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# Q2 2025 REPORTING PACKAGE

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August 7, 2025

## PetroTal Announces Q2 2025 Financial and Operating Results

**Calgary, AB and Houston, TX – August 7, 2025** – PetroTal Corp. (“PetroTal” or the “Company”) (TSX: TAL, AIM: PTAL and OTCQX: PTALF) is pleased to report its operating and financial results for the three months ended June 30, 2025. All amounts herein are in United States dollars unless stated otherwise.

Selected financial and operational information outlined above should be read in conjunction with the Company’s unaudited consolidated financial statements and management’s discussion and analysis (“MD&A”) for the three months ended June 30, 2025, which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company’s website at [www.PetroTal-Corp.com](http://www.PetroTal-Corp.com).

### Key Highlights

- Average Q2 2025 sales and production of 20,578 and 21,039 barrels of oil per day (“bopd”), respectively;
- Generated Adjusted EBITDA<sup>(1)</sup> and Free Funds Flow<sup>(1)</sup> of \$44.3 million (\$23.66/bbl) and \$27.2 million (\$14.55/bbl), respectively;
- Q2 2025 capital expenditures of \$17.1 million, bringing H1 2025 capital expenditures to \$40.7 million;
- Net Income of \$17.5 million (\$9.35/bbl) in Q2 2025, and \$48.4 million (\$11.46/bbl) in H1 2025;
- Total cash of \$142.1 million, including \$99.3 million of unrestricted cash;
- Declaring a quarterly dividend of \$0.015/sh, payable to shareholders on September 12, 2025, and;
- Revision of 2025 production guidance to a range of 20,000 to 21,000 bopd, on capital spending of \$80 million.

(1) Non-GAAP (defined below) measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures presented by other entities. See “Selected Financial Measures” section.

### **Manuel Pablo Zuniga-Pflucker, President and Chief Executive Officer, commented:**

*“PetroTal has once again delivered strong results in the second quarter of 2025, reflecting our ongoing commitment to profitable long-term growth. Even under lower oil prices this quarter, PetroTal is reporting free funds flow of more than \$27 million, while holding our available cash reserves broadly flat near \$100 million. The Bretana field is also performing as expected, with recent production topping 20,000 bopd.*”

*As discussed in our July 14 operations update, we have encountered delays in the resumption of our development drilling program. As a result, we are revising our 2025 production guidance to a range of 20,000 to 21,000 bopd, from 21,000-23,000 bopd previously.*

*At the Bretana field, we are taking advantage of the gap in our drilling campaign to fully optimize our long-term plans for the asset, an exercise which takes on heightened importance given recent weakness in oil pricing. As indicated in the 2024 year-end reserves report, the field still has sixteen proved and probable locations remaining, and that is before we have even begun development of the VS1 sand in the Upper Vivian Formation. PetroTal is committed to developing the field in a responsible manner for all our stakeholders, at a variety of oil price assumptions. We have plenty of work ahead of us in the second half of 2025 and look forward to updating the market on our progress.”*

