

# Investor Presentation

August 26, 2021  
(In USD)



Ticker TSXV: TAL AIM: PTAL



# PetroTal is a significant Peruvian oil producer

## PetroTal corporate and technical summary

### Corporate (in millions) and USD

Public share exchange (Tal and Ptal)	TSX-V and AIM
Basic shares	819
Fully diluted shares	932
<b>Market capitalization<sup>1</sup></b>	<b>\$166</b>
Net Debt <sup>2</sup>	\$23
<b>Enterprise value</b>	<b>\$189</b>
<b>2021 estimated EBITDA range (~\$67.3/bbl 2021 average)</b>	<b>\$140-\$145</b>
<b>EV/ 2021 EBITDA</b>	<b>1.3x</b>

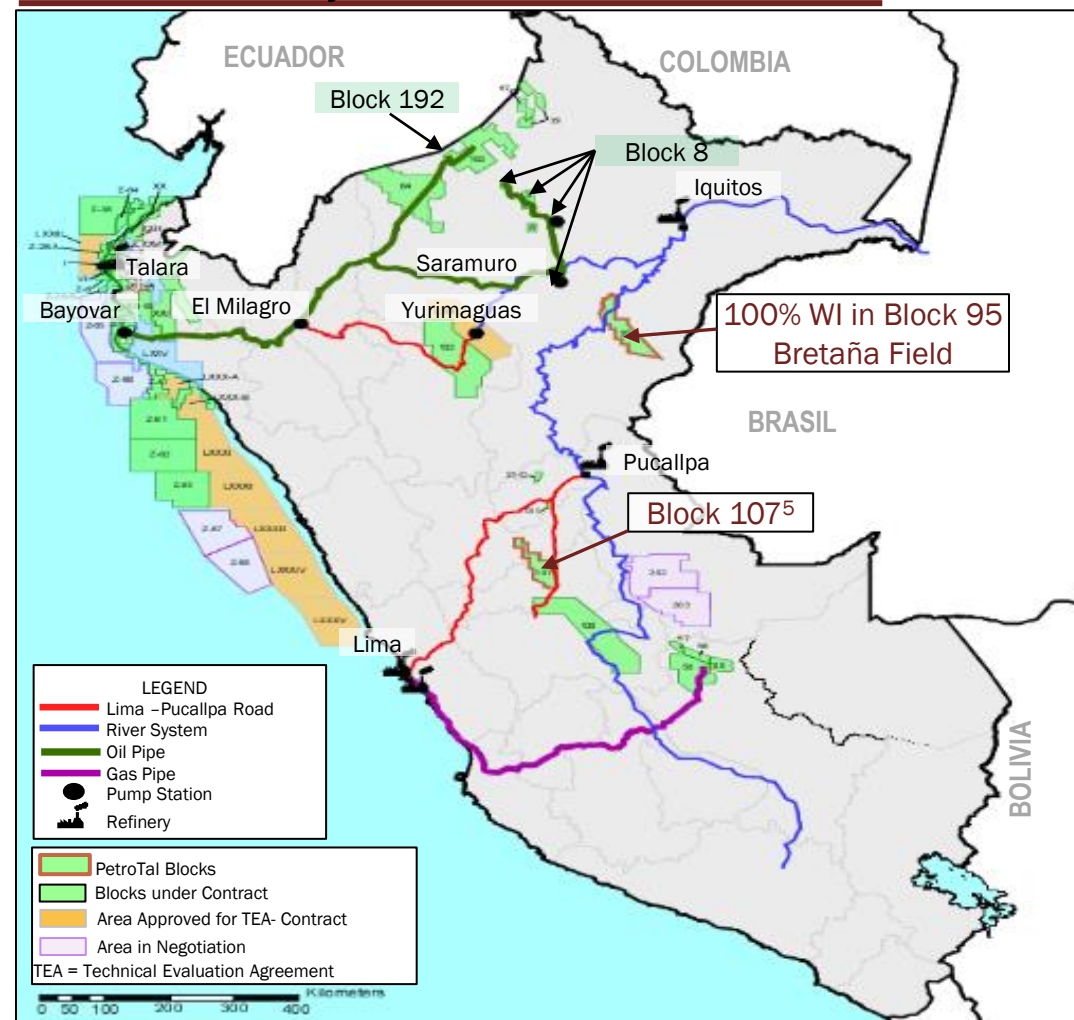
### Technical

<b>Current production (August 20, 2021 last 7 day average)</b>	<b>8,513 bopd</b>
<b>2021 estimated average production range</b>	<b>10,000 – 11,000 bopd</b>
2P reserves <sup>3</sup>	51 mmbbl
Oil Processing capacity (w CPF-2)	24,000 bopd
Water injection capacity (w 3WD well)	~100,000 bwpd
Current producing oil wells	8
Booked 2P / 3P wells <sup>3</sup>	15 / 20

### Offtake options

ONP (Export / Future Talara refinery)	Up to 20,000 bopd
Iquitos <sup>4</sup>	1,300 bopd
Brazil (240k bbls per month)	8,000 bopd
Available storage (see slide 17 for details)	>700k bbl available

## Asset and refinery locations



1) Market capitalization as at August 23, 2021 using a 1.26 CAD/USD exchange rate

2) Net debt as at June 30, 2021 and calculated on slide 19 (not calculated for bond covenant purposes)

3) NSAI Reserves statement effective date December 31, 2020

4) 1,300-2,000 bopd sold to nearby Iquitos refinery

5) PetroTal also holds a 100% WI in the high impact exploration onshore Block 107

6) See disclaimers - Non Gaap financial measures

# Low cost production growth from a proven reserve base

## Strategy and key principles



### Production growth to 20,000 bopd

Clear path to 20,000 bopd through operational excellence



### Continued efficient reserves growth at Bretaña

Optimum field development to maximize ultimate recovery like analogue fields



### Leadership in ESG practices

Rigid ESG approach key to operational and financial success and ensures government alignment and support



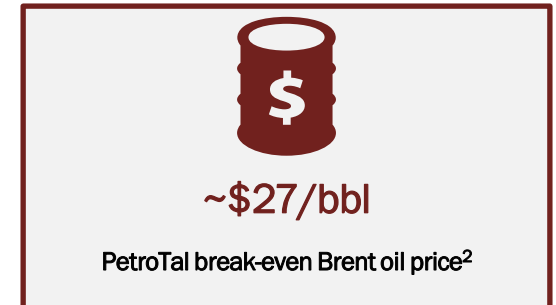
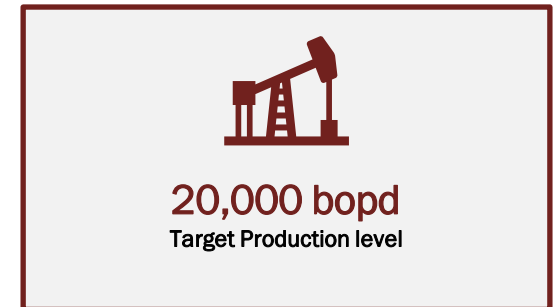
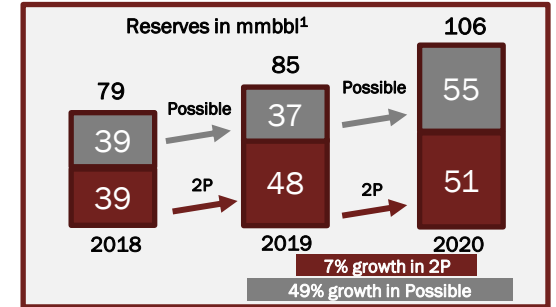
### Synergistic M&A growth

Leverage balance sheet strength and favorable cost position enabling pursuit of synergistic production led acquisitions



### Managing exploration risk and exposure

Prudently unlocking future development areas with limited committed exploration spending in both block 107 & 95<sup>3</sup>



1) Per NSAI Reserves statement effective dates December 31, 2018 - 2020

2) Inclusive of G&A

3) Committed exploration spend in Block 107 of \$1.5 million during 2021 and \$1.5 million in 2022 payable to the government in the event no exploration drilling is completed

# Investment highlights

## Large producing oil field with robust cash flow

- 100% WI in the Bretaña field in Peru with 2P reserves<sup>1</sup> of 51 mmbbl with a before tax 2P NPV(10%) of \$830 million
- 10,500 bopd of run rate production generates annual EBITDA of ~\$128 million<sup>2</sup> at Brent \$65/bbl
- Resilient to oil price volatility - operating break even<sup>3</sup> Brent price of ~\$27/bbl including G&A

## Management and technical team with proven track record

- First oil in H1 2018 reached five months ahead of schedule and significantly below budget
- Increased Bretaña production from 1,000 bopd to 13,300 bopd in 18 months
- Drilled seven wells on budget and on time, with better than expected performance

## Conservative 2P bookings with low risk production growth ahead

- Drilling of next three oil wells expected to lift production to ~20,000 bopd in 2022
- Horizontal wells with initial production rates of > 5,000 bopd
- Conservative 2P bookings vs. analogous surrounding fields, indicate potential to double 2P reserves<sup>4</sup>

## Solid balance sheet and fully funded capex program

- Solid balance sheet with ~0.4x net debt to annualized Q2 2021 EBITDA (calculated for bond covenant purposes)
- Fully funded \$100 million 2021 development program
- Proven access to equity and debt markets with over \$170 million in debt and equity raised since 2018

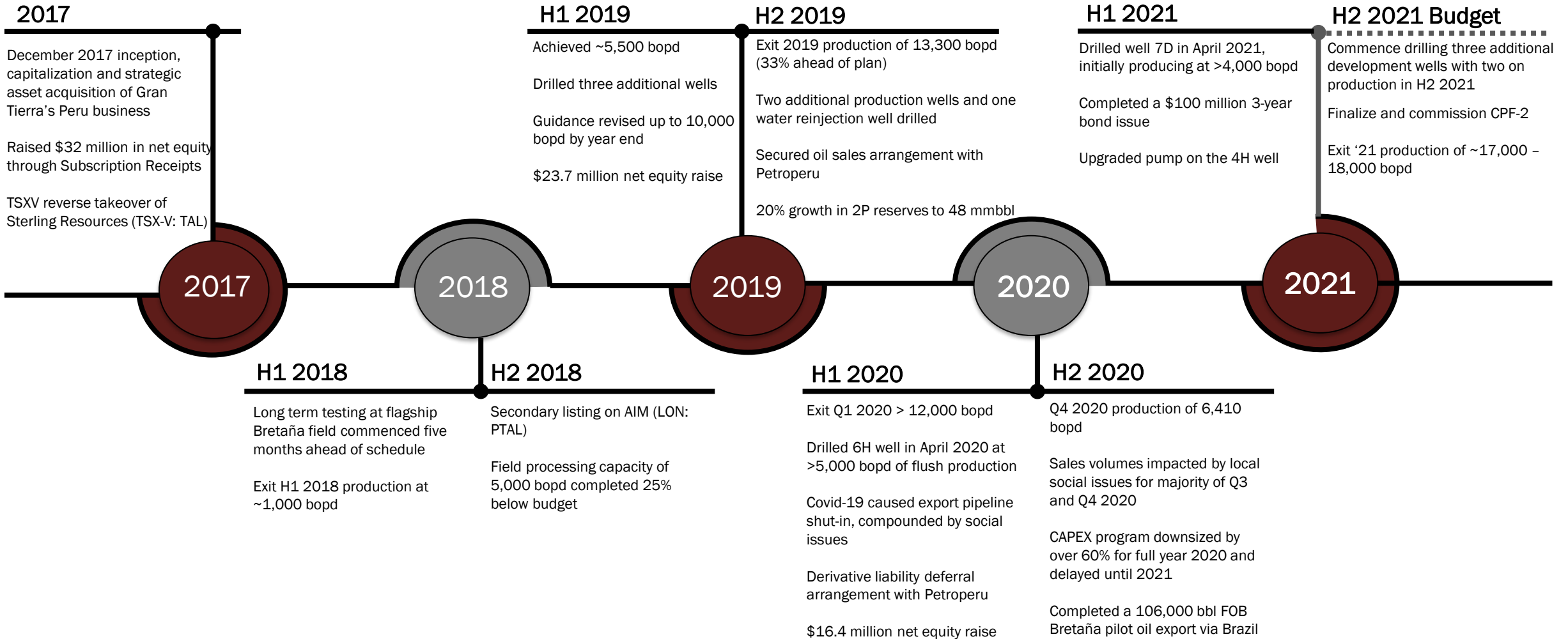
1) NSAI Reserves Report effective date December 31, 2020

2) \$128 million represents the annualized EBITDA generated using a \$33.40/bbl EBITDA netback with 10,500 bopd of oil production (excludes true-up revenue and hedging)

3) Operating break-even details on slide 23

4) 3P reserves at 106 mmbbls and includes 5 additional wells in addition to the 15 in the 2P reserves case

# History and outlook



# Environmental, social and governance summary

## Empowering local communities and promoting sustainable development



### ENVIRONMENTAL

- Breteña pad – single well pad and no encroachment on primary rainforest
- Land cleared in 2012, direct access from river
- No spills or pollution
- Multiple programmes to preserve local bio-diversity as well as flora and fauna
  - Block 95: Agreement with SERNANP <sup>3</sup> for Pacaya-Samiria National Reserve
  - Block 107: Preservation efforts at San Carlos and Oxampampa-Ashaninka forest reserves



### SOCIAL

- Projects to encourage and mentor sustainable local development
  - \$1 million annual budget dedicated to social efforts
  - Continuing COVID support to community
  - Agriculture and aquaculture training to over 300 local families
- Significant local employment
  - Created over 150 local jobs in 2020
- Working with a network of NGOs, producers, and local and central government organizations
- Helping indigenous communities and organizations



### GOVERNANCE

- Six full time CSR<sup>1</sup> employees, five full time HSE<sup>2</sup> employees, and four full time environmental and permits employees
- One manager of Government relations and manager of communications
- HSE and CSR team with +200 years of combined experience
- Active and consistent social and environmental investment programme, focused on empowering the local communities
- Claims and response system implemented to address any issues with the local communities



1) CSR - Community and Social Responsibility  
2) HSE - Health and Safety and Environmental  
3) SERNANP is Peru's agency responsible for protection of natural areas

# 2020 sustainability highlights

## Ethics

- Various claims channels
- Policy driven approaches to:
  - Anti-corruption & crime
  - Complaints
  - Equitable workplace
  - Safety
  - Business conduct
  - Conflicts
  - Supply chain
  - Whistle-blower policies



## Health & Safety

- Strict COVID-19 protocols
- Extensive H&S training for employees and contractors
- Onsite medical facilities and safe quarantine areas
- Investments in highest standard PPE
- Awarded Biosafety Seal award by SGS



