



February 2020



# PetroTal Highlights

A full-cycle, sustainable E&P enhanced by an accretive, synergistic acquisition

## Full-Cycle, High-Impact E&P Company in Peru

- Peruvian E&P, benefiting from stable, pro-business fiscal regime
- Second largest crude oil producer in Peru, developing towards plateau production with high impact exploration

## Breña brought on-stream under budget and ahead of schedule

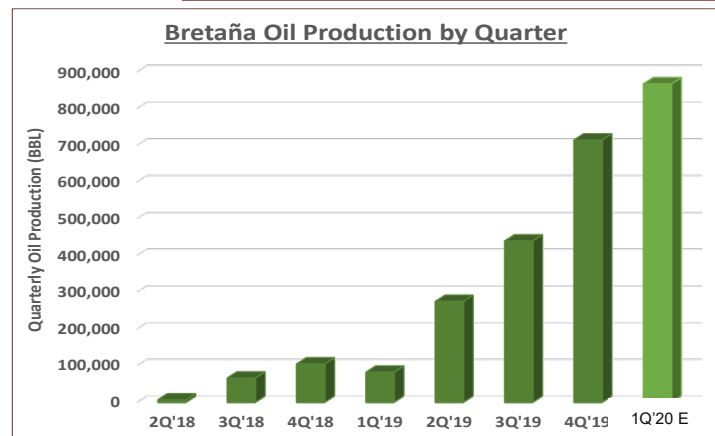
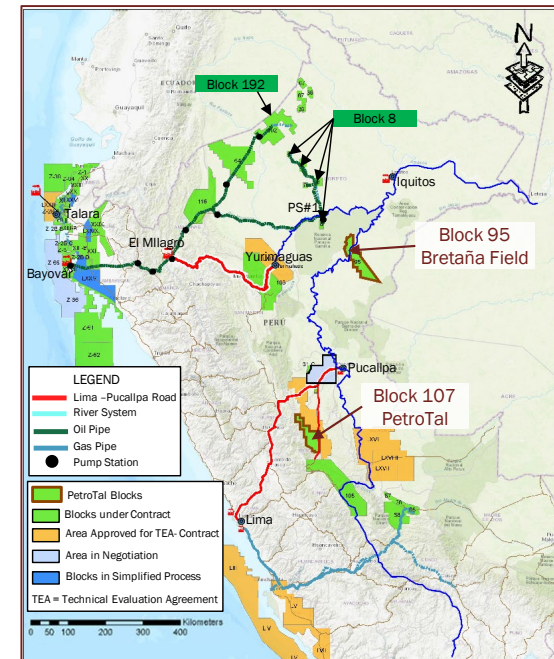
- 2019 exit rate of 13,300 bbl/d oil, with clear line of sight to 20,000 bbl/d oil by end of 2020, funded from free cash flow
- Recent 18% upgrade of 2P reserves to 46.4 mmbbl by NSAI<sup>1</sup>
  - 11% increase in 2P OOIP to 364 mmbbl
  - 13% increase in 2P recovery factor to 13.2%
- Breña operating netbacks increase with production:

Production Rates	@5,000 b/d	@10,000 b/d	@15,000 b/d
<b>Brent</b>	<b>\$65.00</b>	<b>\$65.00</b>	<b>\$65.00</b>
minus Quality Discount	(\$6.86)	(\$5.92)	(\$5.62)
minus Marketing Fee	(\$3.00)	(\$3.00)	(\$3.00)
minus Royalty*	(\$2.36)	(\$2.73)	(\$3.10)
minus Lifting Costs	(\$10.00)	(\$5.20)	(\$4.40)
minus Transportation	(\$10.94)	(\$11.97)	(\$12.31)
<b>Operating Netbacks</b>	<b>\$31.84</b>	<b>\$36.18</b>	<b>\$36.58</b>

(\* ) Royalty rate of 5% at 5,000 bbl/d; 5.8% at 10,000 bbl/d, and 6.6% at 15,000 bbl/d

## Robust financials and strong free cash flow generation

- No existing debt and fully funded 2020 development program
- Maiden dividend paid in January 2020 – policy to maintain regular dividends<sup>7</sup>



# ESG

Empowering local communities and promoting sustainable development for unlocking the value of our assets



## ENVIRONMENTAL

- Breteña pad (7.9ha) – single well pad and no encroachment on primary rainforest<sup>1</sup>
- Land cleared in 2012, direct access from river
- No spills or pollution<sup>2</sup>
- Multiple programmes to preserve local bio-diversity as well as flora and fauna
  - Agreement with Sernamp for Pacaya-Samiria National Reserve
  - San Matías–San Carlos Forest Reserve
  - Oxampampa-Ashaninka-Yanesha Biosphere Reserve



## SOCIAL

- Projects to encourage and mentor sustainable local development
  - Fabrication of new pontoon dock
  - \$2.3 million annual budget<sup>3</sup> dedicated to social efforts
  - Development project scoping and engineering assistance
- Significant local employment
  - 100 employment positions split over 355 people, or 15% of total local workforce<sup>4</sup>
- Working with a network of NGOs, producers, and local and central government organizations
- Helping indigenous communities and organizations



## GOVERNANCE

- 9 full time CSR employees, 4 full time HS employees, and 5 full time environmental and permits employees<sup>5</sup>
- 1 manager of Government relations and 1 manager of communications<sup>5</sup>
- HSE and CSR team with +200 years of combined experience
- Active and consistent social and environmental investment programme, focused in empowering the local communities
- We have implemented a Claims and Response System to address any issues with the local communities
- CSR, HS and Environment are part of the Key Performance Indicators of all employees and management
- Commitment at Board level. HSE & CSR Committee approves the policies, and the Board directs ethos and controls