## Selected Financial Highlights

	Three Months Ended					
	Q2-2025		Q1-2025		Q2-2024	
	\$/bbl	\$(000's)	\$/bbl	\$(000's)	\$/bbl	\$(000's)
<b>Average Production (bopd)</b>		<b>21,039</b>		<b>23,281</b>		<b>18,290</b>
<b>Average Sales (bopd)</b>		<b>20,578</b>		<b>23,286</b>		<b>18,050</b>
<b>Total Sales (bbls)</b>		<b>1,872,602</b>		<b>2,095,714</b>		<b>1,642,578</b>
<b>Average Brent Price</b>	<b>\$65.55</b>		<b>\$73.96</b>		<b>\$83.87</b>	
Contracted Sales Price, Gross	\$65.53		\$73.89		\$83.92	
Tariffs, Fees and Differentials	-\$22.75		-\$21.43		-\$21.15	
Realized Sales Price, Net	\$42.78		\$52.46		\$62.76	
<b>Oil Revenue</b>	<b>\$42.78</b>	<b>\$80,110</b>	<b>\$52.46</b>	<b>\$109,951</b>	<b>\$62.76</b>	<b>\$103,086</b>
Royalties	\$4.95	\$9,276	\$5.84	\$12,241	\$6.08	\$9,991
Operating Expenses	\$9.34	\$17,488	\$6.31	\$13,227	\$6.10	\$10,023
Direct Transportation						
Diluent	\$0.00	\$0	\$0.00	\$0	\$1.16	\$1,898
Barging	\$0.79	\$1,482	\$0.79	\$1,664	\$0.69	\$1,137
Diesel	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0
Storage	\$0.30	\$570	\$0.30	\$636	\$0.01	\$12
Total Transportation	\$1.09	\$2,052	\$1.09	\$2,300	\$1.86	\$3,047
<b>Net Operating Income</b>	<b>\$27.40</b>	<b>\$51,294</b>	<b>\$39.22</b>	<b>\$82,183</b>	<b>\$48.72</b>	<b>\$80,025</b>
Erosion Control	\$0.38	\$705	\$0.87	\$1,816	\$0.00	\$0
G&A	\$4.15	\$7,775	\$4.57	\$9,579	\$6.41	\$10,528
<b>EBITDA</b>	<b>\$22.86</b>	<b>\$42,815</b>	<b>\$18.78</b>	<b>\$70,788</b>	<b>\$43.55</b>	<b>\$71,539</b>
<b>Adjusted EBITDA</b>	<b>\$23.66</b>	<b>\$44,310</b>	<b>\$34.29</b>	<b>\$71,860</b>	<b>\$45.78</b>	<b>\$75,201</b>
<b>Net Income</b>	<b>\$9.35</b>	<b>\$17,513</b>	<b>\$14.72</b>	<b>\$30,852</b>	<b>\$21.56</b>	<b>\$35,407</b>
Basic Shares Outstanding ('000)		913,808		915,930		914,196
Market Capitalization		\$456,904		\$435,754		\$504,152
<b>Net Income/Share (\$/sh)</b>		<b>\$0.02</b>		<b>\$0.03</b>		<b>\$0.04</b>
<b>Capex</b>		<b>\$17,064</b>		<b>\$23,624</b>		<b>\$38,867</b>
<b>Free Funds Flow</b>	<b>\$14.55</b>	<b>\$27,246</b>	<b>\$23.02</b>	<b>\$48,042</b>	<b>\$22.12</b>	<b>\$36,334</b>
<b>Total Cash</b>		<b>\$142,102</b>		<b>\$113,565</b>		<b>\$95,859</b>
<b>Available Cash</b>		<b>\$99,313</b>		<b>\$102,783</b>		<b>\$84,116</b>

1. Approximately 90% of Q2 2025 sales were through the Brazilian route vs 88% in Q1 2025.
2. Royalties include the impact of the 2.5% community social trust.
3. Non-GAAP (defined below) measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures presented by other entities. See "Selected Financial Measures" section.
4. Net operating income represents revenues less royalties, operating expenses, and direct transportation.
5. Adjusted EBITDA is net operating income less general and administrative ("G&A") and plus/minus realized derivative impacts.
6. Market capitalization for Q2 2025, Q1 2025 and Q2 2024 assume share prices of \$0.50, \$0.475, and \$0.53 respectively on the last trading day of the quarter.
7. Free funds flow is defined as adjusted EBITDA less capital expenditures. See "Selected Financial Measures" section.
8. Includes restricted cash balances.

## **Additional financial and operational updates during and subsequent to the quarter ending June 30, 2025:**

### **Block 95 Update**

PetroTal produced an average of 20,512 bopd from the Bretana field in Q2 2025. Bretana production declined by approximately 2,150 bopd relative to the prior quarter, due to a combination of natural declines and previously disclosed pump failures in four producing wells in Q4 2024 and Q1 2025. PetroTal successfully replaced all four pumps ahead of schedule by the end of July 2025, restoring approximately 4,400 bopd of production capacity. As a result, field production averaged approximately 20,000 bopd in the month of July, compared to 18,899 bopd in June. Barge exports have continued near 100% capacity throughout the month of July; in the event that river levels remain above normal through the coming dry season, PetroTal would not expect to encounter any material reduction in export capacity.

During the second quarter, PetroTal completed the installation of the CPF-4 processing facility, increasing nominal oil treatment capacity at Bretana to 26,000 bopd, which has been established as a more optimum design for the Company's current output than the previously mentioned 32,000 bopd. Oil production remains constrained by water treatment capacity, which currently stands at just over 170,000 barrels of water per day("bwpd"). The remaining 2025 Bretana capital program is largely allocated to field infrastructure, including completion of the L2 platform, which will be required to accommodate additional development wells beginning in 2026.