## Social

- Hire local
- Perception assessments from Puinahua leaders
- Delivery of agri/aqua educational information and training
- Ensure transparent communication to authorities, leaders, and local residents
- Ensure feedback loop



## Environment

- Carbon monitoring quality certificate obtained with ongoing reduction plan
- Approval for “Nature for Nature” plan
- Comprehensive spill prevention programs and training
- Carbon capture project 7 de Junio community
- 11 hector total field footprint



***“no ethical claims or complaints” “23 year reforestation project leading to carbon credits”***

***“no social or ethical breaches” “internal power generation” “tiny field footprint (~11 hectares)”***

***“no disabling workplace injuries by PetroTal employees” “no discharges or spills” “no expats in Peru”***

***“COVID-19 protocol certified” “Promoting solar power in Puinahua district communities”***

***“2020 Sustainability Report posted on website”***

# Peru – country and fiscal overview

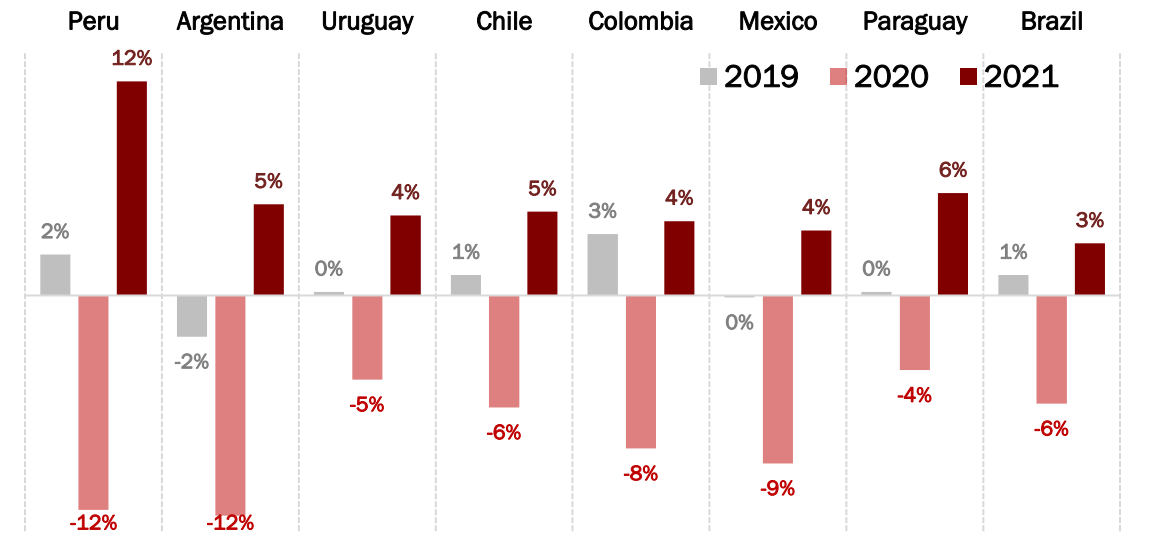
## Peru offers a stable, low risk investment environment

- Investment grade stable/positive outlook: A3 (Moody's)/BBB+ (S&P and Fitch)
- Lowest country risk in LatAm with a rating of 143 vs average of 407<sup>1</sup>
- Standardized concession contracts signed into law by supreme decree
- On November 23, 2020, the Peruvian govt. issued \$4 billion in new notes with a tenor of 12, 40 and 100 years (100 years notes priced at LIBOR+170bps)
- The Peruvian govt. recently announced a \$1.7 billion six-year plan to benefit local communities in northeast Peru (see slide 33 for further details)

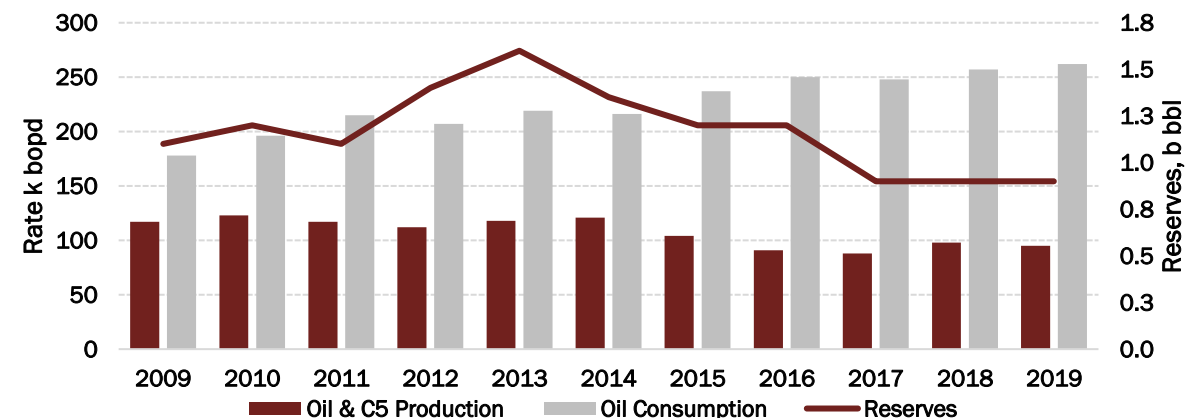
## Peru's oil and gas industry

- Industry leading fiscal terms for the intermediate producer
  - Royalties of 5-20% depending on production levels (6-8% is expected when 20,000 bopd is reached)
  - Corporate tax rate of 32%<sup>2</sup>
- Leading international oil & gas and oil service companies with strong presence
  - Shell, Anadarko, CNPC, Tullow, Cepsa, Repsol, Pluspetrol and Perenco
  - Baker Hughes, Petrex (Saipem), Schlumberger, Sertecpet
  - The Petroperu \$3 billion refinery expansion (doubling processing capacity to 95,000 bopd from 50,000 bopd) further increasing demand for Peru based production

## Three year GDP growth rates by country<sup>1,4</sup>



## Peru's historical oil production and consumption<sup>3</sup>



1) 2021 E&Y Peru Investment Guide. (Chile 147, Colombia 210, Brazil 255 country risk ratings)

2) PetroTal has over \$300 million of tax loss carry forwards

3) 2020 BP Statistical Review

4) 2020 and 2021 GDP growth rates are estimated



# Bretaña Field

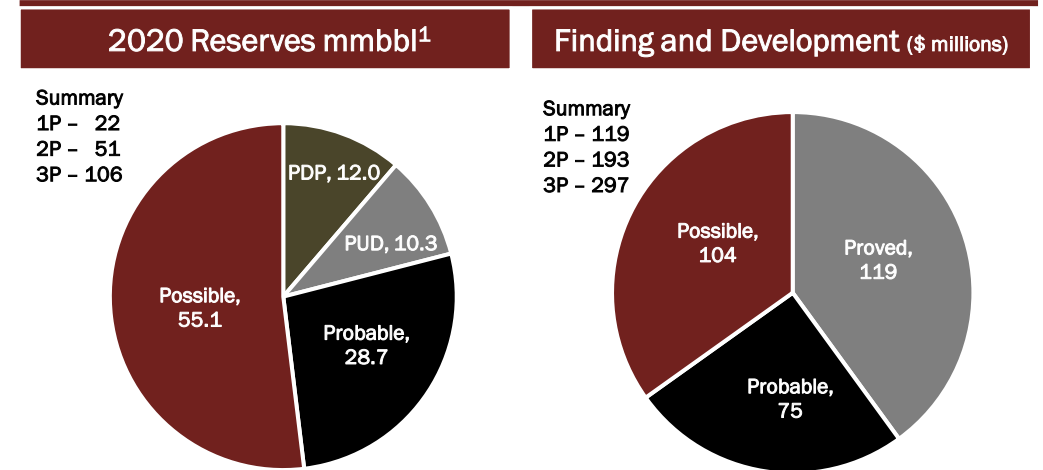
# Large producing and growing reserve base

## Bretaña (Block 95, 100% WI) - growing production base

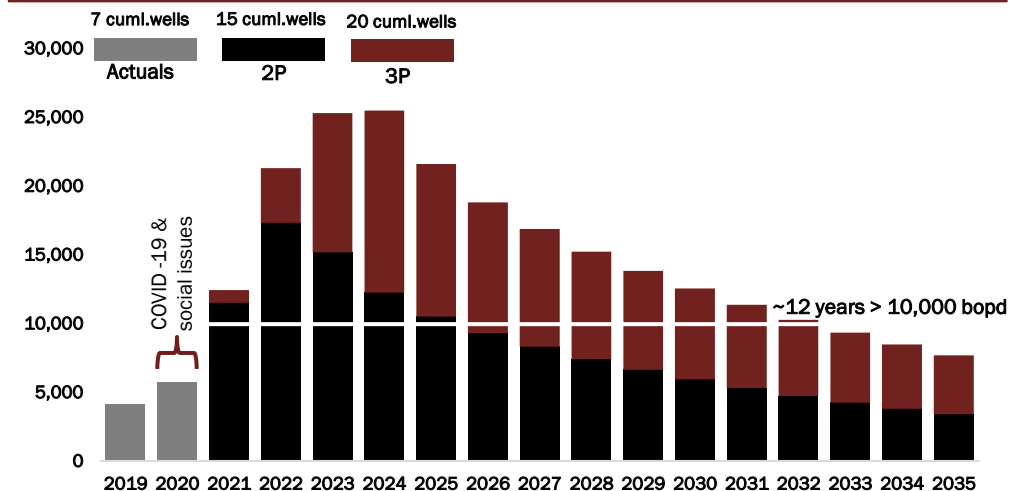
- Located in the Marañón Basin of northern Peru
- 2020 2P reserves at 51 mmbbl<sup>1</sup> (7% growth vs 2019)
  - 19° API heavy oil with no gas
  - Significant upside through increased recovery, supported by analogue fields in Blocks 8 and 192, which have achieved recoveries >20%
  - Average future well recoveries of 3.4 mmbbl for each of the 15 2P wells
- 3P reserves to 106.1 mmbbls<sup>1</sup> (25% growth vs 2019)
  - 48% increase in possible reserve with positive technical revisions based on well performance
  - Horizontal wells with initial production capacity of > 5,000 bopd offering best in class capital efficiencies and quick investment paybacks

Category	OOIP (mmbbl)	Reserves (mmbbl)	Recovery Factor	B-tax NPV <sub>(10%)</sub> (\$ millions) <sup>2</sup>	B-tax NPV <sub>(10%)</sub> (\$/bbl)	F&D (\$ millions)	F&D (\$/bbl)
1P	235	22	11.1%	\$317	\$14.21	119	\$11.52
2P	364	51	15.0%	\$830	\$16.27	193	\$4.96
3P	579	106	19.0%	\$1,721	\$16.24	297	\$3.16

## Reserves and production overview



## 2P & 3P Production Profiles bopd<sup>1</sup>

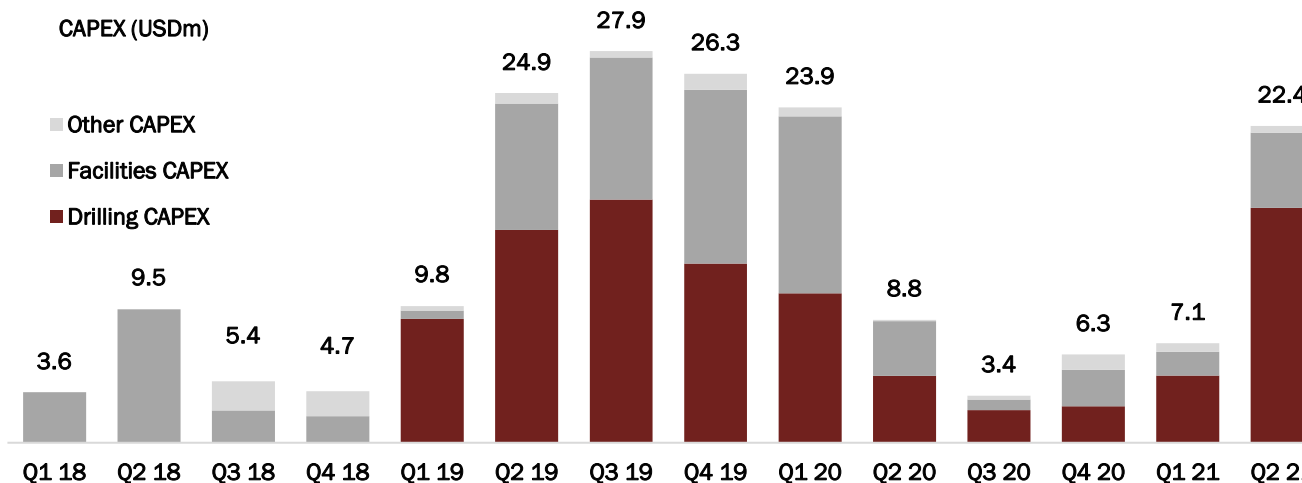
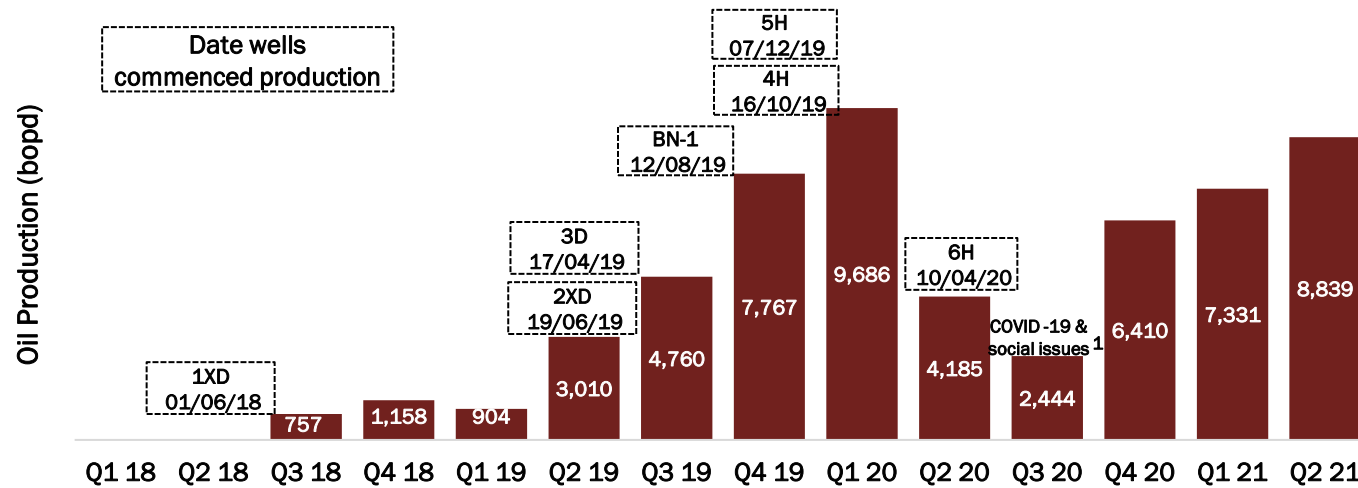