1, 2, 3, 4, 5, 6) See Endnotes

# Peru – Stable, Pro-Business and Tax-Friendly

## ■ Stable & Growing Pro-Business Country

- Peru is one of the fastest growing economies in Latin America. Since 2000, it achieved an impressive accumulated growth rate of 147.3% GDP<sup>1</sup>
- Democratic, investment grade government with stable/positive outlook: A3 (Moody's) / BBB+ (S&P and Fitch)
- Standardized contracts signed into law by supreme decree
- Excellent fiscal/royalty terms and tax regime
  - Royalty 5-20% based on production (est. 8.25% at peak)
  - Corporate tax 32% (\$305 million in NOL's to offset tax liability for next 4-5 years)

## ■ Established Oil & Gas Industry

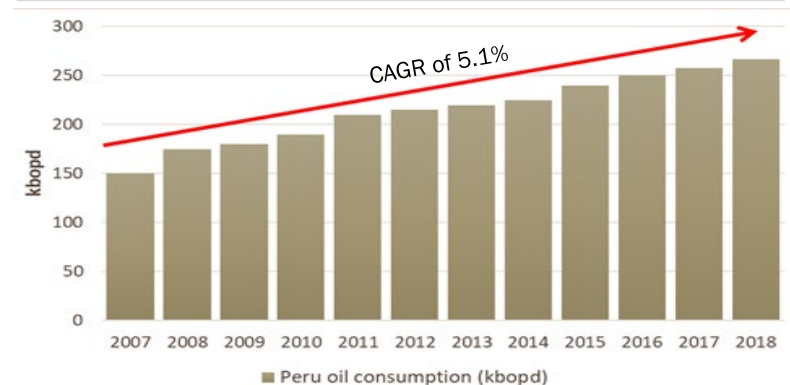
- Domestic production during 2019 of 139.7k b/d with domestic consumption of 267k b/d
- Established infrastructure with capacity and transparent pricing
- Operators include Pluspetrol, CEPSA, CNPC, Repsol, Hunt, Frontera, Perenco, Ecopetrol, Occidental, Tullow, Shell, GeoPark
- Oilfield services: Baker Hughes, Sertecpet, Halliburton, Schlumberger, Weatherford, ENI / Petrex

## Talara Refinery: Key Market for Breña Oil



~\$3B expansion & upgrade, expected completion 2021

## Peru Oil Consumption<sup>2</sup>





# Bretaña Field



# Bretaña Field

Profitable oil field with high netbacks and significant upside potential

## Asset Overview

- 100% owned Bretaña Field, located in Block 95, in the Marañón Basin, north east Peru
- On trend with the prolific Marañón Basin, across Peru, Ecuador and Colombia, which has produced more than 2.88 billion barrels to date

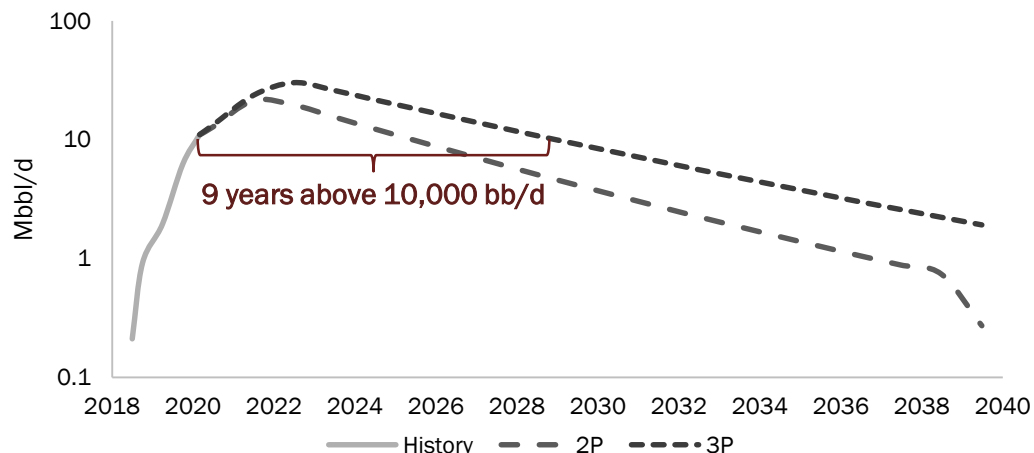
## Production

- 2019 exit production of 13,300 bbl/d
- Cumulative Oil Production to YE2019: 1.68 mmbbl
  - 8x increase in output over <10 months
  - Targeting 2020 exit oil rate production of 20,000 bbl/d from ten horizontal wells, and two water disposal wells
- Fully financed \$99 million 2020 capital plan

## Reserves

- 2P reserves of 46.4 mmbbl
  - Significant upside through increased recovery, supported by analogue fields in Blocks 8 and 192, which have achieved recoveries of +20%
  - High netback of ~\$36/bbl with Brent at \$65/bbl

## 3P Plateau Above 10,000 bbl/d Lasting 9 Years



## Reserves Summary and Economic Metrics<sup>1</sup>

Category	OOIP (mmbbl)	Reserves (mmbbl)	Recovery Factor	Net-to Gross Pay (Est.) <sup>4</sup>	YE Reserve Increase
1P	235	20.1	9.3%	56%	12%
2P	364	46.4	13.2%	72%	18%
3P	579	82.4	14.5%	92%	5%