Due to a combination of factors, including sustained lower oil prices, regulatory considerations, and delays commissioning its drilling rig, PetroTal has taken the decision to pause investment on several projects at Bretana in order to rigorously evaluate and optimize its long-term development plan for the asset. The Company intends to provide a revised field development plan, incorporating holistic forecasts for fluid handling capacity, integrated development of the VS1 and VS2 sands, and export transportation, in time for its year-end 2025 reserve report, which is typically published in February each year.

### **Block 131 Update**

Los Angeles field production averaged 526 bopd in Q2 2025, down approximately 90 bopd compared to the prior quarter. PetroTal performed a cased-hole well logging program at the Los Angeles field in the second quarter, which necessitated the shut-in of targeted wells for brief periods. The Company is currently mobilizing the service rig which recently completed the pump replacements at Bretana to the Los Angeles field, where it will carry out a planned workover program on at least three wells. The workover program, which is scheduled to run into September 2025, is expected to increase field production by a total of approximately 500-1,500 bopd (on a peak monthly average basis).

PetroTal is evaluating options to secure a drilling rig to initiate the Block 131 development program, pending technical review of the workover program.

### **Bretana Erosion Control Project**

PetroTal expensed \$0.7 million of erosion control costs in Q2 2025, down from \$1.8 million in the prior quarter. As disclosed previously, the Ucayali River at the inland port of Pucallpa was unseasonably high throughout the local wet season. The staging yard at Pucallpa, where PetroTal's contractor has been preparing equipment for the erosion control project, was flooded for approximately six weeks in March – April 2025.

River levels have since declined, allowing the construction consortium to resume activity, and a number of project milestones were completed by the end of July. The main piling barge, along with the first batch of fabricated steel components, recently arrived at Bretana and is expected to commence the test piles for the first breakwater within the next two weeks. In-line with previous disclosures, PetroTal estimates the project is approximately one month behind schedule, with a targeted completion date of Q3 2026. There are no material changes to cost estimates for the project at this time.

### **Cash and Liquidity Update**

PetroTal ended Q2 2025 with a total cash position of \$142 million, of which \$99 million was unrestricted. The increase in total cash primarily reflects the first tranche of the previously announced COFIDE loan, which was drawn on May 20, 2025. Of the \$42.8 million that PetroTal carried as Restricted Cash on June 30, approximately \$31.9 million was related to the escrow account of the COFIDE loan. Available cash as of June 30, 2025 amounted to \$99.3 million, compared to \$84.1 million at the same time last year.

As previously announced, PetroTal has entered into hedge agreements for the sale of its crude oil, during periods when Brent oil pricing topped \$80.00/bbl. These hedges consist of costless collars with a Brent floor price of \$65.00/bbl and a ceiling of \$82.50/bbl, with a cap of \$102.50/bbl. As of the end of Q2 2025, the hedges covered approximately 44% of PetroTal's remaining estimated sales volumes through the end of 2025. PetroTal recorded a \$5.6 million gain on these hedges as of June 30.

### **2025 Guidance Update**

Accounting for several factors discussed above, most notably lower than forecast oil prices and delays in the resumption of its development drilling program, PetroTal is updating market guidance for key 2025 financial and

operational metrics. The Company now expects group production to average 20,000-21,000 bopd in 2025, down from the range of 21,000-23,000 bopd that was originally communicated on January 16, 2025.

Annual adjusted EBITDA guidance, which was previously based on the assumption that Brent oil prices would average \$75.00/bbl in 2025, is being reduced to a range of \$170 – 185 million, from \$240 – 250 million previously. Updated adjusted EBITDA guidance is based on H1 2025 actual adjusted EBITDA of \$116 million, plus estimated H2 2025 adjusted EBITDA at Brent oil prices of \$65.00 – 70.00/bbl. PetroTal attributes the majority of the reduction (approximately \$50-55 million) in forecast adjusted EBITDA to lower oil price realizations, with the balance due to lower forecast sales volumes, partially offset by cost savings. Note that adjusted EBITDA guidance is net of approximately \$30 million in expenses associated with the erosion control project (consistent with prior treatment), which are expected to be non-recurring.

PetroTal is also reducing guidance for 2025 capital expenditures to \$80 million, from \$140 million previously. The reduction is primarily due to delays in resuming the development drilling program at Block 131, and to a lesser extent the deferral or cancellation of several non-essential projects due to recent weakness in oil pricing. Original guidance provided in January assumed approximately \$35-40 million of capital spending at Block 131; however, the updated budget largely reflects a maintenance capital program at Blocks 95 and 131. Pending technical interpretation of the results of the workover program, and should a drilling rig arrive at the Los Angeles field before year end 2025, the Company may deploy additional capital at Block 131.