1) NSAI Reserves statement effective date December 31, 2020, gross including oil used in the field in each category

2) Using the December 31, 2019 NSAI price deck on the December 31, 2020 NSAI reserves, holding all other assumptions constant, the year-end net present values (before tax) discounted at 10% would increase by the following approximate amounts: 1P - \$250 million, 2P - \$480 million, 3P - \$780 million surpassing the December 31, 2019 before tax net present values

# Strong production growth since inception

## Bretaña production and wells to date<sup>1, 2</sup> - strong production growth profile



## Strong overall performance (2018 – June 30, 2021)

- Over 5 million barrels sold
- ~\$184 million in total historical CAPEX deployed at industry leading capital efficiencies
- 11.2 mmbbl of additional 2P resources booked (28% growth)
- 26.7 mmbbl of additional 3P resources booked (34% growth)
- 8 producing wells with the 8<sup>th</sup> on production as of April 30, 2021 having initial production at over 4,500 bopd<sup>3</sup>
- 9<sup>th</sup> well (BN-8H) commenced drilling on July 12, 2021
- Strategic access to capital markets:
  - > \$70 million in total equity raised
  - \$100 million bond issuance
- ~\$40 million in working capital flexibility utilized with critical vendors

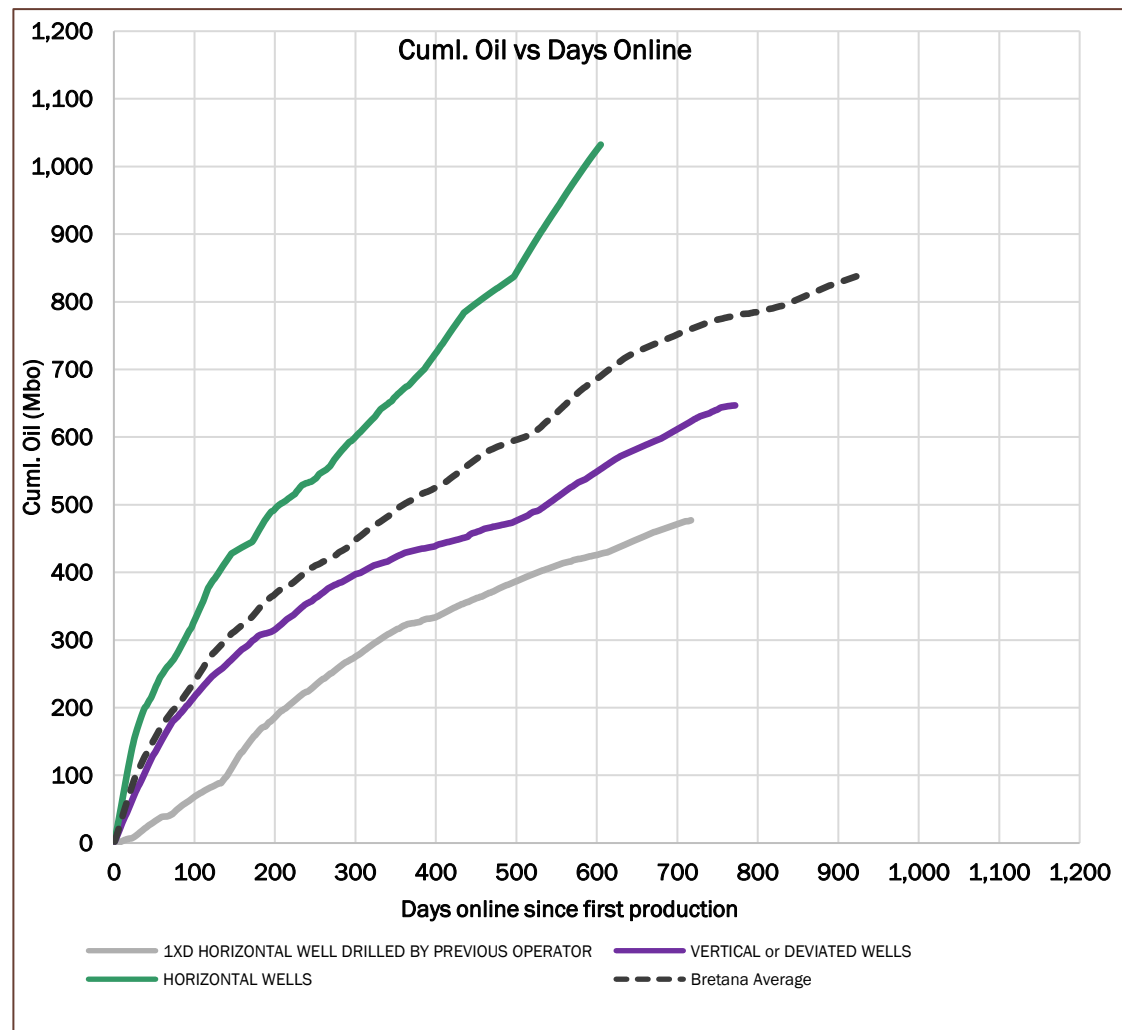
1) The field was shut in on May 7, 2020; for the 37 producing days in Q2 2020 production averaged 11,500 bopd. 6H initially flowed at >5,000 bopd and produced 150,000 bbls in 35 days pre COVID-19 shutdown

2) Bretaña production and export pipeline halted in early August 2020 due to social unrest in the area to protest the Peruvian government's COVID19 response. PetroTal was nevertheless able to continue producing at reduced rates and has sourced an additional export option outlined on slide 17. At January 3, 2021, the social issues have been resolved and deliveries have recommenced into the ONP with field production back at 10,000 bopd

3) 3 day average shortly after completion

# Well performance

## Production contribution



## Key highlights

- PetroTal horizontal wells have produced an average of almost 1 million bbls in first 580 days
- All wells have paid out
- Over a ~2 year period, PetroTal drilled wells have already returned 1.8x their CAPEX
- At ~\$67/bbl Brent, PetroTal's well portfolio on pace to recycle cash flow at 5.8x CAPEX
- 7D well has achieved payout; produced 218,000 barrels in first 2 months

## Well lookback<sup>1</sup>

Summary	~Cuml. oil (k bbl)	Estimated netback (\$/bbl)	Cuml. cash flow (\$ millions)	CAPEX (\$ millions)	Well recycle ratio <sup>2</sup>
1XD	476	22	10.4	0.5	20.8x
2XD	678	23	15.6	13.0	1.2x
3D	614	24	14.7	11.5	1.3x
BN-1	513	22	11.2	2.5	4.5x
4H	873	24	20.9	11.3	1.8x
5H	1,223	25	30.5	11.5	2.7x
6H	626	21	13.1	12.5	1.0x
7D	218	35	7.6	7.6	1.0x
<b>Subtotal</b>	<b>5,221</b>	<b>24.0</b>	<b>124.0</b>	<b>70.4</b>	<b>1.8x</b>
PDP reserves less H1 production	10,536 <sup>3</sup>	35 <sup>4</sup>	368.7	14.9	-
<b>Total</b>	<b>15,757</b>		<b>492.7</b>	<b>85.3</b>	<b>5.8x</b>

1) Production data in table as at June 30, 2021

2) Well recycle ratio defined as cumulative cash flow / CAPEX

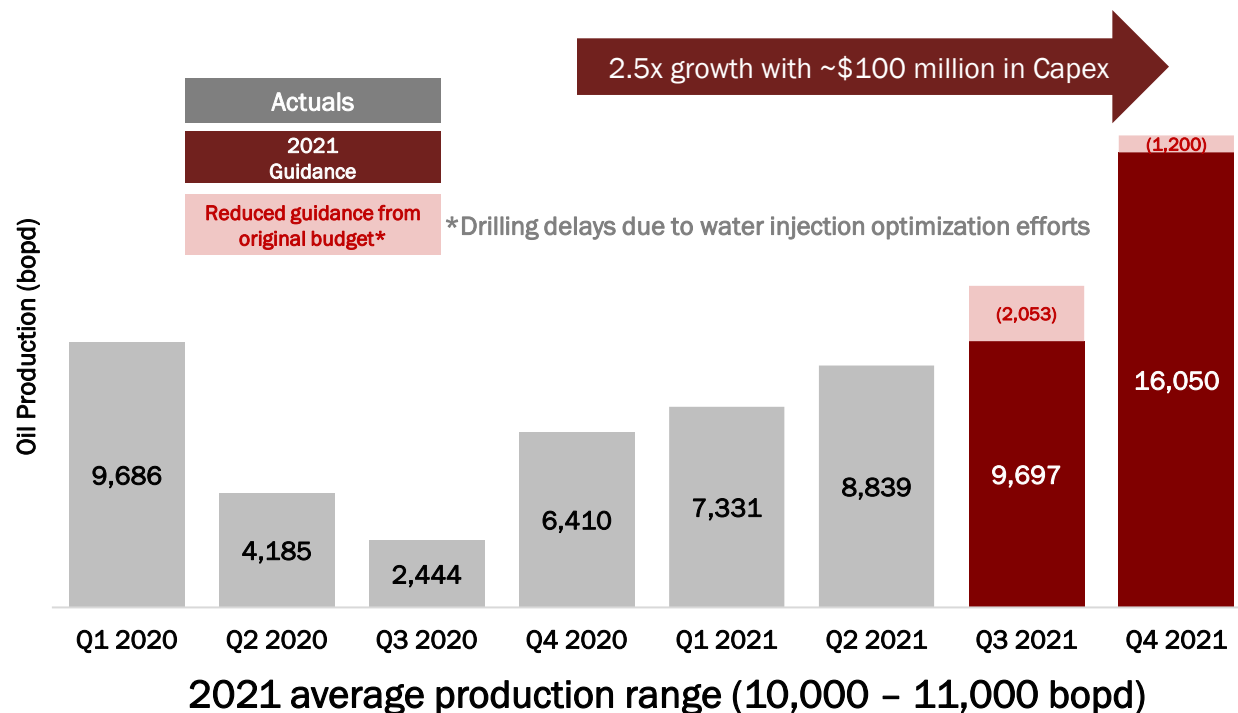
3) PDP reserves less H1 2021 production = 12 million barrels less ~1,464k barrels produced in H1 2021

4) Estimated well EBITDA netback of \$35/bbl at \$67/bbl Brent

# 2021 guidance

## Development focused with completion of scalable infrastructure

- 2021 production guidance adjusted slightly for revised drilling schedule
- Revised 2021 EBITDA range at \$140 - \$145 million<sup>1</sup> due to:
  - Revised Brent forecast of \$69.7/bbl flat for H2 2021
  - Remaining true-up revenue of ~\$20 million expected in H2 2021<sup>3</sup> with ~\$7 million received in Q2 2021
- Free cash flow (pre debt service) of ~\$30 - \$40 million (~21% of current market cap)



## 2021 budget summary and EBITDA heat map<sup>4</sup>

- Executing adjusted plan to drill 3 new horizontals, 1 deviated, and 1 water disposal well in 2021
  - First 2021 well (7D) completed April 30, 2021 paying out in ~2 months
- BN-8H commenced drilling on July 12, 2021 and is expected online in early September
- Completion of CPF-2 late in 2021
- Program fundable down to \$42/bbl Brent
- Program pace flexible should extreme commodity pricing cycles occur

EBITDA Matrix <sup>1</sup> (millions)	Estimated Average 2021 Production (bopd)					Petroperu true-up revenue <sup>2</sup>
	10,500	11,000	11,500	12,000	12,500	
50	81	86	90 (budget)	95	100	7 (realized)
55	97	102	107	113	119	
60	112	118	125	131	137	20 (in H2 2021)
65	128	135	142	149	156	
70	144	151	159	167	175	4 (in 2022)

2021 estimated EBITDA range

+31

1) Assumes netbacks depicted on slide 23 and ~\$3.5/bbl G&A, \$65/bbl flat Brent, and includes approximately \$20 million of true-up revenue remaining in H2 2021

2) Petroperu true-up revenue refers to additional accrued revenue that will be realized when approximately 1.8 million bbls reach their final market through the ONP as referenced in the Petroperu restructuring agreement. The true-up revenue will not be subject to royalties and cash receipt is estimated based on estimated arrival of oil at the Bayovar port

3) Total true-up revenue amount was estimated at \$31 million at the end of Q2, 2021. Exact timing of the true-up payments is estimated at this time

4) See disclaimers - Non GAAP financial measures

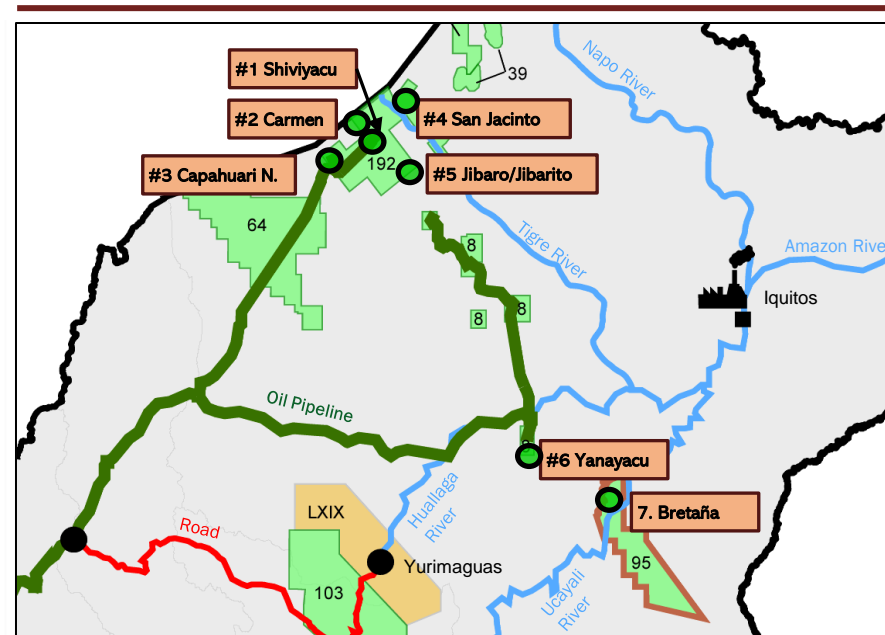
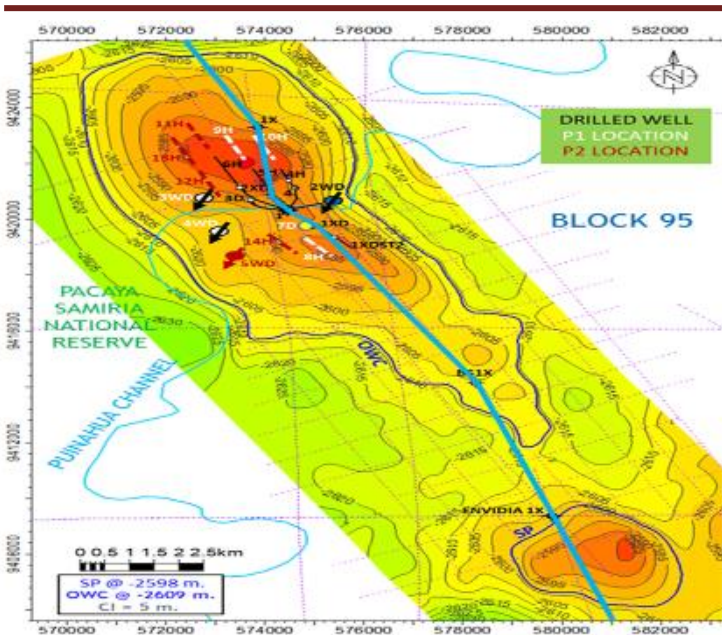
# 2P reserves based on highly conservative recovery factor vs analogue fields