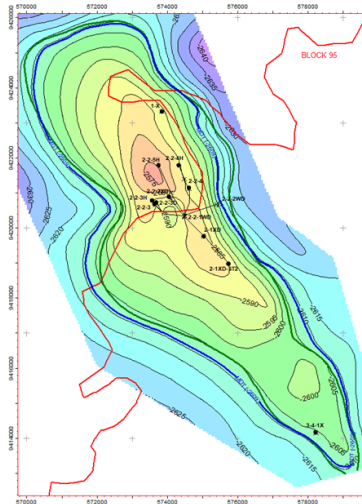
Category	NPV at 10% (\$mm)	(\$bbl)	F&D Costs (\$mm)	(\$/bbl)	RLI (years)
1P	\$280	\$13.93	\$123	\$13.09	7.2
2P	\$722	\$15.56	\$192	\$5.38	16.6
3P	\$1,194	\$14.49	\$295	\$4.11	29.4

# Bretaña's Increasing OOIP and Rec. Factor Estimates

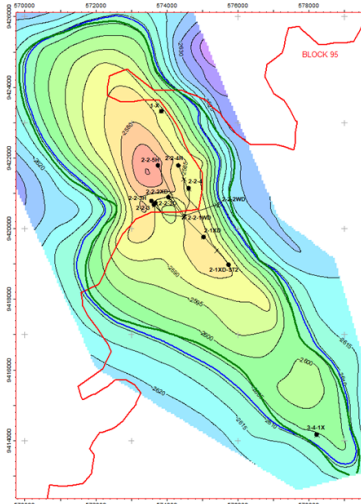
Though Management always guides to the 2P case, the 2020 drilling campaign will help define the true OOIP

- In general, the new wells came in with reservoir thickness and quality at or in excess of NSAI's expectation
- NSAI's understanding of true water saturation within the reservoir is the biggest outstanding uncertainty in our current characterization of reservoir parameters. As a result, a broad range in both Net-to-Gross water saturations are carried between the low, mid and high cases
- The 2P recovery factor has increased from 12% to 13.2%. However, based on the prior OOIP of 329 mmbbl, the recovery factor would be 14.6%
- Analog fields in region<sup>1</sup> with similar reservoir characteristics have achieved >20% recovery factors.

