Lease Name ***Risked*** **/ UnRisked**	*Reserve Category*	**Net Reserves**		**Net Revenue**			**Expense & Tax (M$)**	**Invest. (M$)**	**Cash Flow**		**Life (years)**
		Oil (Mbbl)	**Gas (MMcf)**	**Oil (M$)**	**Gas (M$)**	**Other (M$)**			**Non-Disc. (M$)**	**Disc. CF (M$)**	
Proved Rsv Class											
Producing Rsv Category											
WEST SLICK UNIT DUTCHER SAND -	*P-DP*	25.06	0.00	958.09	0.00	0.00	561.54	0.00	396.55	126.79	33.70
	Total	**25.06**	**0.00**	**958.09**	**0.00**	**0.00**	**561.54**	**0.00**	**396.55**	**126.79**	**33.70**
Proved Rsv Class											
Non-Producing Rsv Category											
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	33.99	0.00	1,299.53	0.00	0.00	546.64	1.80	751.09	294.42	36.88
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.99	0.00	955.25	0.00	0.00	444.30	1.80	509.16	200.03	32.28
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	955.08	0.00	0.00	441.50	1.80	511.78	192.10	32.78
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.87	0.00	0.00	440.14	16.80	497.93	171.23	33.36
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.87	0.00	0.00	439.95	16.80	498.12	154.94	34.36
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.87	0.00	0.00	438.88	16.80	499.19	140.71	35.36
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	955.04	0.00	0.00	437.19	16.80	501.05	128.24	36.36
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.92	0.00	952.48	0.00	0.00	436.29	16.80	499.39	115.25	37.37
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.99	0.00	0.00	440.00	16.80	498.18	162.87	33.87
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.99	0.00	0.00	437.78	16.80	500.40	134.42	35.87
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	955.10	0.00	0.00	436.62	16.80	501.69	122.25	36.87
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.99	0.00	0.00	436.31	16.80	501.87	110.75	37.87
EAST SLICK UNIT DUTCHER SAND -	*P-NP*	24.98	0.00	954.99	0.00	0.00	440.32	16.80	497.87	147.06	34.87
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.87	0.00	950.90	0.00	0.00	465.44	16.80	468.66	100.40	40.00
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.75	0.00	0.00	474.38	1.80	477.57	174.39	35.11
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.73	0.00	0.00	472.16	1.80	479.76	165.89	35.70
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.64	0.00	0.00	471.49	16.80	465.35	140.32	36.70
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.64	0.00	0.00	471.22	16.80	465.62	127.00	37.70
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.64	0.00	0.00	469.02	16.80	467.82	116.07	38.70
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.73	0.00	0.00	468.10	16.80	468.83	105.52	39.70
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.94	0.00	953.48	0.00	0.00	471.58	16.80	465.10	147.52	36.19
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.94	0.00	953.48	0.00	0.00	471.65	16.80	465.03	133.31	37.19
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.94	0.00	953.48	0.00	0.00	469.87	16.80	466.81	121.55	38.19
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.95	0.00	953.64	0.00	0.00	468.49	16.80	468.35	110.74	39.20
WEST SLICK UNIT DUTCHER SAND -	*P-NP*	24.94	0.00	953.50	0.00	0.00	480.86	1.80	470.84	182.79	34.36
	Total	**632.96**	**0.00**	**24,197.65**	**0.00**	**0.00**	**11,470.17**	**330.00**	**12,397.47**	**3,699.80**	**40.00**
Proved Rsv Class	**Total**	**658.02**	**0.00**	**25,155.73**	**0.00**	**0.00**	**12,031.71**	**330.00**	**12,794.02**	**3,826.60**	**40.00**
Probable Rsv Class											
Behind Pipe Rsv Category											
BOOCH BP	*PR-BP*	5.10	0.00	194.89	0.00	0.00	73.39	60.00	61.50	30.88	9.47