## Breña field performance consistently shows higher recovery factors as shown in analogue fields

- Well defined four-way structure bounded by a reverse fault to the east – a geologic trap system that is very prolific and productive in both Peru and Ecuador
- Vivian reservoir - Massive fluvial sands with excellent reservoir quality
  - Accountable for almost 70% of the oil production in the Marañón Basin in Peru
  - Strong aquifer support and water control using AICDs<sup>2</sup> technology assures pressure maintenance and high volumes of oil recovery
- Analogous fields in the basin have recovery factors of 22-42% vs Breña at 15% - possible Breña upside recovery factor of incremental 10-25%
- 3P reserves case has 20 producing wells. Potential exists for further infill drilling in the future<sup>1</sup>

### Block 95

### Analogue field recovery factors

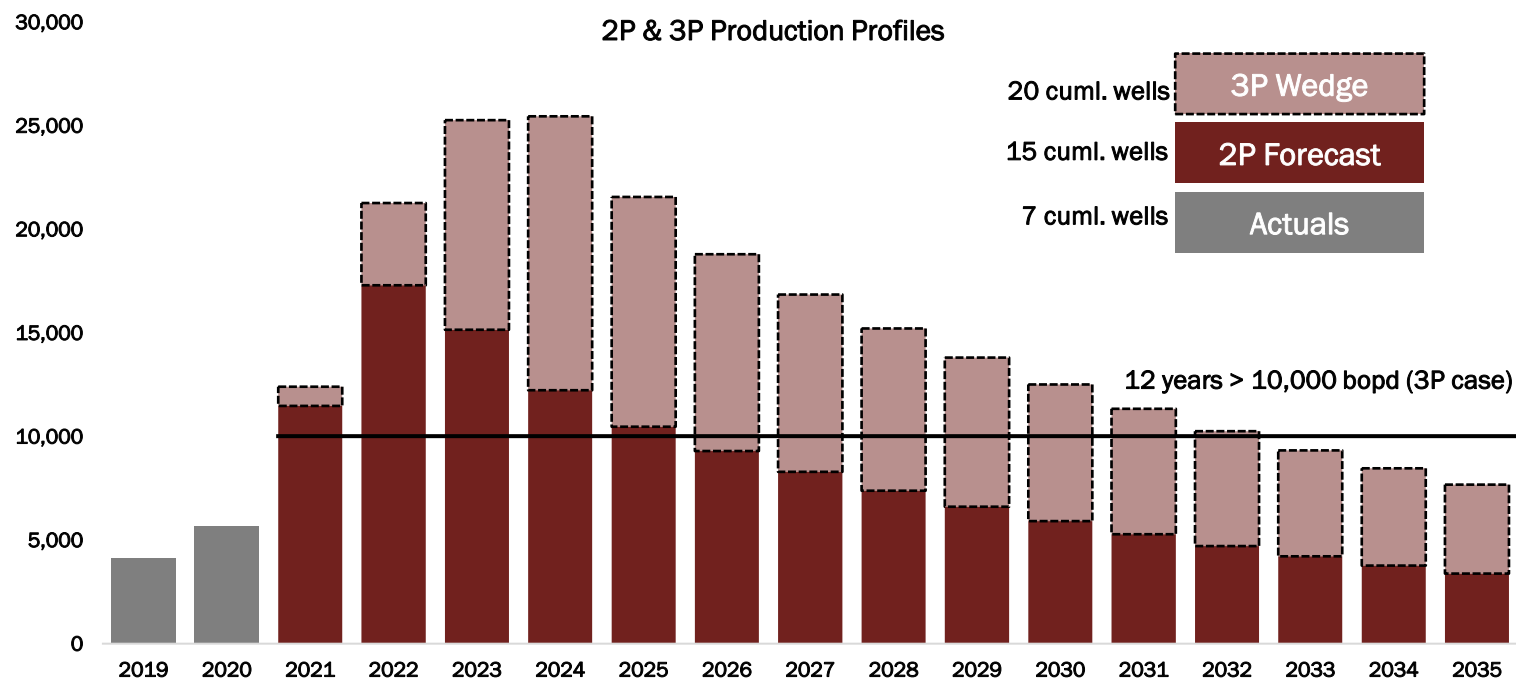


Field	API	OOIP (mmbbl)	EUR (mmbbl)	Rec. Factor (%)
1. Shiviayacu	20	331	121	37%
2. Carmen	20	45	14	30%
3. Capahuari N.	35	48	20	42%
4. San Jacinto	13	209	46	22%
5. Jibaro/Jibarito	11	414	108	25%
6. Yanayacu	19	65	24	37%
<b>7. Breña</b>	<b>19</b>	<b>364</b>	<b>51</b>	<b>15%</b>

1) Per the NSAI Reserves statement effective date 31 December 2020  
 2) AICD – Autonomous Inflow Control Devices

# Long term development scope and profile

## Meaningful production levels for up to 12 years



## Key highlights<sup>3</sup>

- Low risk path to 20,000 bopd
  - \$154 million in CAPEX spent through 2020 with an additional estimated \$156 million through 2023 in the 2P case and ~\$250 million in the 3P case
- Processing capacity increased to >24,000 bopd by mid-2021
- Average future recovery of 3.4 mmbbl per well<sup>1</sup>
- Average new wells expected to pay out in eight months at \$40/bbl
- Scope to increase reserves more than 2x - 10-20% recovery factor upside based on, analogous fields
- The estimated longer term 2P EBITDA generated at ~\$50/bbl fully funds the 3P CAPEX development and full debt service<sup>2</sup>

Free cash flow positive ✓

Debt service fully funded ✓

3P capex fully funded at \$50/bbl ✓

1) Average of the eight remaining drills estimated future recovery  
2) Flat \$50 Brent from January 2022 on  
3) See disclaimers - Non Gaap financial measures

# Extensive infrastructure in place to facilitate production increases

## Existing facilities allow increased production

- PetroTal investment of approximately ~\$94 million achieves processing capacity of ~24,000 bopd<sup>1</sup>
- Continued ability to rapidly increase production with completion of CPF-2 in H2 2021
- Full field Environmental Impact Assessment (EIA) approved for continued development
  - Common well pad minimizes footprint (11 hectares) and increases efficiencies
  - Facility riverside location simplifies logistics
- Bulk of facility investment behind the company



Capacity Stage	Incremental Oil bopd	Incremental Water bwpd <sup>2</sup>	Complete
Long-Term Testing Facility	8,000	9,000	Dec. 2018
Central Processing Facility #1	8,000	41,000	Dec. 2019
Central Processing Facility #2	8,000	50,000	Late 2021
<b>Total</b>	<b>24,000</b>	<b>100,000</b>	



1) Includes associated infrastructure spending to CPF-2, such as power generation using crude oil as feedstock that helps lower lifting costs  
 2) When considering the Dec 31, 2020 3P volumes in the reserve report, additional injection capacity equipment is required

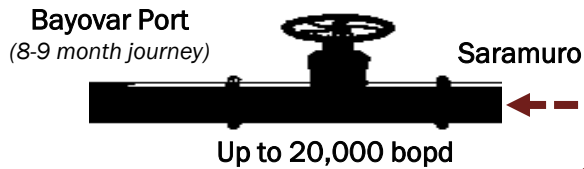


# Export routes

## Multiple export routes preserving pricing optionality<sup>2</sup>

### 1. Iquitos Route

- Based on Dated Brent (premium to ICE)
- Shortest route to market
- \$4.0/bbl differential and \$7.0/bbl offtake/barging
- First 1,300 bopd sold here



To Station 1 (ONP)

### 2. ONP Route

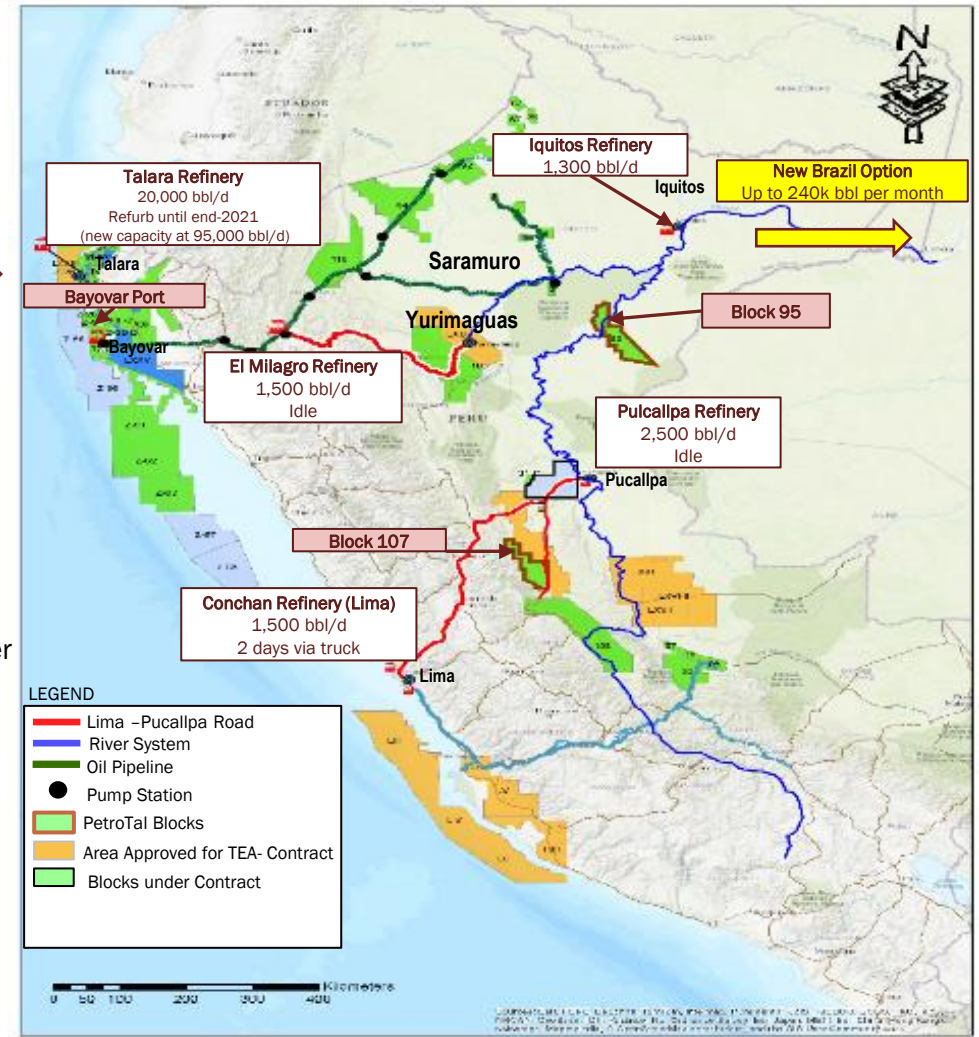
- Based on ICE Brent
- 3 year contract until December 2022<sup>1</sup>
- Fully protected by risk management program with Petroperu
- \$2.0/bbl differential based on most recent export
- ~\$10.6/bbl offtake and commercial



### 3. Brazilian Route

- Two successful shipments of 106k and 225k barrels
- Sold FOB Bretaña
- Similar netbacks to ONP and Iquitos with \$3/bbl upside depending on export size<sup>3</sup>
- Option of one export per quarter up to 240k bbl per shipment
- 2 shipments > 220k barrels scheduled for Q3 2021

## Export optionality







1) Extended in June 2020

2) PetroTal has delivered Bretaña crude oil to Bayovar through Yurimaguas port with subsequent trucking to Bayovar of 4,000 bopd. Also an additional 2,500 bopd delivery option to Conchan Refinery exists with subsequent barging to Pucallpa and trucking to Lima. Both options require access to the rivers



3) Realized netbacks on the first two shipments were \$19/bbl and \$31/bbl at \$49 and \$61/bbl Brent respectively

# Significant storage capacity and multiple offtake options mitigate ONP risk

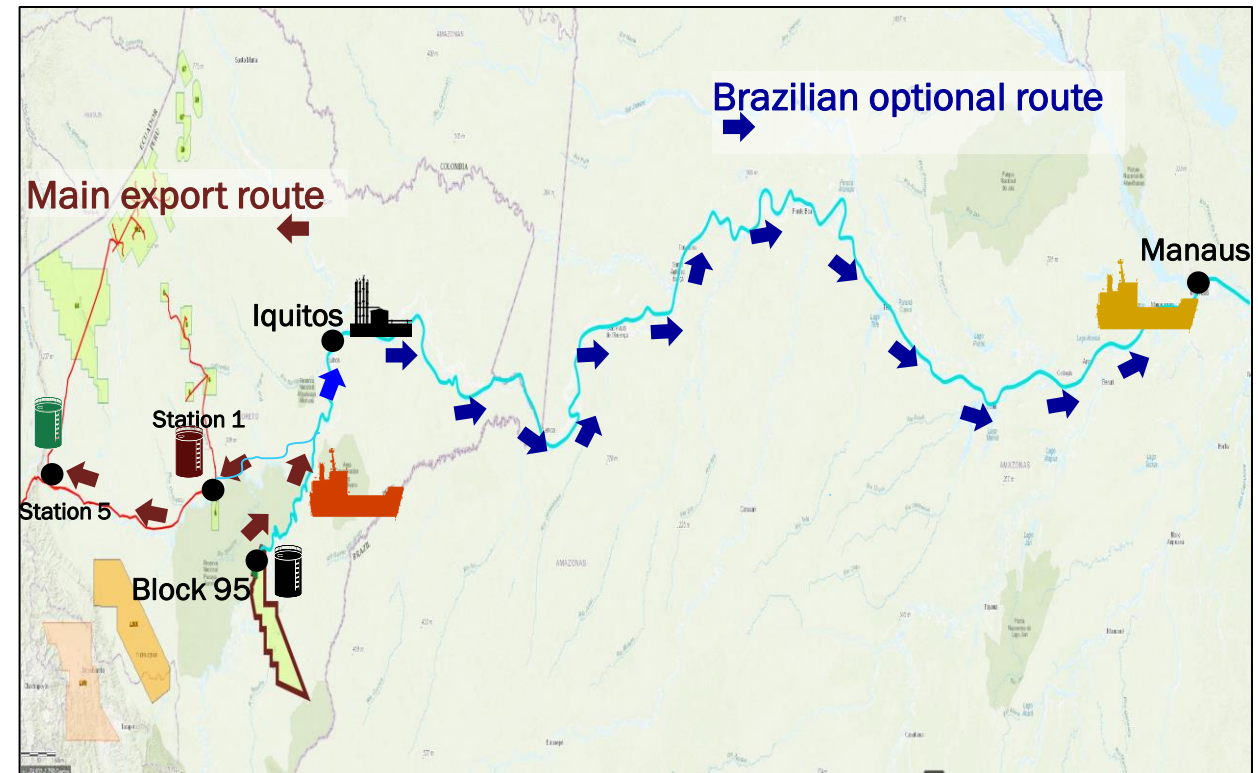
~700k bbls storage capacity<sup>1-3</sup>