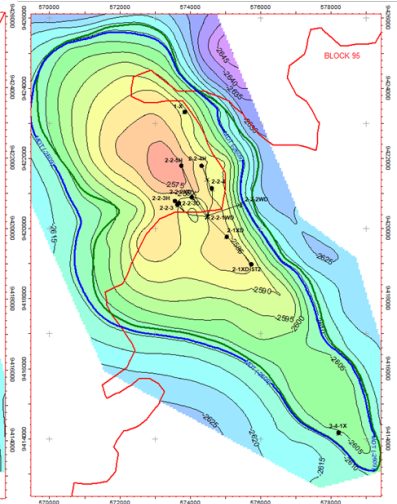
1P: 235 mmbbl<sup>2</sup>



2P: 364 mmbbl<sup>2</sup>



3P: 579 mmbbl<sup>2</sup>

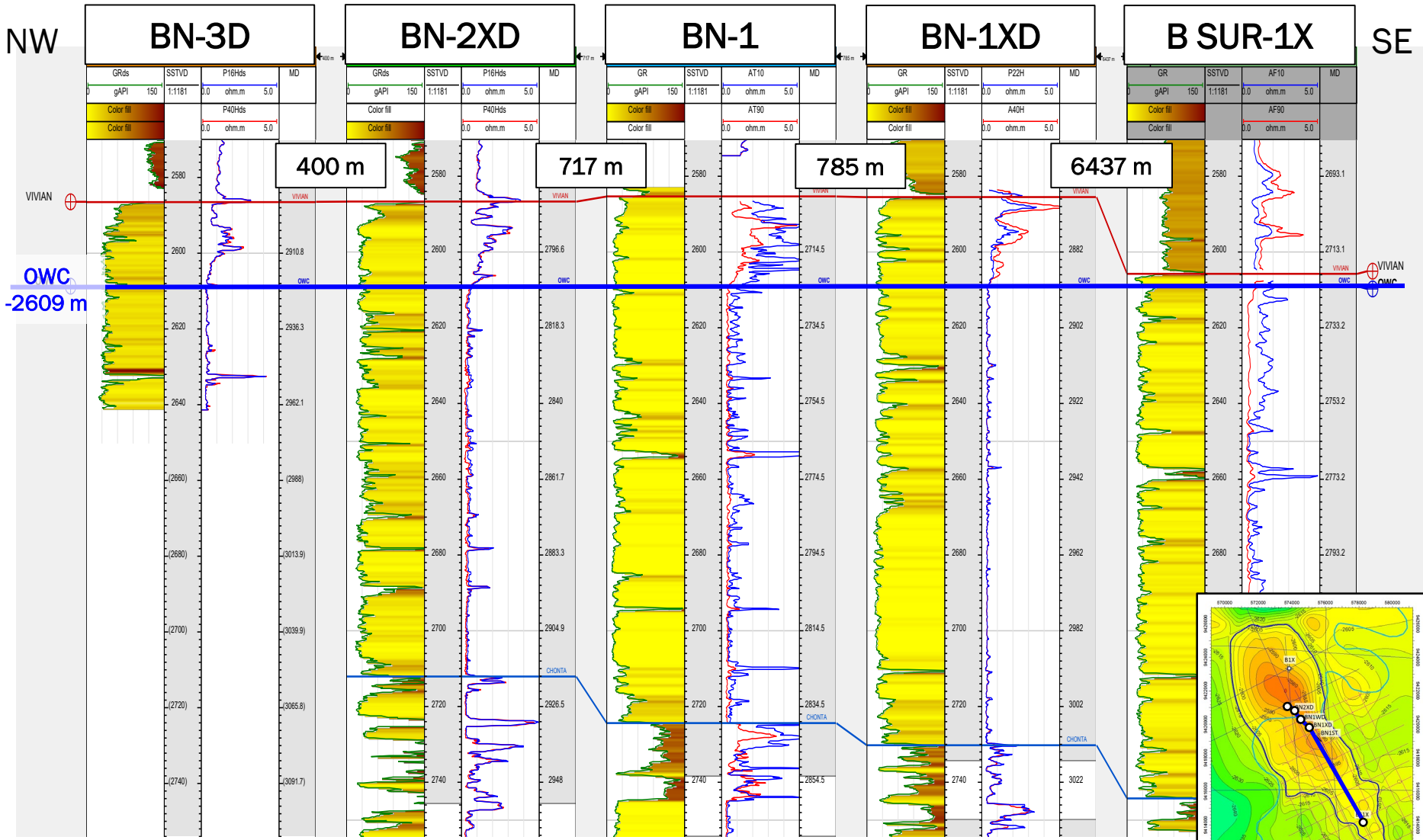


Field	API Gravity	OOIP mmbbl	EUR/2P mmbbl	Recovery Factor
Bretaña	19.4°	364	48.0	13.2%
Capahuari N.	35.2°	48	20.0	41.7%
Shiviyacu	20.2°	331	120.8	36.5%
Carmen	19.7°	45	13.5	30.0%
Yanayacu	19.0°	65	23.6	36.3%
San Jacinto	12.5°	209	46.3	22.2%
Jibaro/Jibarito	10.8°	414	103.2	24.9%



1) January 2014 Maximum Recovery Efficiency reports for Blocks 8 and 1AB (now 192), submitted by Pluspetrol to Perupetro

# Bretaña Wells Demonstrate Cross-Field Consistency



Cross Section Shows Continuity of Vivian Formation and Excellent Oil Sands in 1WD Well



# Bretaña Field: Development in Phases

*Clear path to production increases through proved development plan, from well understood reservoirs*

- Discovered in 1974 – \$311 million previously invested by prior operator, with tax pools of \$305 million
- PetroTal has invested \$105 million in first 2 years to surpass initial goal of 10,000 bbl/d
- Demonstrated ability to rapidly increase production while preserving reservoir integrity
- Phased development funded by internally generated cash flows to achieve production of 20,000 bbl/d
  - Full field EIA approved for continued development
  - Common well pad minimizes footprint and increases efficiencies
  - Facility riverside location simplifies logistics

## 2020 Capital Program of \$99.2 million

- Four horizontal oil wells (\$13 million per well) and second water disposal well (\$9 million)
- Accelerating commissioning of second phase central processing facilities (CPF-2) to late August (\$22.2 million)
- Synthetic mud system, loading dock expansion, cellars, and optimization (\$12.8 million)
- Other items (\$3.2 million), including EIA studies for:
  - Constitución well in Block 107, and three appraisal wells and one water disposal well
  - Seismic survey in Block 95 leads

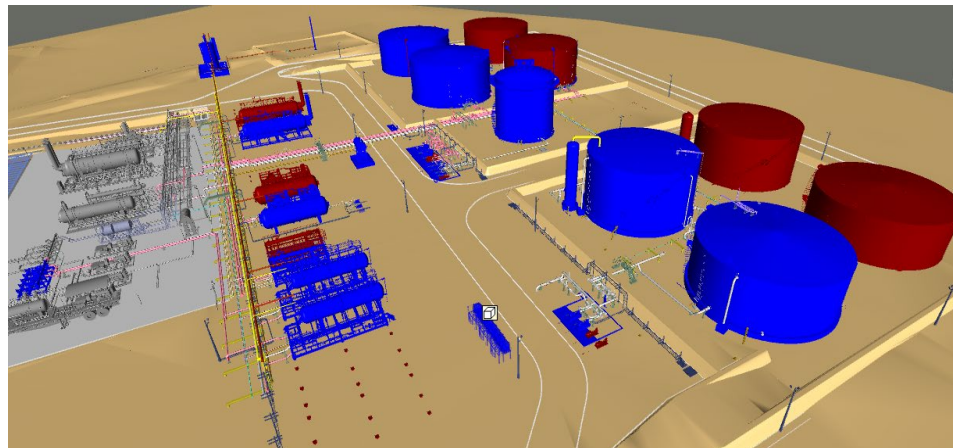
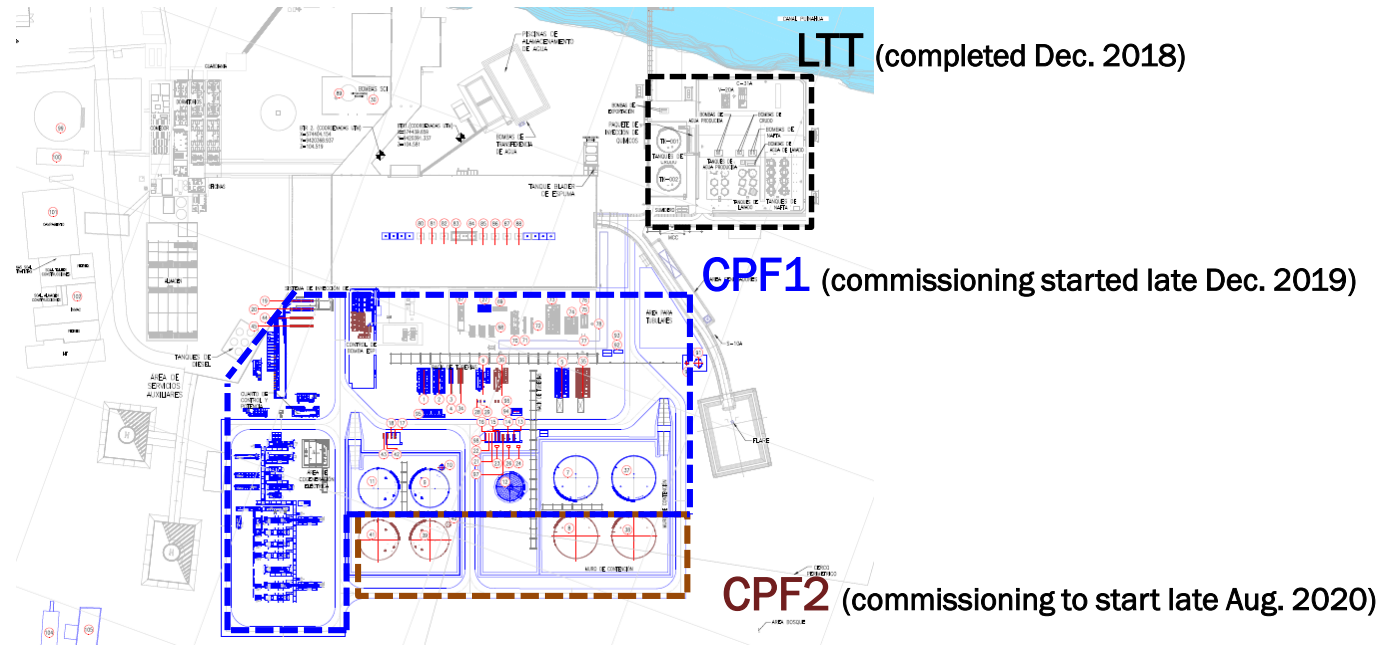
## Capacity Growth