Economic One-Liners

Project Name : **Petrolia 123120**

As of Date: **12/31/2020**

MKM ENGINEERING

TABLE 8

Lease Name ***Risked*** **/ UnRisked**	*Reserve Category*	**Net Reserves**		**Net Revenue**			**Expense & Tax (M$)**	**Invest. (M$)**	**Cash Flow**		**Life (years)**
		Oil (Mbbl)	**Gas (MMcf)**	**Oil (M$)**	**Gas (M$)**	**Other (M$)**			**Non-Disc. (M$)**	**Disc. CF (M$)**	
SEC 10-1 BP (East)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.59	60.00	208.30	55.70	31.67
SEC 10-2 BP (East)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.63	60.00	208.25	48.00	33.16
SEC 3-1 BP (Eastt)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.63	60.00	208.25	53.02	32.16
SEC 4-1 BP (West)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.63	60.00	208.25	58.59	31.16
SEC 9-1 BP (West)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.63	60.00	208.25	64.72	30.16
SEC 9-2 BP (West)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.61	60.00	208.28	61.53	30.67
SEC 9-3 BP (West)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.61	60.00	208.28	50.40	32.67
SEC 9-4 BP (West)	*PR-BP*	15.30	0.00	584.89	0.00	0.00	316.61	60.00	208.28	45.63	33.67
	Total	**127.49**	**0.00**	**4,873.99**	**0.00**	**0.00**	**2,606.35**	**540.00**	**1,727.64**	**468.47**	**33.67**
Probable Rsv Class											
Undeveloped Rsv Category											
MISENER LOC 1	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.12	270.00	219.34	114.91	9.54
MISENER LOC 10	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.04	270.00	219.41	91.91	11.78
MISENER LOC 2	*PR-UD*	18.24	0.00	697.45	0.00	0.00	207.99	270.00	219.46	112.21	9.78
MISENER LOC 3	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.13	270.00	219.32	109.41	10.03
MISENER LOC 4	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.12	270.00	219.33	106.69	10.28
MISENER LOC 5	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.12	270.00	219.34	104.03	10.54
MISENER LOC 6	*PR-UD*	18.24	0.00	697.45	0.00	0.00	207.99	270.00	219.46	101.58	10.78
MISENER LOC 7	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.13	270.00	219.32	99.05	11.03
MISENER LOC 8	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.12	270.00	219.33	96.59	11.28
MISENER LOC 9	*PR-UD*	18.24	0.00	697.45	0.00	0.00	208.12	270.00	219.34	94.18	11.53
	Total	**182.44**	**0.00**	**6,974.52**	**0.00**	**0.00**	**2,080.89**	**2,700.00**	**2,193.63**	**1,030.57**	**11.78**
Probable Rsv Class	**Total**	**309.93**	**0.00**	**11,848.50**	**0.00**	**0.00**	**4,687.24**	**3,240.00**	**3,921.27**	**1,499.03**	**33.67**
Grand Total	**Total**	**967.96**	**0.00**	**37,004.24**	**0.00**	**0.00**	**16,718.95**	**3,570.00**	**16,715.28**	**5,325.63**	**40.00**

Gross Ultimates, Interests & Prices

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 9

As of 01/01/2021

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
Proved Reserve Class									
Producing Reserve Category									
WEST SLICK UNIT DUTCHER SAND	P-DP	7,968.35	89.11	32.76	0.00	7,935.59	89.11	1.00000000	0.76497391
		7,968.35	**89.11**	**32.76**	**0.00**	**7,935.59**	**89.11**		
Proved Reserve Class									
Non Producing Reserve Category									
EAST SLICK UNIT DUTCHER SAND - 5006	P-NP	44.44	0.00	44.44	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 11	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 12	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 1	P-NP	32.65	0.00	32.65	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 3	P-NP	32.65	0.00	32.65	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 5	P-NP	32.65	0.00	32.65	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 7	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 9	P-NP	32.57	0.00	32.57	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 2	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 6	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 8	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 10	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
EAST SLICK UNIT DUTCHER SAND - 4	P-NP	32.66	0.00	32.66	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 10	P-NP	32.52	0.00	32.52	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 281	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 1	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 3	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 5	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 7	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 9	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 2	P-NP	32.60	0.00	32.60	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 4	P-NP	32.60	0.00	32.60	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 6	P-NP	32.60	0.00	32.60	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 8	P-NP	32.61	0.00	32.61	0.00	0.00	0.00	1.00000000	0.76497391
WEST SLICK UNIT DUTCHER SAND - 38	P-NP	32.60	0.00	32.60	0.00	0.00	0.00	1.00000000	0.76497391
		827.43	**0.00**	**827.43**	**0.00**	**0.00**	**0.00**		
Proved Reserve Class		**8,795.78**	**89.11**	**860.19**	**0.00**	**7,935.59**	**89.11**		

GROSS ULTIMATE, REMAINING AND CUMULATIVE RESERVES
and EVALUATED INTERESTS

TABLE 9

As of 01/01/2021

Lease Name	Reserve Category	Ultimate Oil (MBbls)	Ultimate Gas (MMcf)	Rem Oil (MBbls)	Rem Gas (MMcf)	Cum Oil (MBbls)	Cum Gas (MMcf)	Working Interest Decimal	Revenue Interest Decimal
Probable Reserve Class									
Behind Pipe Reserve Category									
BOOCH BP	Pr-BP	6.66	0.00	6.66	0.00	0.00	0.00	1.00000000	0.76497391
SEC 10-1 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 10-2 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 3-1 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 4-1 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 9-1 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 9-2 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 9-3 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
SEC 9-4 BP	Pr-BP	20.00	0.00	20.00	0.00	0.00	0.00	1.00000000	0.76497391
		166.66	**0.00**	**166.66**	**0.00**	**0.00**	**0.00**		
Probable Reserve Class									
Undeveloped Reserve Category									
MISENER LOC 1	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 10	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 2	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 3	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 4	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 5	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 6	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 7	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 8	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
MISENER LOC 9	P-UD	23.85	0.00	23.85	0.00	0.00	0.00	1.00000000	0.76497391
		238.49	**0.00**	**238.49**	**0.00**	**0.00**	**0.00**		
Probable Reserve Class		**405.16**	**0.00**	**405.16**	**0.00**	**0.00**	**0.00**		
Total Proved + Probable Class		**9,200.94**	**89.11**	**1,265.35**	**0.00**	**7,935.59**	**89.11**		