Access to:	Storage k bbl	# of days @ 12k bopd	Cuml. # of days @ 12k bopd
Breña Field	90 <sup>2</sup>	7.5 	7.5
ONP Barges	132 <sup>3</sup>	11.0 	18.5
Station 1	240	20.0 	38.5
Station 5	240	20.0 	58.5
<b>Total</b>	<b>702</b>	<b>58.5 days 12.0k bopd</b>	

280k bbls /mo export markets for 9.3k bopd average sales<sup>1,3</sup>

Access to:	Offtake k bbls p.m.	Equivalent k bopd	Combined k bopd
Iquitos Market	40 <sup>4</sup>	1.3 	13.3
Brazil Offtake	240 <sup>4</sup>	8.0 	21.3
<b>Total</b>	<b>280</b>	<b>9.3</b>	

## Multi-option offtake



- Under normal conditions, and after drilling remaining oil wells, Breña could produce more than 20,000 bopd
- Should ONP be unavailable, Breña could maintain 20,000 bopd for ~60 days by using current available storage capacity of ~650k bbls, later increasing to ~700k bbls<sup>2</sup>
- Should ONP be unavailable for more than 60 days, it could maintain minimum of 9,300 bopd thanks to monthly export capacity outside ONP of ~280k bbls<sup>4</sup>

1) Produced approximately 590k bbls in Q4 2020 with ONP shut down and doing first 106k bbl export via Brazil in December 2020

2) With CPF-2, Breña will increase its total storage capacity from 40k bbl to 90k bbl

3) Nine barges available between 10k and 30k bbls capacity to supply ONP and Iquitos Refinery

4) Iquitos and Brazil markets are on a monthly basis, thus allowing for minimum recurring sales of 9,300 bopd of average production assuming no issues at the Puinahua Channel or in the field

# Financial Highlights

# Financial summary

## Financial highlights<sup>6</sup>

P&L and cash flow (millions)		2018	2019	2020	H1 2021
Production	Bopd	958	4,131	5,675	<b>8,089</b>
Contracted Brent, (gross)	USD/bbl	\$63.8	\$64.3	\$41.7	<b>\$62.8</b>
Realized Sales Price	USD/bbl	\$59.1	\$56.2	\$36.7	<b>\$47.4</b>
Net Operating Income	millions	5.1	\$41.7	\$28.9	<b>\$50.0</b>
FFO (pre working capital adj.)	"	(3.2)	\$29.4	\$16.7	<b>\$41.0</b>
CAPEX	"	(23.2)	(\$88.7)	(\$42.3)	<b>(\$29.5)</b>
Change in Equity	"	-	\$23.9	\$16.6	-
Change in Debt <sup>2</sup>	"	-	-	\$2.7	<b>\$77.7</b>
Balance sheet		2018	2019	2020	Q2 2021
Cash	millions	26.3	21.1	9.1	<b>79.5</b>
AR	"	8.6	20.9	12.0	<b>20.1</b>
AP	"	7.5	54.5	49.4	<b>38.6</b>
Derivative Liability (Asset) <sup>1</sup>	"	-	0.4	4.0	<b>(29.8)</b>
Short and Long Term Debt <sup>2</sup>	"	-	0.6	3.3	<b>118.0</b>
<b>Adjusted Net Debt<sup>3</sup></b>	"	<b>(27.4)</b>	<b>13.5</b>	<b>35.6</b>	<b>22.7</b>
Decommissioning	"	11.1	17.6	21.1	<b>22.9</b>
Equity	"	77.5	121.1	137.2	<b>180.3</b>

+4 new producers

Original 2021 Budget
11,000-12,000
\$50.0
\$37.9
\$100-105 <sup>4</sup>
\$75-80
(\$100-\$105)
-
-

+3 new producers

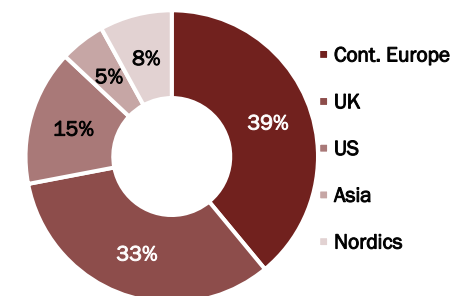
Revised 2021 Budget
10,000-11,000
\$67.3
\$51.9
\$150-\$160 <sup>4</sup>
\$120-\$130
(\$100-\$105)
-
-

~\$15-\$30 million  
**FREE CASH FLOW**  
post debt service<sup>5</sup>

### Bond Highlights

- Only material debt of Company
- \$100 million bond issuance closed in February 2021
- 12% semi annual coupon
- Amortization spread out over three years
- Covenant light

### Bond Geography



1) The derivative liability to Petroperu is now extinguished using proceeds from bond issue. PetroTal will now receive future true-up revenue payments equal to the difference in realized price when the barrels clear the ONP vs the fixed price when the transfer of ownership first occurred.

2) Long term debt includes the \$100 million bond issue, other lease obligations, . Change in debt as seen in the statement of cash flow financing section in financial statements

3) Adjusted Net debt in 2021 defined as (total short and long term debt + short and long term leases + derivative liabilities + payables) less (total cash + current VAT and accounts receivables + derivative asset) (not used for covenant purposes)

4) Net operating income is before an estimated \$15.4 million in G&A and \$16.1 million in interest and factoring and includes a portion of the \$31 million total true-up revenue which will depend on pace of delivery through the ONP

5) 2021 free cash flow after debt service defined as EBITDA less total financing expense and capex (all estimated)

6) See disclaimers - Non Gaap financial measures

# PetroTal vs peers

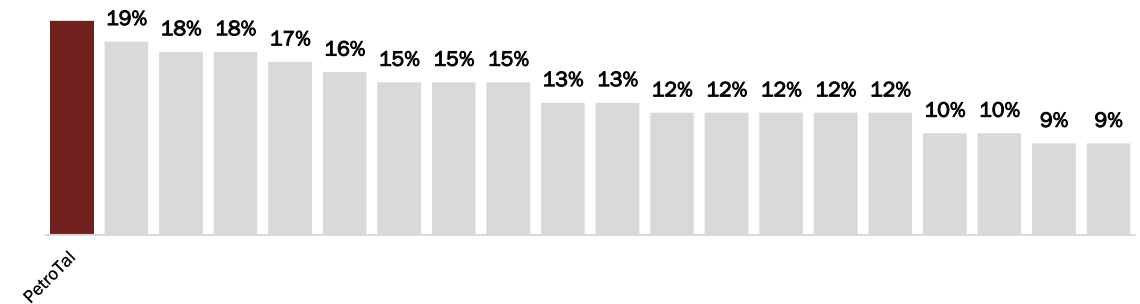
## Key Highlights<sup>1</sup>

- PetroTal currently trades at significant discount to peers on a cash flow basis
- At current Brent levels, market capitalization, and under a 2P development plan PetroTal could buyback all outstanding shares in 2-2.5 years
- PetroTal intends to prove execution and mitigate risk for shareholders
- Many peers need 2021 to deleverage balance sheets

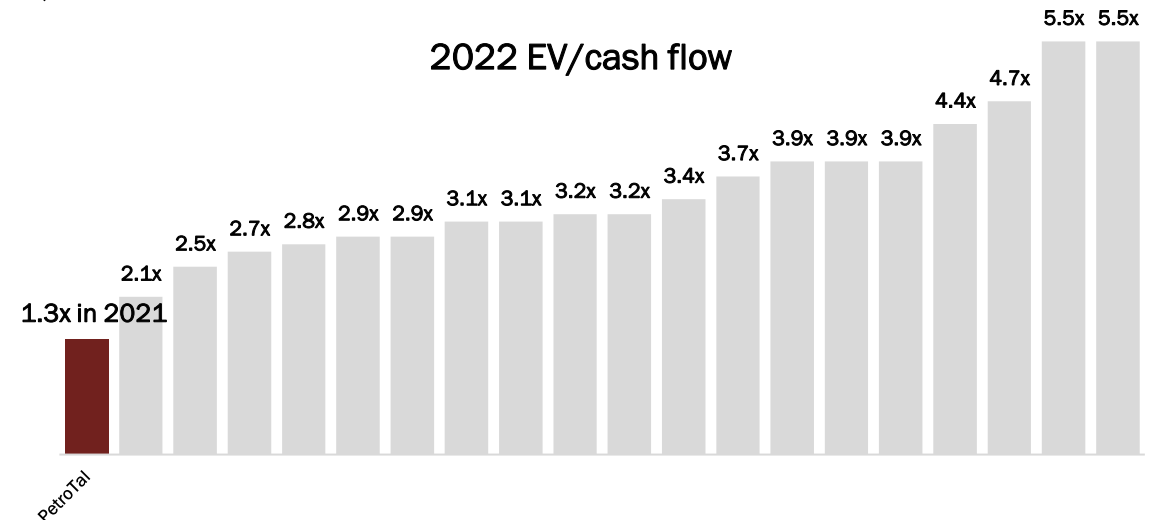
Peer Analysis <sup>4,5</sup>	PetroTal (2021)	Peers (averages)
2021 vs 2020 production growth	2.5x	0-15%
Deleveraging as a strategy	No	Yes
Estimated free cash flow yield	~21% in 2021	14% in 2022
EV/Cash flow	1.3x	3.9x
Abandonment liability	~14% of 2021 EBITDA <sup>2</sup>	MUCH LARGER
Net debt / 2021 EBITDA <sup>3</sup>	<0.2x	Between 2x - 3x
Royalty rate	5-6%	10%-30%

## 2022 free cash flow as a % of market capitalization

21% in 2021



## 2022 EV/cash flow



1) Graphed data per Bloomberg, Twitter (Eric Nuttall) and Ninepoint Partners as at May 10, 2021 (top graph) and April 24, 2021 (bottom graph). Free cash flow defined as operating cash flow before hedging minus maintenance capex

2) PetroTal Abandonment liability at \$22.9 million as at June 30, 2021

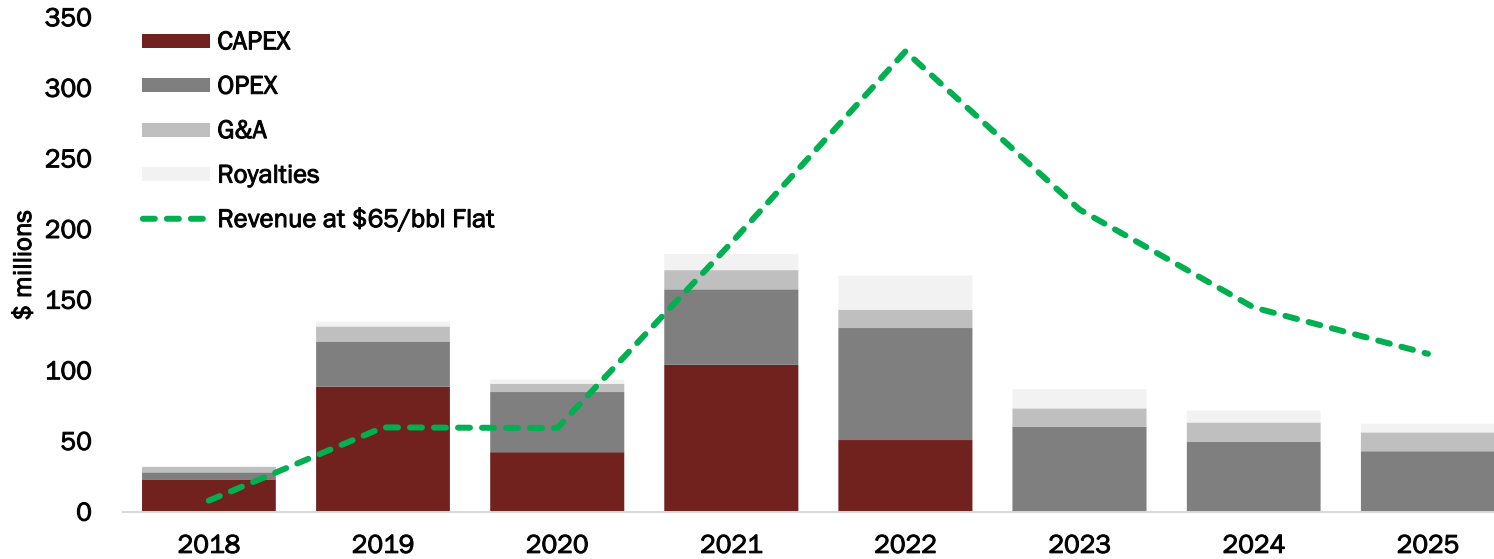
3) Net Debt defined on slide 19. EBITDA estimated at \$143 million for 2021

4) See disclaimers - Non Gaap financial measures

5) Peers include CJ, TVE, ATH, PXT, MEG, GXE, CVE, ERF, BTE, ARX, SU, CPG, TOU, BIR, POU, VET, FRU, WCP, NVA, KEL, HWX, CNQ

# Strong 2P free cash flow generation

## Free cash flow profile pre debt service<sup>1,3</sup>



Production (bopd)	2018	2019	2020	2021	2022	2023	2024	2025
Production (bopd)	958	4,131	5,675	10,000-11,000	17,000	11,500	8,164	6,544



## Financial projection highlights

- Significant free cash flow at current Brent price with material downside buffer should oil prices soften from current levels
- Flexible and fully funded CAPEX profile with adjustable pace
- Royalties that average 5-6% of revenue
- Prudent risk management and hedging with 44% of September - December 2021 production hedged at ~\$60/bbl Brent
- 2021 estimated true-up revenue of \$26 million, with an additional \$5-6 million expected in 2022, contributing to ~\$30-\$40 million in potential 2021 free cash flow pre debt service at \$67/bbl Brent<sup>3</sup>