Capacity Stage	Oil b/d	Water b/d	Status
Long-Term Testing Facility	8,000	9,000	Installed Dec. 2018
Central Processing Facility #1	16,000	40,000	Installed Dec 2019
Central Processing Facility #2	24,000	80,000	Install by Aug. 2020

## Site Layout



# Bretaña Processing Capacity Phases for 2P Case<sup>1</sup>



# Bretaña Field: Export Routes

*Multiple export routes, diversifying evacuation risk and preserving pricing optionality*

- First 1,200 bbl/d sold to Petroperu's 10,000 bopd Iquitos refinery
  - Shortest route to market and potential for expansion with improved quality
  - Oil transported on barges at \$3.50/bbl
- Remaining production barged to PS#1 at Saramuro and piped to Bayovar, providing access to local and international markets
  - Barging costs of \$4.50/bbl
  - Barges have maximum capacity of 20,000 bbls
  - Northern Oil Pipeline ("ONP") tariff of \$8/bbl when Brent is at \$65/bbl or less
- Field netback in January 2020 of \$33.50/bbl, when Brent averaged \$63 per barrel and minus \$5/bbl estimated discount
- Sales contract signed with Petroperu in December 2019, allowing cash to be received earlier
  - Petroperu agrees sale when oil enters ONP, with final price adjustment at delivery
  - PetroTal has factoring agreements in place with Petroperu to settle contract immediately
- Multiple alternative routes available
  - Ideal market will be the Talara refinery once its modernization is completed by mid 2021