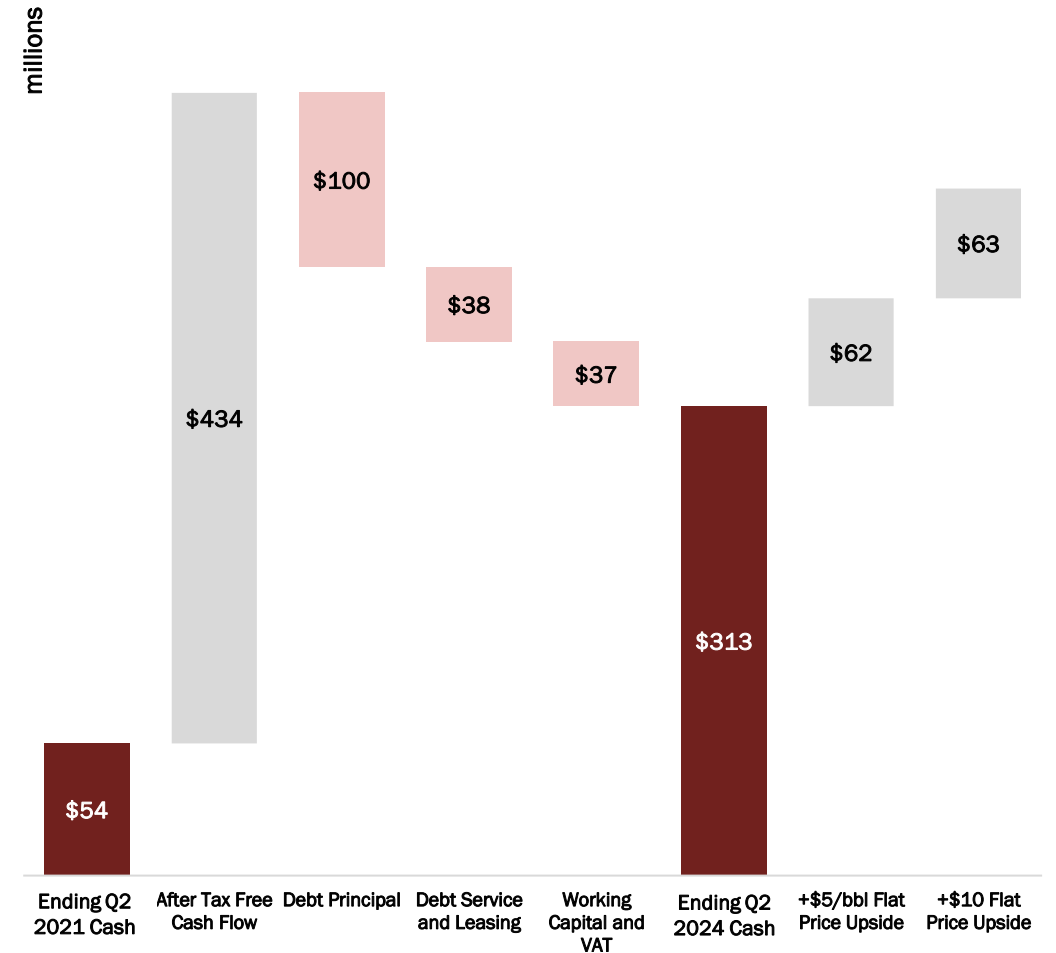
1) Internal management forecast with 2P reserves calibration and does not include Petroperu true-up revenue  
 2) Free cash flow ("FCF") defined as EBITDA less capex  
 3) Flat \$69.66/bbl Brent for the remainder of 2021 (July 2021 - December 2021)  
 4) See disclaimers - Non-GAAP financial measures

# Solid cash flow upside

## Strong financial position

- 3 year estimated cash build to over \$313 million at current strip including full debt service and working capital burdens
  - PetroTal could allocate cash build via the following:
    - Dividends
    - Share repurchase
    - M&A
    - Combination of any above
  - 3P development fully funded out of cash flow down to \$50 Brent flat from 2022 on
  
- Limited capital commitments and strong free cash flow enables pursuit of low risk, complimentary, inorganic growth
  - Commitment to growth and scale via the approved 2021 ~\$100 million CAPEX program
  - Financial commitments outside Bretaña limited to \$3 million related to Block 107 if two wells are not drilled (\$1.5 million if one well is not drilled)
  
- A \$5/bbl increase in Brent from current strip, from 2022 on, would generate an additional estimated \$62 million over a three year period in the 2P development scenario

## 2P free cash generated over 3 years at August 17, 2021 strip<sup>2,3</sup>



1) EBITDA includes the contracted production hedge impact for 12 months post bond financing close using Brent strip as at August 17, 2021  
 2) Assumes \$20 million of bond financing, related to acquisitions, is repaid after 12 months. Ending Q2 2021 cash excludes restricted cash of ~\$26 million  
 3) Per the Petroperu restructuring agreement, the Petroperu hedging policy, and associated true-up revenue, will lower the three year PetroTal cash break even Brent price into the \$30/bbl range

# Bretaña offers strong netbacks

## Netbacks and netback sensitivity with three offtake options<sup>5</sup>

Bretaña illustrative netbacks with Brent at \$65/bbl		
Netback Detail ~10,500 bopd	Iquitos (Max 1,300 bopd)	Saramuro (ONP)
<b>Brent (\$/bbl)</b>	<b>65.0</b>	<b>65.0</b>
Differential <sup>1</sup>	(12.0)	(2.0)
Royalty <sup>2</sup>	(2.7)	(2.7)
Commercial/Tariff	-	(10.6)
<b>Realized Price \$/bbl</b>	<b>50.0</b>	<b>49.7</b>
Lifting <sup>3</sup>	(5.8)	(5.8)
Transportation <sup>4</sup>	(7.0)	(7.0)
<b>Netback \$/bbl</b>	<b>37.2</b>	<b>36.9</b>

Brazil Option with Brent at \$65/bbl  
Netback range \$33 – \$37/bbl

Bretaña netback sensitivity	
Brent (\$/bbl)	Netback (\$/bbl) at 11,500 bopd
45	20.5
50	24.6
55	28.7
60	32.8
65	36.9
70	41.0

## Netback highlights

- Break even oil price (Brent) of \$24/bbl pre G&A (\$27/bbl post G&A)
  - G&A run rate at \$3.5/bbl (at 10,500 bopd)
- Estimated annualized EBITDA of \$128 million using a production run rate of 10,500 bopd and \$65/bbl Brent and excluding true-up revenue
- Netbacks are sensitive to oil prices, a \$1/bbl increase in the Brent oil price results in ~\$0.80–\$0.85/bbl increase in the netback (oil price scaling factor of 80-85%)

1) Assumes a \$2/bbl differential for the Saramuro option (most recent actualized differential point)

2) Royalty rate of 5% at 5,000 bopd; 5.8% at 10,000 bopd, and 6.6% at 15,000 bopd

3) Lifting costs are fixed at approximately at \$1.9 million per month and have a step change increases should production change materially

4) ONP tariff and commercial fee are netted with gross revenue in certain financial statement tables

5) The Brazil offtake option currently offers an oil netback of approximately \$2.0/bbl less than Saramuro, however, future shipments to Brazil in larger batches may create transportation synergies of up to +\$3.0/bbl



# Exploration Upside

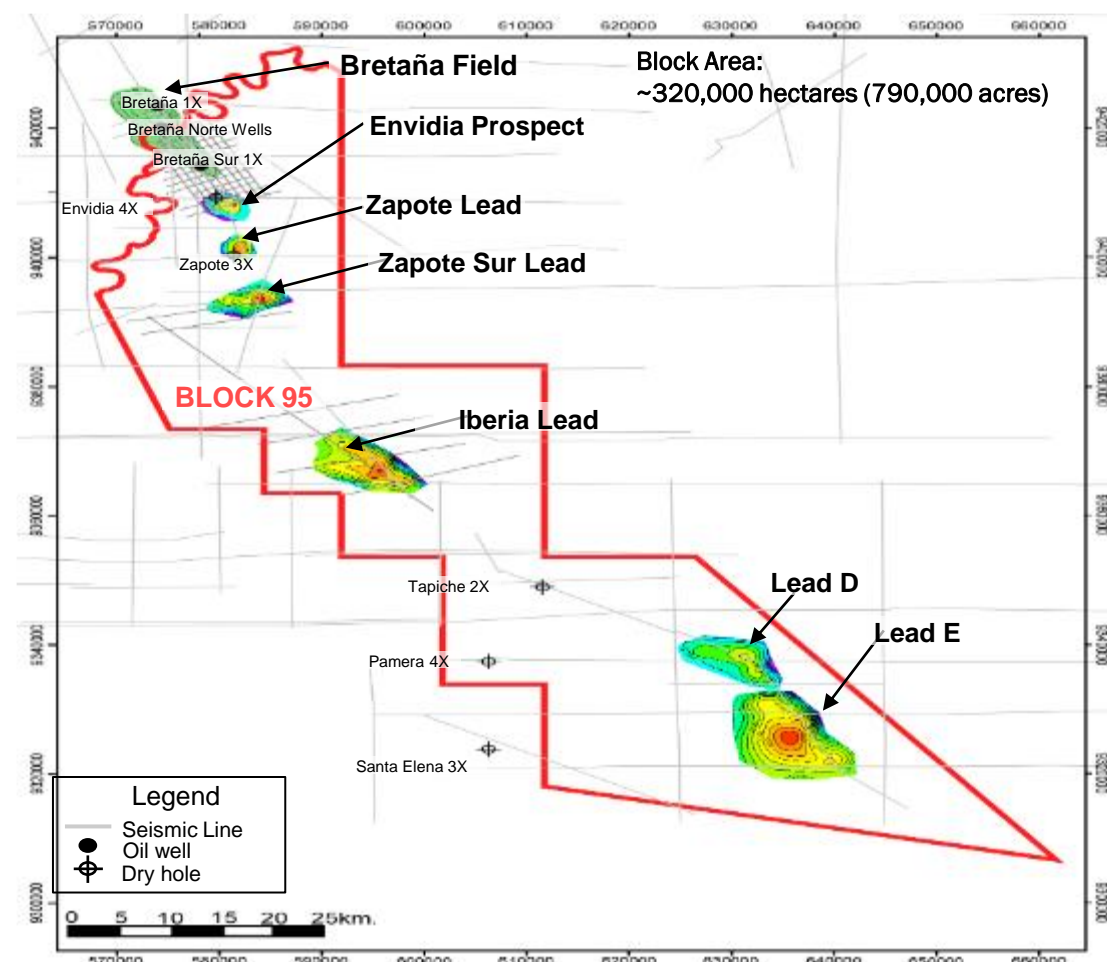
# Block 95 – further growth opportunities

## Key highlights

- Several prospects and leads identified, most on trend with Bretaña Field totaling
- Leads are very similar to Bretaña and other producing fields in the basin which follow the same geological pattern observed in the block. Acquisition of 2D seismic will materially reduce the risk of these features
- An estimated \$25 million seismic program has been designed to upgrade leads to drillable prospects and is expected to commence in early 2023 based on permitting approvals, which the company is now pursuing
- Mean prospective resources >2x current 2P reserves on Bretaña Field
- Four wells drilled within the block (mid 70's) based on very limited seismic data and most likely not drilled in the optimal position. The new seismic program will reduce the structure risk so that proper well planning can be achieved

Unrisked prospects <sup>1</sup>	Best estimate (mmbbl)	Mean (mmbbl)
Envidia	5.3	5.6
Unrisked leads <sup>1</sup>	Best estimate (mmbbl)	Mean (mmbbl)
Zapote	2.5	3.3
Zapote Sur	6.4	13.3
Iberia	10.8	24.7
Lead D	7.9	22.8
Lead E	12.1	45.0
<b>Total</b>	<b>45.0</b>	<b>114.7</b>

## Prospects and leads diagram



1) Best and Mean estimates per NSAI Resource Assessment, effective date of June 2020

# Block 107 – significant exploration opportunity

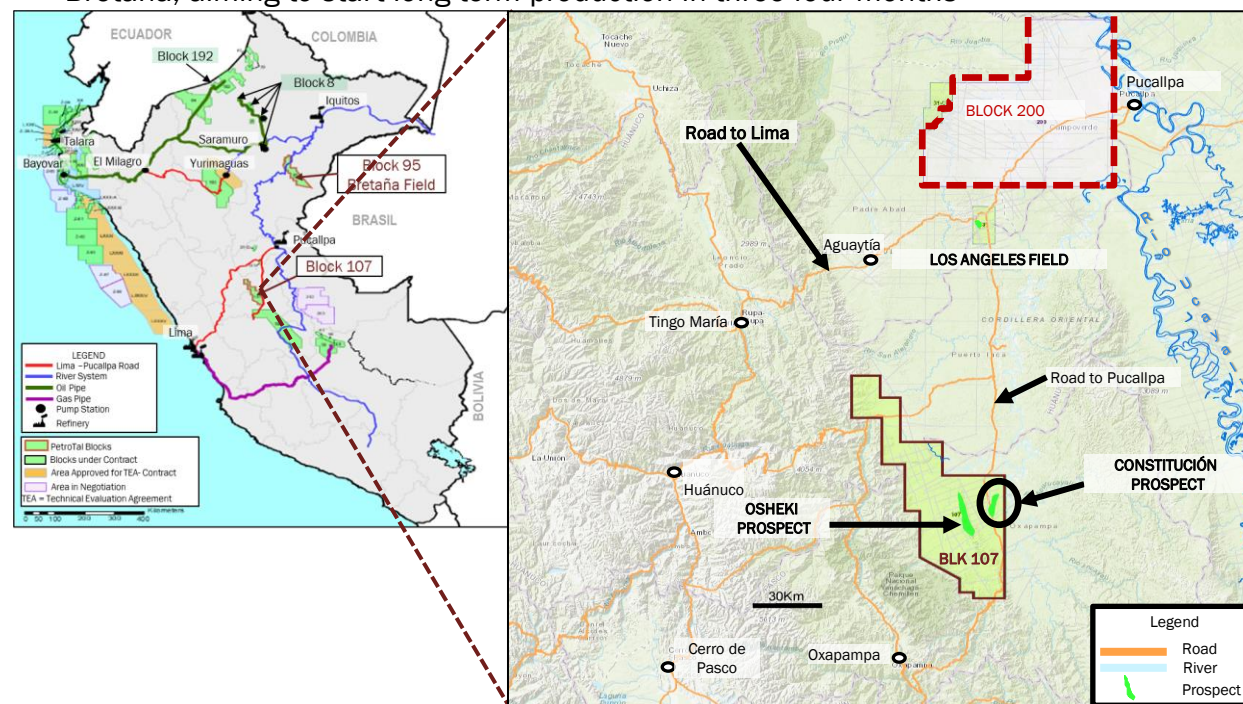
## Block 107

- 100% owned and operated block with >252 million hectares, located in the Ucayali basin
- Significant exploration potential identified in a sub-thrust play similar to the Cusiana complex (Llanos Foothills of Colombia)
- 3D geologic model supports Cretaceous reservoirs with oil charge from high quality Permian source rocks
- Two drillable prospects identified on 2-D seismic
  - Large Osheki prospect - drilling permits for Osheki approved
  - Lower risk Constitución Sur prospect
- Exploration commitment to drill two exploration wells extended to Q4 22
- Farm out process underway targeting partners that can carry PetroTal through the first well

Unrisked prospects <sup>1</sup>	Best estimate (mmbbl)	Mean (mmbbl)
Osheki	278.4	534.2
Constitución Sur	31.6	68.5
Unrisked leads <sup>1</sup>	Best estimate (mmbbl)	Mean (mmbbl)
Bajo Pozuzo	259.0	1,016.5
Lead A	20.1	39.0
San Juan	72.9	147.4
<b>Total</b>	<b>662.0</b>	<b>1,805.6</b>

## Constitución prospect

- Due to location adjacent to a new road, drilling cost is estimated to \$20 million, well below the \$40 million estimated for the larger Osheki prospect
- Constitución is also a lower risk well, making it a likely initial target to de-risk Block 107
- Constitución structure looks very similar to the Los Angeles field, located ~60 miles north, and has expectations to discover 40-45 API oil which can be produced
- If successful, PetroTal could move the early production facilities originally installed at Breña, aiming to start long-term production in three-four months



1) Mean estimate NSAI Resource Assessment, effective date of June 2020

2) Best estimate NSAI Resource Assessment, effective date of June 2020

# Appendix

# Senior management

## Experienced and seasoned management team



**Manolo Zúñiga** – Director, *President & Chief Executive Officer*

- Native Peruvian with >30 years of experience in petroleum engineering
- Started career with Occidental Petroleum Corp (“Occidental”) in Bakersfield & Block 192 in Peru
- Founder and former CEO of BPZ Energy
- Helped shape policies promoting oil investments in Peru, including the current long-term test regulation



**Doug Urch** – *Executive Vice President & Chief Financial Officer*

- Previously Executive Vice President, Finance and Chief Financial Officer of Bankers Petroleum Ltd
- Chartered Professional Accountant (CPA) and a designated member of the Institute of Corporate Directors (ICD)
- Director of PetroTal since inception and was Chairman of the Board from June 2018 until November 2019



**Dewi Jones** – *Vice President, Exploration and Development*

- Over 35 years of Latin American oil and gas experience with focus on designing and executing exploration & production programs including bringing new discoveries to initial production
- Multiple senior technical and management level roles with Occidental and Repsol, focussed on developing and exploring assets across Latin America
- Former CEO of CGX Energy

# Board of directors

## Highly experienced governance<sup>1</sup>

### **Mark McComiskey** – *(Non-Executive Director and Chairman)*

- Founding Partner of Vanwall Capital and Managing Partner of Prostar Capital
- Former Principal of Clayton, Dubilier & Rice, Inc. and an associate at the law firm of Debevoise & Plimpton, LLP

### **Gary Guidry** – *(Non-Executive Director)*

- President & CEO of Gran Tierra with >35 years as a Engineer with APEGA
- Former President & CEO of Caracal Energy, Orion O&G, Tanganyika Oil
- Senior op. roles at Occidental in Nigeria/West Africa, Yemen and Venezuela

### **Ryan Ellson** – *(Non-Executive Director)*

- CFO of Gran Tierra and >15 years experience as a Chartered Accountant
- Former Head of Finance at Glencore E&P Canada and VP Finance at Caracal Energy

### **Gavin Wilson** – *(Non-Executive Director)*

- Investment Manager for Meridian
- Former founder & manager of RAB Energy & RAB Octane listed investment funds

### **Eleanor Barker** – *(Non-Executive Director)*

- President of Barker Oil Strategies since 2017
- Formerly worked in industry for Esso and Gulf Canada
- Former Oil and Gas Investment Analyst for over 30 years

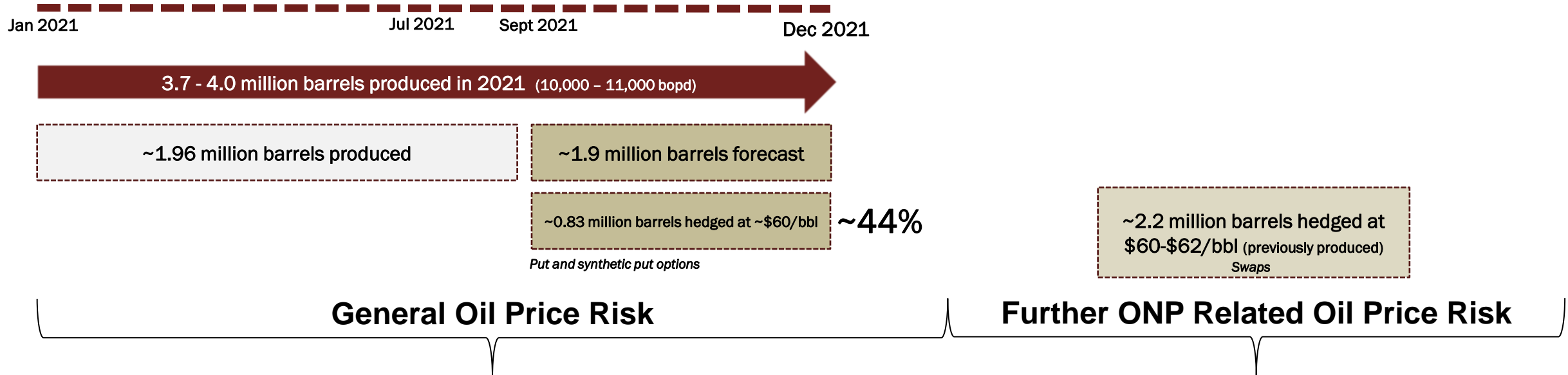
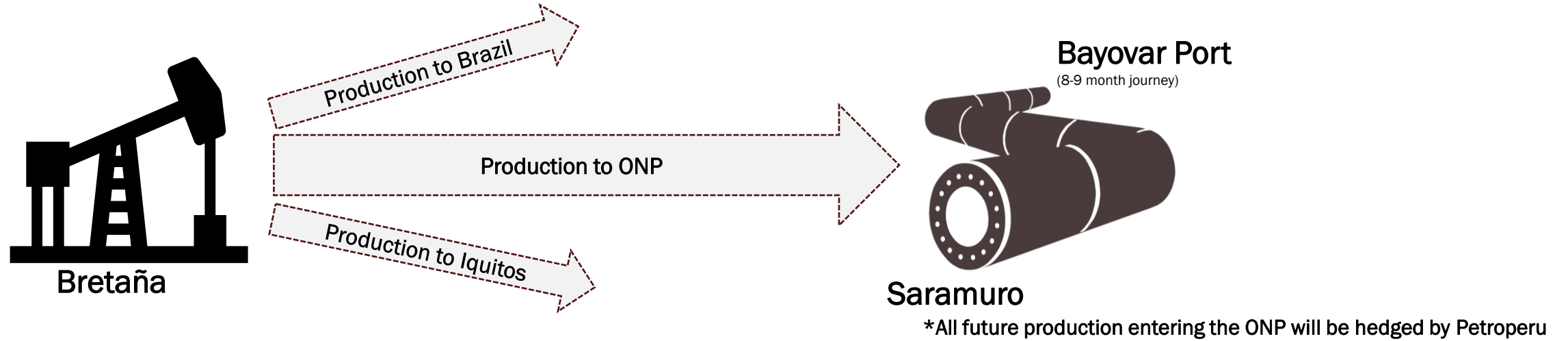
### **Roger Tucker** – *(Non-Executive Director)*

- Over 30 years working as a senior executive in the Energy Sector
- Work history in multinational major oil and gas companies, independent E&Ps and private equity investing

1) Manolo Zúñiga, President and Chief Executive Officer, is also a director of the company with his bio referenced on slide 28

# Hedging Summary

Two different price risks now mitigated



# Government long-term solution to Covid-19 and related social unrest issues

## Export pipeline and production shut-in

- Export pipeline shut-in from early May 2020 due to Covid-19 measures creating temporary halt of Bretaña production – restrictions put in place by the Peruvian government
  - As a result, Bretaña production temporary halted from May 7, 2020 until July 15, 2020 (see Slide 32 for details of PetroTal’s Covid-19 protocol)
- Bretaña production and export pipeline halted in early August due to social unrest in the area
  - Operations halted due to ongoing protest related to the government’s poor management of the Covid-19 crisis, particularly in the isolated indigenous communities
  - Bretaña production restarted September 28, 2020
  - Export pipeline operational as of January 3, 2021
  - Ample storage capacity and access to other export markets allowed PetroTal to produce 614k bbls since September 28, 2020 (see slide 16-17 for further details)
- Production shut-ins have been unrelated to PetroTal as operator and not driven by lack of good standing
  - PetroTal is involved in multiple projects to benefit the local population (see slides 33 and 34 for further details) and enjoys strong support both locally and from the government

## Government long-term solution to related social unrest issues

- During the past five months the Government made five important announcements solving the related social issues which follows the philosophy of empowering the local communities that PetroTal promotes
  1. Supreme Decree N° 145-2020-PCM<sup>1</sup>: establishing a six-year investment plan of \$1.7 billion<sup>2</sup> to bridge the income gap among the poor indigenous communities (the Plan de Cierres de Brechas (“PCB”))
  2. Ministerial Resolution N° 268-2020-PCM<sup>3</sup>: setting up working groups that will decide the projects under the PCB and who would manage them
  3. Decree of Urgency N° 114-2020<sup>4</sup> allocating close to \$20 million<sup>5</sup> to the Loreto Region where Block 95 is located
  4. Decrees of Urgency N° 126-2020<sup>6</sup> allocating close to \$40 million to the Loreto Region where Block 95 is located
    - Decrees 3 and 4 ensure that all the allocated funds are properly deployed to maximize employment throughout all the communities
  5. Supreme Resolution N° 238-2020<sup>7</sup> creating a Multisectoral Commission to prepare the technical report for the development of the local communities of the districts of Manseriche and Morona located in the province of Datem del Marañón where the ONP’s pump stations No. 4 and 5 are located

1) <https://cdn.www.gob.pe/uploads/document/file/1268888/DS%20N%C2%B0%20145-2020-PCM.pdf>

2) Related news article found at <https://andina.pe/agencia/noticia-gobierno-destinara-6-mil-millones-soles-para-cerrar-brechas-la-amazonia-811705.aspx>.

3) <https://cdn.www.gob.pe/uploads/document/file/1308319/RM%20N%C2%B0268-2020-PCM.pdf>

4) <https://cdn.www.gob.pe/uploads/document/file/1317730/DECRETO%20DE%20URGENCIA%20N%C2%B0%20114-2020.pdf>

5) <https://cdn.www.gob.pe/uploads/document/file/1317749/ANEXOS%20DU%20N%C2%B0114-2020.pdf>

6) <https://www.gob.pe/institucion/mtpe/normas-legales/1305362-126-2020>

7) <https://cdn.www.gob.pe/uploads/document/file/1486046/R.S.%20N%C2%B0%20238-2020-PCM.pdf.pdf>



# COVID-19 surveillance and control plan

## Key highlights

- **Rapid Testing Pre and Post Camp Entrance**
  - Multiple COVID-19 tests required one week and one day prior to entering camp
  - 146 workers are continuously tested every five days
  - Numerous body temperature readings per day
  - Data registered with health authorities
  - 18,000 COVID-19 test kits available
- **Revamped Working Conditions to Ensure Safety**
  - Team sizes reduced to 50% or less
  - Social distancing (> 1.5 meter, national norm: 1 meter)
  - PPE required. All workers use disposable surgical masks - medical personnel use N95 masks
  - Virtual communication when possible – all HSSE Induction & Training by video conference
  - Affidavit statements from all staff – signed by employees and employers
  - Additional fumigation and cleaning
- **Prudent Protocol in Case of Outbreak**
  - Positive tested patients are immediately isolated and transferred
  - Two dedicated boats always available
  - Service companies required to have backup staff
- **Infrastructure In Place**
  - PetroTal Medical Unit in camp (one doctor + two nurses) - with availability of medicine for treatment (Category I-3)
- **Other**
  - Travel and rotation restrictions (42 days rotation)
  - Camp isolation including fumigation and cleaning of areas more frequently
  - Signed cooperation agreement with local health centers to improve medical services for Puinahua's population

## Proactive approaches to COVID 19 mitigation



# Empowering the communities

## Key highlights

- **Sustainable local economic development: key for the communities not to depend on oil industry**
  - Construction of the Bretaña community dock that was promised by the previous operator
  - Development of sustainable fishing projects
  - Help developing the Concerted Development Plan for the Puinahua district
  - Trained 65 women to make and sell natural fiber products
  - Trained and certified a total of 28 local workers at the SENATI and SENCICO technical institutes
  - Built a communal nursery project benefiting 33 Bretaña families
  - Our camp only buys excess produce from the local communities to avoid increasing local prices
  - Project with 20 Senior Citizens to “Rescue the Collective Memory of Puinahua”
  - Install eight aquaculture cages that helped formalized the eight AREL SATI Fishing Projects
  - Supporting 320 families to improve the value chain of their farm products
  - Installed six underwater breakwaters to mitigate the impact of the riverbank line (Erosion Control Project)
- **Education is the future**
  - Currently sponsor 11 students with partial or complete scholarships
  - Summer programs for 423 elementary school children
  - Installed a photovoltaic electric system to supply power to 33 laptops for Bretaña’s high school
- **Promoting health and a healthy environment**
  - Supporting the local Bretaña clinic with systems for x-ray, odontology, maternity, vision, and lab
  - Sponsored a project to recycle 1.5 tons of plastic
- **Supporting local employment and local suppliers**
  - More than four hundred temporary local jobs created since July 2018 for the Puinahua district that have strengthened the local economy providing workers with a salary above the local minimum wage

## Empowering the community



Before the new dock: Unloading with low water level during dry season



\$0.5 million Bretaña dock built by PetroTal will help empower the Bretaña municipality



Protecting the Taricaya that some believe brings them good luck, and is also a source of sustainable income