## Alternative Export Routes

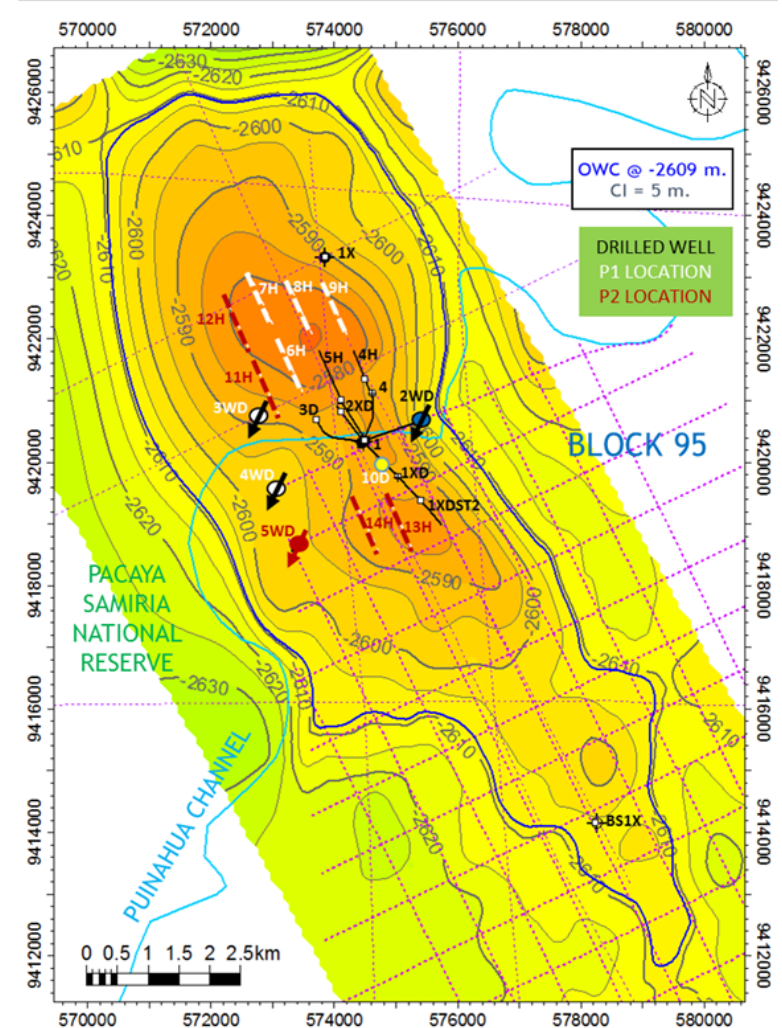


# Bretaña Field: Geology

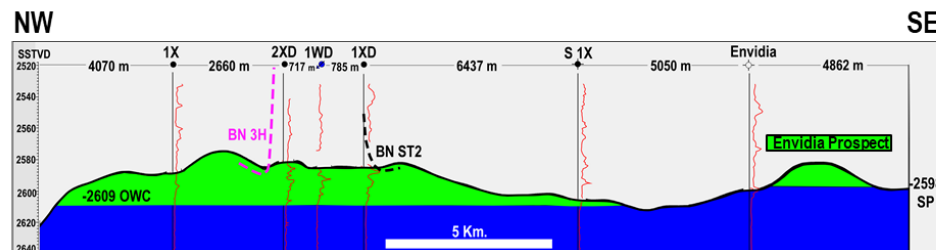
Simple and well understood geology allows for clear development plan and production uplift

- Simple 4 way closure anticline – 15 km long and 10,000 acres
  - Field structure and reservoir continuity delineated by multiple wells and 3D seismic cube in the southern section
  - Consistent correlations with no variation in petrophysical properties
  - Consistent oil-water contact (OWC) across the structure
- 2XD well showed net pay of 18.7 meters, as per prognosis
  - High net-to-gross pay ratio in the wells supports 2P+ reserves estimates
- 4H horizontal well online on Oct 16<sup>th</sup> 2019, producing 200,000 bbls in first 35 days
- 5H horizontal well online on Dec 12<sup>th</sup> 2019, producing 265,000 bbls in first 35 days
- 3.5 months average well pay-out, and two horizontals in just 10 weeks

Field Structure & Seismic Line (P1 + P2 Locations)



Seismic Line Illustration





# Exploration Opportunities and Near Term News Flow



# Block 107

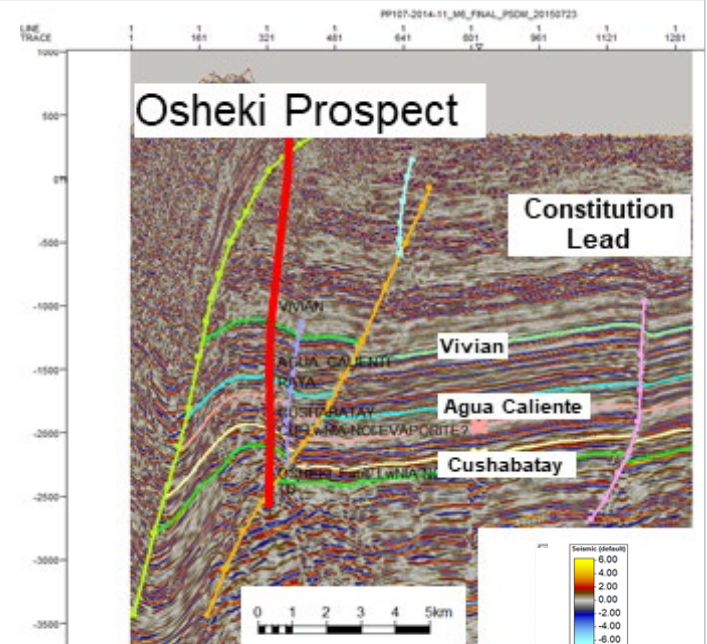
## Multiple High-Impact Prospects and Leads

- 100% owned and operated, located in the Ucayali basin
- Constitución, which is adjacent to a new road, could be considered an initial target to de-risk Block 107
- Osheki prospect has a best unrisked prospective resources estimate of 534<sup>1</sup> mmbbl
- Additional leads could contain 4.6<sup>2</sup> billion bbl of unrisked prospective recoverable resources
- Farm out process underway - timeline to complete and exploration commitment extended to late 2021

### Potential Resource

- 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
- 2-D seismic completed with drilling permits for Osheki approved

### Identified Opportunities



### Unrisked Prospective Resources (mmbbl)

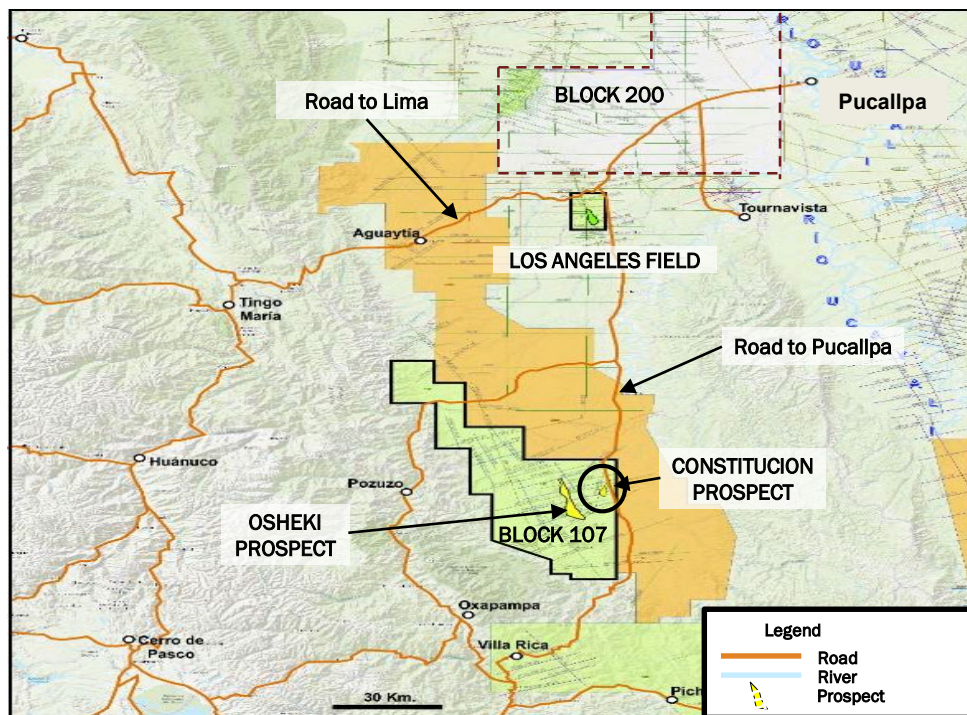
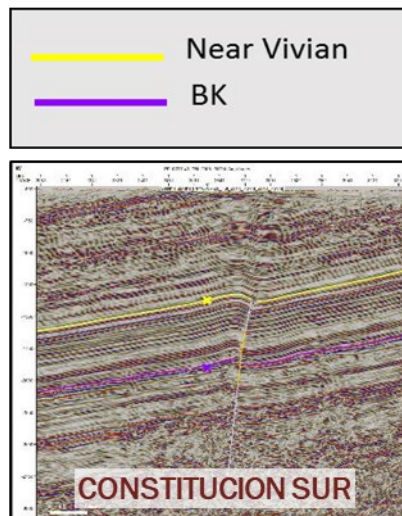
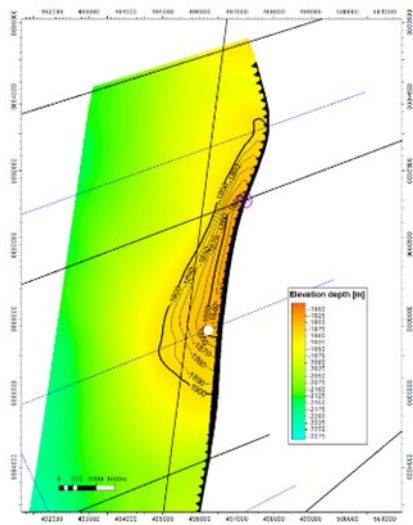
	High Estimate <sup>2</sup>	Best Estimate <sup>1</sup>
<b>Osheki</b>	<b>1,289</b>	<b>534</b>
Bajo Pozuzo	2,634	1,016
San Juan	192	147
Constitución	98	78
Lead A	369	39
<b>Total</b>	<b>4,582</b>	<b>1,815</b>

1) Mean estimate NSAI Resource Assessment, effective date of June 30, 2018  
 2) High estimate NSAI Resource Assessment, effective date of June 30, 2018.

# Constitución Prospect

*Perfect Step Towards Drilling the Osheki Prospect*

- Constitución prospect has 78 mmbbl of mean prospective resources
- Constitución is adjacent to a new road, could be considered an initial target to de-risk Block 107
- Applying for EIA drilling permit for four oil wells and one water disposal well
- Constitución structure looks very similar to the Los Angeles field, located ~60 miles north, and which produces 40-45 API oil
- If successful, PetroTal could move the early production facilities originally installed at Bretaña, aiming to start long-term testing production as soon as possible
- PetroTal could then drill the other three wells



Both structures formed by tectonic inversion during Andean compression. Very productive features in Sub-Andean Basins

# Near-Term Newsflow

Multiple Upcoming Catalysts

	Q1 '20	Q2 '20	Q3 '20	Q4 '20
<b>Bretaña</b>				
Drill Horizontal Well 6H	■			
Drill Water Disposal Well 3WD		■		
Drill Horizontal Well 7H		■		
Drill Horizontal Well 8H			■	
Drill Horizontal Well 9H				■
Start CPF-2 Commissioning			■	
Exit @ 20,000 bbl/d				★
<b>Blocks 95 and 107 Exploration</b>				
Constitución: Start Environmental Drilling Permit	■			
Envidia: Start Environmental Seismic Permit	■			