# Transparency, responsibility and empowerment

## Key highlights

- **Sharing Information to build trust and responsibility to become fully empowered**
  - Training of the Bretaña Municipality to properly manage the cash provided by the CANON<sup>1</sup>
  - Training 21 local leaders to be able to properly audit the Bretaña municipality programs
  - By showing that the local communities can manage their share of the CANON they should over time, receive a larger share of it. The following projects PetroTal is sponsoring will help achieve that:
    - Construction and maintenance of the Bretaña library
    - Upkeep of daycare sponsored by PetroTal under the well regarded CUNAMAS government program.
    - Maintenance of network of solar panels for Bretaña
    - Improvement and expansion of potable water and/or sewage systems for the native communities
- **PetroTal shows transparency via citizen environmental and safety surveillance (PROMOSAC)**
  - The PROMOSAC program is managed by an independent consulting company responsible for training all the monitors and provide monthly training updates
  - The 21 safety and environmental monitors, from the local communities and the town of Bretaña, are responsible for monitoring the riverways with regards to all barging transport and their travel speed, as well as the oilfield operations with regards to safety and any spills
  - One of the monitors stays at the camp on a rotation basis, to ensure they have full knowledge of the operations. Besides their daily monitoring, they also participate in taking the samples for the biotic and abiotic monitoring
  - The communities receive a monthly newsletter prepared by them, where input from all monitors is evaluated for them to reach alignment of what will be reported, including which pictures to include

## Empowering the community



Workers are trained and certified so they may get good paying jobs in the future



Funding bridge construction and labour to access schools



Protecting the Paiche, one of the largest freshwater fish that is a source of sustainable income for the locals

1) CANON is equivalent to 18.75% of the value of the production - an average of 0.34% goes to the Bretaña municipality

# Recent Community and Government Meetings



Local community engagement

## Diálogo: MINEM - PetroTal



**LORETO**  
Puinahua, provincia de Requena

Apertura de nuevos pozos que incrementarán la producción petrolera del Lote 95

Plan piloto de implementación del concepto de Enfoque Territorial en área de influencia



Ministry of Mines meeting ratifying community commitments



Community meetings increasing transparency on social profit allocation



# DISCLAIMERS

## **Forward-Looking Information**

Certain information included in this presentation constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project” or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this presentation may include, but is not limited, statements about: the Company’s corporate strategy, objectives, strengths and focus; the Company’s ability to operate in accordance with developing public health efforts to contain COVID-19; potential exploration and development opportunities, including drilling five additional wells and one water disposal well pursuant to the Company’s fully-funded \$100 million 2021 development program; processing capacity, including pursuant to a proposed expansion of central processing facilities (CPF#2); expectations and assumptions concerning the success of future drilling, development, transportation and marketing activities; storage capacity; access to diversified markets, including pursuant to multiple export routes; intention of engaging joint venture partners to drill the Osheki prospect; the performance, economics and payouts of new and existing wells; decline rates; recovery factors; the successful application of technology and the geological characteristics of properties; capital program and capital budgets; future production levels and growth, including 2021 exit production of 18,000 – 19,000 bopd, 2021 average production of 11,500 bopd and 20,000 bopd by 2022; cash flow; debt; primary and secondary recovery potentials and implementation thereof; potential acquisitions; regulatory processes; drilling, completion and operating costs; commodity prices and netbacks; realization of anticipated benefits of acquisitions; hedging program; NPV-10 valuations; the performance of the management team and board; and ESG and CSR activities and commitments. Statements relating to “reserves” and “prospective resources” are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves or prospective resources described exist in the quantities predicted or estimated and that the reserves or prospective resources can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by the Company, including, but not limited to, expectations and assumptions concerning the ability of existing infrastructure to deliver production and the anticipated capital expenditures associated therewith, reservoir characteristics, recovery factor, exploration upside, prevailing commodity prices and the actual prices received for PetroTal’s products, the availability and performance of drilling rigs, facilities, pipelines, equipment, other oilfield services and skilled labor, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the accuracy of PetroTal’s geological interpretation of its drilling and land opportunities, current legislation, receipt of required regulatory approval, the success of future drilling and development activities, the performance of new wells, the Company’s growth strategy, general economic conditions, prevailing commodity prices and future debt and equity financings. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, stock market volatility, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration, production and transportation; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety, environmental and regulatory risks), commodity price and exchange rate fluctuations, actions of OPEC and OPEC+ members, legal, political and economic instability in Peru, access to transportation routes and markets for the Company’s production, changes in legislation affecting the oil and gas industry, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the Company’s most recent annual information form and management’s discussion and analysis which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking information. The forward-looking information contained in this presentation is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.

## **Financial Outlook**

This presentation contains future-oriented financial information and financial outlook information (collectively, “FOFI”) about PetroTal’s prospective results of operations, production, enterprise value, payout of wells, CAPEX, net debt, cash flow, EV/cash flow, free cash flow after debt service, capital efficiency, balance sheet strength, netbacks, EBITDA, net debt to annualized EBITDA, NPV-10, EUR, operating costs, break-even Brent oil price, royalties, corporate tax, tax pools and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumption outlined in the Non-GAAP measures section below. FOFI contained in this presentation was approved by management as of the date of this presentation and was provided for the purpose of providing further information about PetroTal’s anticipated future business operations. PetroTal disclaims any intention or obligation to update or revise any FOFI contained in this presentation, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this presentation should not be used for purposes other than for which it is disclosed herein.

Forward looking CAPEX and OPEX assumptions in this presentation are consistent with the NSAI Reserve Report as at Dec 31, 2020 and current historical operating results to date, however, the timing and pace of the development plan has been adjusted from the NSAI Report to align with management’s internal view on commodity price and liquidity. The development plan in this presentation includes liquidity of \$100m from the bond financing at current market conditions and is subject to change at management’s discretion.

# DISCLAIMERS (CONTINUED)

## *Oil and Gas Advisories*

**Crude Oil.** All references to “oil” or “crude oil” production, revenue or sales mean “heavy crude oil” as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Brent refers to Intercontinental Exchange “ICE” Brent.

**Reserves Disclosure.** The reserve estimates contained herein were derived from a reserves assessment and evaluation prepared by Netherland Sewell & Associates, Inc. (“NSAI”), a qualified independent reserves evaluator, with an effective date of December 31, 2020 (the “NSAI Reserves Report”). The NSAI Reserves Report has been prepared in accordance with definitions, standards and procedures contained in NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”). The reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Volumes of reserves have been presented based on a company interest. Readers should give attention to the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each category as explained herein. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

**Resources Disclosure.** The prospective resource estimates contained herein were derived from a resource assessment and evaluation prepared by NSAI, a qualified independent reserves evaluator, with an effective date of June 30, 2020 (the “NSAI Resources Report”). The NSAI Resources Report has been prepared in accordance with definitions, standards and procedures contained in NI 51-101 and the COGE Handbook. Prospective resources are the quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. All of the prospective resources have been classified as light oil with a gravity of 46 degrees API. There is uncertainty that it will be commercially viable to produce any portion of the resources in the event that it is discovered. “Unrisked Prospective Resources” are 100% of the volumes estimated to be recoverable from the field in the event that it is discovered and developed. NSAI has determined that a 16% chance of discovery is appropriate for the prospective resources based on an assessment of a number of criteria. The estimates of prospective resources provided in this presentation are estimates only and there is no guarantee that the estimated prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated. Not only are such prospective resources estimates based on that information which is currently available, but such estimates are also subject to uncertainties inherent in the application of judgmental factors in interpreting such information. Prospective resources should not be confused with those quantities that are associated with contingent resources or reserves due to the additional risks involved. Because of the uncertainty of commerciality and the lack of sufficient exploration drilling, the prospective resources estimated herein cannot be classified as contingent resources or reserves. The quantities that might actually be recovered, should they be discovered and developed, may differ significantly from the estimates herein. The prospective resources estimates that are referred to herein are risked as to chance of discovery. Risks that could impact the chance of discovery include, without limitation, geological uncertainty, political and social issues, and availability of capital. In general, the significant factors that may change the prospective resources estimates include further delineation drilling, which could change the estimates either positively or negatively, future technology improvements, which would positively affect the estimates, and additional processing capacity that could affect the volumes recoverable or type of production. Additional facility design work, development plans, reservoir studies and delineation drilling is expected to be completed by PetroTal in accordance with its long-term resource development plan.

**Reserve Categories.** Reserves are classified according to the degree of certainty associated with the estimates. Proved reserves (1P) are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves (2P) are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Possible reserves (3P) are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

**Resource Categories.** Prospective resources are classified according to the degree of certainty associated with the estimates. The following classification of prospective resources used in the presentation: Low Estimate (or 1C) means there is at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate. Best Estimate (or 2C) means there is at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate. High Estimate (or 3C) means there is at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

**BOE Disclosure.** The term barrels of oil equivalent (“BOE”) may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel (6Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

# DISCLAIMERS (CONTINUED)

**Analogous Information.** Certain information in this document may constitute "analogous information" as defined in NI 51-101, including, but not limited to, information relating to areas, wells and/or operations that are in geographical proximity to or on-trend with lands held by PetroTal and production information related to wells that are believed to be on trend with PetroTal's properties. Such information has been obtained from government sources, regulatory agencies or other industry participants. Management of PetroTal believes the information may be relevant to help define the reservoir characteristics in which PetroTal may hold an interest and such information has been presented to help demonstrate the basis for PetroTal's business plans and strategies.

However, to PetroTal's knowledge, such analogous information has not been prepared in accordance with NI 51-101 and the COGE Handbook and PetroTal is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor. PetroTal has no way of verifying the accuracy of such information. There is no certainty that the results of the analogous information or inferred thereby will be achieved by PetroTal and such information should not be construed as an estimate of future production levels. Such information is also not an estimate of the reserves or resources attributable to lands held or to be held by PetroTal and there is no certainty that the reservoir data and economics information for the lands held or to be held by PetroTal will be similar to the information presented herein. The reader is cautioned that the data relied upon by PetroTal may be in error and/or may not be analogous to such lands to be held by PetroTal.

**Initial Production Rates.** Any references in this document to test rates, flow rates, initial and/or final raw test or production rates, early production, test volumes and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily indicative of long-term performance or of ultimate recovery. Such rates may also include recovered "load" fluids used in well completion stimulation. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for PetroTal. In addition, the resource play which may be subject to high initial decline rates. Such rates may be estimated based on other third party estimates or limited data available at this time and are not determinative of the rates at which such wells will continue production and decline thereafter.

**Type Curves.** Certain type curves disclosure presented herein represent estimates of the production decline and ultimate volumes expected to be recovered from wells over the life of the well. The type curves represent what management thinks an average well will achieve. Individual wells may be higher or lower but over a larger number of wells, management expects the average to come out to the type curve. Over time type curves can and will change based on achieving more production history on older wells or more recent completion information on newer wells.

**OOIP Disclosure.** The term original-oil-in-place ("OOIP") is equivalent to total petroleum initially-in-place ("TPIIP"). TPIIP, as defined in the COGE Handbook, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered.

**US Disclaimer.** This presentation is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This presentation shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

**Mean Estimate.** Represents the arithmetic average of the expected recoverable volume. It is the most accurate single point representation of the volume distribution.

All figures in US dollars unless otherwise denoted.

# DISCLAIMERS (CONTINUED)

## *Non-GAAP Financial Measures, Oil and Gas Metrics and Other Key Performance Indicators*

This presentation contains certain financial measures, as described below, which do not have standardized meanings prescribed by generally accepted accounting principles (“GAAP”). In addition, this presentation contains metrics commonly used in the oil and natural gas industry and other key performance indicators (“KPI”), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used. It should not be assumed that the future net revenues estimated by PetroTal’s independent reserves evaluators represent the fair market value of the reserves, nor should it be assumed that PetroTal’s internally estimated value of its undeveloped land holdings or any estimates referred to herein from third parties represent the fair market value of the lands. These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare PetroTal’s operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this presentation, should not be relied upon for investment or other purposes. “Operating netback” is calculated by dividing net operating income by barrels sold in the corresponding period. The Company considers operating netbacks to be a key measure as they demonstrate Company’s profitability relative to current commodity prices. “NPV-10” or similar expressions represents the net present value (net of capex) of net income discounted at 10%, with net income reflecting the indicated oil, liquids and natural gas prices and IP rate, less internal estimates of operating costs and royalties. “Net debt” means long term debt plus derivative obligation plus accounts payable less total cash and accounts receivables. “Enterprise value” is calculated as the market capitalization of the Company plus net debt, where market capitalization is defined as the total number of shares outstanding multiplied by the price per share at a given point in time. “EBITDA” means operating cash flow less G&A. “CAPEX” means capital expenditures. “IP” means the initial production from a well for a set unit of time. “Capital efficiency” is CAPEX divided by production rate (bopd). “EUR” means estimated ultimate recovery, an approximation of the quantity of oil or gas that is potentially recoverable or has already been recovered from a reserve or well. EUR is not a defined term within the COGE Handbook and therefore any reference to EUR in this presentation is not deemed to be reported under the requirements of NI 51-101. Readers are cautioned that there is no certainty that the Company will ultimately recover the estimated quantity of oil or gas from such reserves or wells. “FDC” means future development costs. “F&D” means finding and development costs, calculated as the sum of capital expenditures incurred in the period and the change in FDC required to develop reserves. “Operating cash flow” is revenue less royalties less field operating expenses (field netback). “Free cash” or “free cash flow” defined as operating cash flow before hedging minus maintenance CAPEX. “Free cash flow after debt service” defined as EBITDA less interest and CAPEX (all estimated). “Yield” means free cash flow per year as a percentage of market capitalization. “Half-cycle” means CAPEX related to drilling, completion, and equipping. “Mid-cycle” means half-cycle CAPEX plus costs to acquire land/leases. “IRR” is the internal rate of return, the discount rate required to arrive at an NPV equal to zero. Rates of return set forth in this presentation are for illustrative purposes. There is no guarantee that such rates of return will be achieved in the future. “Recycle ratio” is calculated as operating netback divided by F&D and is a measure for evaluating the effectiveness of the Company’s re-investment program. “Sustaining CAPEX” is the estimated capital required to bring on new production which offsets the natural decline of the existing production and keeps the year-over-year production flat.

### **Abbreviations**

Bbl	Barrel	API	an indication of the specific gravity of crude oil measured on the American Petroleum Institute gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
bopd	barrel of oil per day	Free Cash Flow	EBITDA less CAPEX
k bopd	Thousand barrel of oil per day	FFO	Funds flow from operations
F&D	Finding and development costs	EBITDA	Earnings before interest, taxes, depreciation, amortization
NIBD	Net interest bearing debt	Ha	Hectares
		PDP	Proved Developed Producing Reserves
Mmbbl	Million barrels of oil	1P	Proved Reserves
NGL	Natural gas liquids	2P	Proved + Probable Reserves
bbo	Billion barrels of oil	3P	Proved + Probable + Possible Reserves





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