# Summary



# Summary

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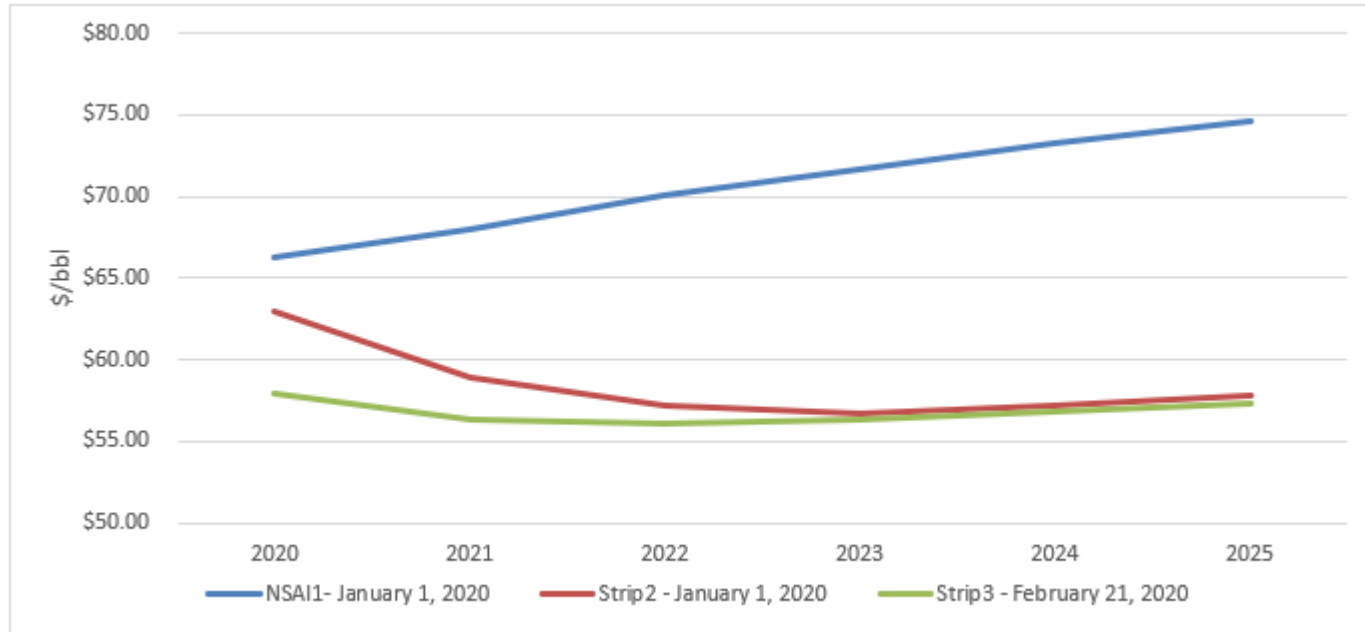
- As expected, Bretaña's 2P reserves and corresponding recovery factor are growing
  - Current production of 10,000 bbl/d, with 2020 exit rate target of 20,000 bbl/d
  - 2020 production of 4.94 mmbbl, a 3.3x increase from 2019
  - Now drilling 6H horizontal oil well, expected to be completed by mid April
  - CPF-2 commissioning scheduled to begin by late August
  
- Once all wells are drilled, Bretaña at 10,000 bbl/d should generate:
  - ~\$115 million of free cashflow, with Brent at \$65/bbl; or
  - ~\$80 million of free cashflow, with Brent at \$55/bbl
  
- The Constitución prospect, if successful, could provide light oil as blend for Bretaña
  - PetroTal could put Constitución on long-term testing as fast as it did with Bretaña
  - Constitución discovery would help de-risk the Osheki prospect
  
- PetroTal continues to look for synergistic projects to enhance Bretaña's value
  
- PetroTal has positioned itself as a leader in ESG issues in Peru



# *Appendix*



# Pricing Comparison



		2020	2021	2022	2023	2024	2025
NSAI <sup>1</sup> - January 01, 2020	\$/bbl	\$66.33	\$67.94	\$70.06	\$71.66	\$73.27	\$74.57
Strip <sup>2</sup> - January 01, 2020	\$/bbl	\$62.93	\$58.90	\$57.13	\$56.70	\$57.16	\$57.84
Strip <sup>3</sup> - February 21, 2020	\$/bbl	\$57.89	\$56.39	\$56.09	\$56.38	\$56.88	\$57.35

# Government will invest \$1.6 billion in local communities

La Region, Iquitos – February 16, 2020

- The plan to close gaps for the oil circuit in Loreto will require an investment of S/ 5.3 billion (approximately USD 1.6 billion) in the next 6 years, prioritizing public spending on projects, actions and services, as well as training of municipal officials in 25 districts of the oil circuit, to enable public investment in works that will really benefit the population.
- To begin, we have to ascertain that the municipalities of these districts and, in particular, their respective communities, must commit themselves to assume the responsibility of correctly investing the funds offered to cover their basic needs.
- The S/ 5.3 billion that will be used to cover the gap closure plan in Loreto will come from fiscal resources (mainly taxes of all Peruvians) other than the oil canon and industry payments.
- It should be noted that the correct use of these resources, from project planning to execution, will require training and knowledge of municipal officials to carry out these projects. The exact same thing happens with the resources of the canon: officials have to be trained to manage them responsibly.
- In this regard, it is interesting to recognize the efforts that the young company PetroTal has been carrying on, since the beginning of its operations in 2018, by way of supporting the training of municipal officials and leaders of 14 communities in its area of influence for the generation of self-sustainable development projects in the Puinahua Canal.



# 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; potential development opportunities and drilling locations; expectations and assumptions concerning the success of future drilling, development, transportation and marketing activities; access to diversified markets; intention of engaging joint venture partners to drill the Osheki prospect; future debt and equity financings and use of proceeds; the performance of existing wells; the performance of new wells; decline rates; recovery factors; the successful application of technology and the geological characteristics of properties; capital program and capital budgets; future production levels; 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; NPV-10 valuations; 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, 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, availability of required equipment and services and prevailing commodity prices. 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.

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## *Oil and Gas Advisories*

**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, 2019 (the “NSAI Reserves Report”). The NSAI Reserves Report has been prepared in accordance with definitions, standards and procedures contained in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (“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, 2018 (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.

**Oil and Gas Metrics.** This presentation contains metrics commonly used in the oil and natural gas industry, such as netback and NPV-10. “Netback” equals total petroleum sales less quality discount, lifting costs, transportation costs and royalty payments calculated on a bbl basis. “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. 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 Tamarack’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.

**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.

# Disclaimers (continued)

**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.

**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.

**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.

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All figures in US dollars unless otherwise denoted.

## 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 , bbl/d	barrel of oil per day	LTT	Long term test
Mbo, mbbl	million barrels of oil	mcf	million cubic feet
NGL	natural gas liquids	Bcf/d	billion cubic feet per day
bbo	billion barrels of oil	IRR	internal rate of return
NGL	natural gas liquids	WI	working interest
NPV	net present value	EUR	estimated ultimate recovery