Importantly, PetroTal would like to re-emphasize its commitment to a robust capital returns policy. To the extent that oil prices and its funding obligations allow, the Company will continue to prioritize a stable dividend for its shareholders.

## **Q2 2025 Dividend Declaration**

PetroTal's Board of Directors has declared a quarterly cash dividend of USD\$0.015 per common share, payable according to the following timeframe:

- Record date: 29 August 2025
- Ex-Dividend date: 29 August 2025
- Payment date: 12 September 2025

This dividend is with respect to Q2 2025 results and includes the recurring USD\$0.015 per common share amount but no liquidity sweep this quarter due to anticipated heavier cash requirements over the next two quarters.

The dividend is an eligible dividend for the purposes of the Income Tax Act (Canada) and investors should note that the excess liquidity sweep portion of all future dividends may be subject to fluctuations up or down in accordance with the Company's return of capital policy. Shareholders outside of Canada should contact their respective brokers or registrar agents for the appropriate tax election forms regarding this dividend.

#### **Corporate Presentation Update**

The Company has updated its Corporate Presentation, which is available for download or viewing at [www.petrotalcorp.com](http://www.petrotalcorp.com).

#### **Q2 2025 Webcast Link for August 7, 2025**

PetroTal's management team will host a webcast to discuss Q2 2025 results on August 7, 2025 at 9am CT (Houston) and 3pm BST (London). Please see the link below to register.

[https://brrmedia.news/PTAL\\_Q2\\_25](https://brrmedia.news/PTAL_Q2_25)

#### **ABOUT PETROTAL**

PetroTal is a publicly traded, tri-quoted (TSX: TAL, AIM: PTAL and OTCQX: PTALF) oil and gas development and production Company domiciled in Calgary, Alberta, focused on the development of oil assets in Peru. PetroTal's flagship asset is its 100% working interest in the Bretaña Norte oil field in Peru's Block 95, where oil production was initiated in June 2018. In early 2022, PetroTal became the largest crude oil producer in Peru. The Company's management team has significant experience in developing and exploring for oil in Peru and is led by a Board of Directors that is focused on safely and cost effectively developing the Bretaña oil field. It is actively building new initiatives to champion community sensitive energy production, benefiting all stakeholders.

For further information, please see the Company's website at [www.petrotal-corp.com](http://www.petrotal-corp.com), the Company's filed documents at [www.sedarplus.ca](http://www.sedarplus.ca), or below:

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**READER ADVISORIES**

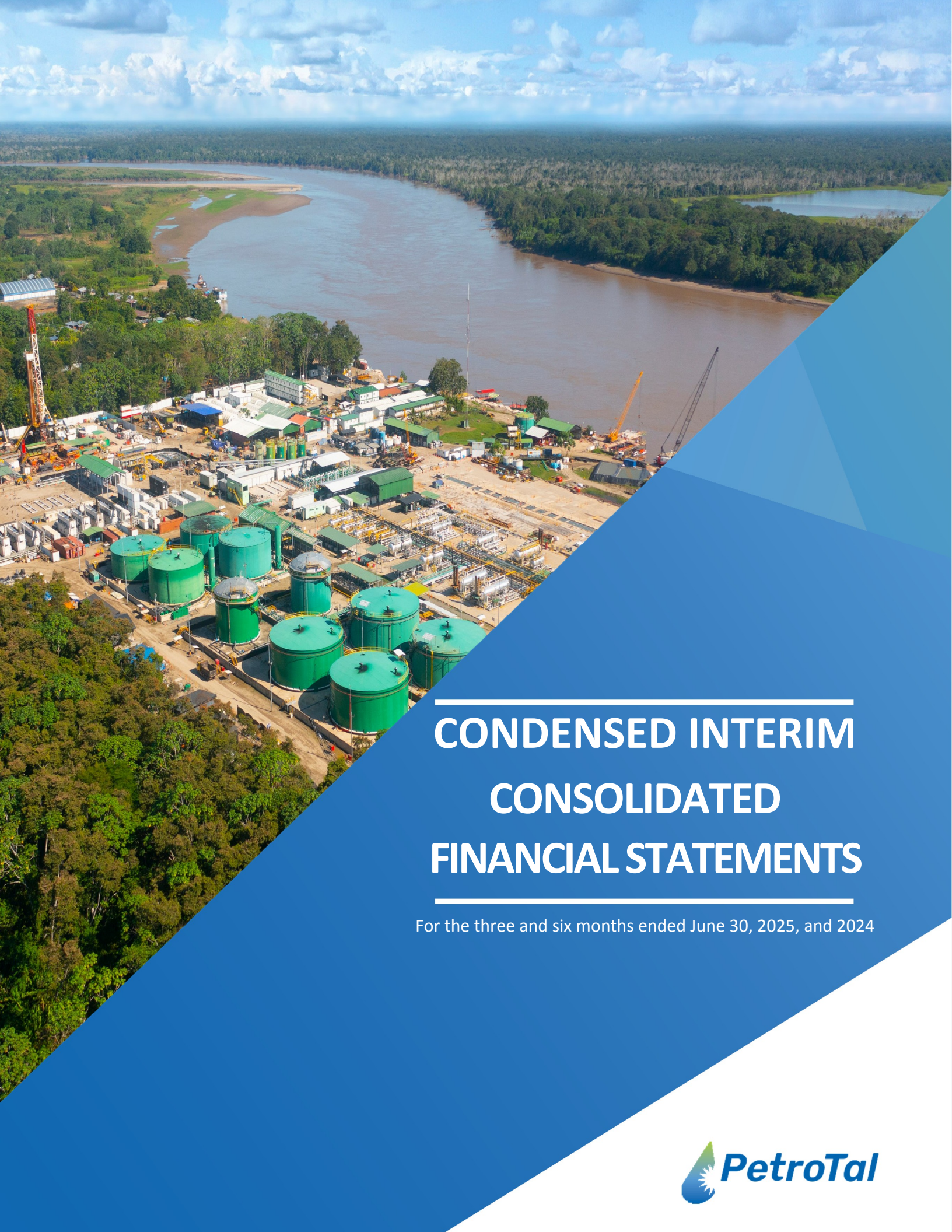
*FORWARD-LOOKING STATEMENTS: This press release contains certain statements that may be deemed to be forward-looking statements. Such statements relate to possible future events, including, but not limited to: oil production levels and production capacity; PetroTal's 2025 development program for drilling, completions and other activities, including Block 131 and CPF-4 at Bretana; plans and expectations with respect to the erosion control project; and PetroTal's expectations with respect to dividends and share buybacks. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective", "intend" and similar expressions. The forward-looking statements provided in this press release are based on management's current belief, based on currently available information, as to the outcome and timing of future events. The forward-looking statements are 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, the ability to obtain and maintain necessary permits and licenses, the ability of government groups to effectively achieve objectives in respect of reducing social conflict and collaborating towards continued investment in the energy sector, reservoir characteristics, recovery factor, exploration upside, prevailing commodity prices and the actual prices received for PetroTal's products, including pursuant to hedging arrangements, the availability and performance of drilling rigs, facilities, pipelines, other oilfield services and skilled labour, royalty regimes and exchange rates, the impact of inflation on costs, 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, future river water levels, the Company's growth strategy, general economic conditions and availability of required equipment and services. PetroTal cautions that forward-looking statements relating to PetroTal are subject to all of the risks, uncertainties and other factors, which may cause the actual results, performance, capital expenditures or achievements of the Company to differ materially from anticipated future results, performance, capital expenditures or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), business performance, legal and legislative developments including changes in tax laws and 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, credit ratings and risks, fluctuations in interest rates and currency values, changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system, wars (including Russia's war in Ukraine and the Israeli-Hamas conflict), regulatory developments, commodity price volatility, price differentials and the actual prices received for products, exchange rate fluctuations, 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, changes in the financial landscape both domestically and abroad (including volatility in the stock market and financial system) and the occurrence of weather-related and other natural catastrophes. Readers are cautioned that the foregoing list*

*of factors is not exhaustive. Please refer to the annual information form for the year ended December 31, 2023 and the management's discussion and analysis for the three months ended March 31, 2024 for additional risk factors relating to PetroTal, which can be accessed either on PetroTal's website at [www.petrotal-corp.com](http://www.petrotal-corp.com) or under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca). The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

*OIL REFERENCES: All references to "oil" or "crude oil" production, revenue or sales in this press release mean "heavy crude oil" as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").*

*SHORT TERM RESULTS: References in this press release to peak rates, initial production rates, current production rates, 30-day production rates and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of PetroTal. The Company cautions that such results should be considered to be preliminary.*

*FOFI DISCLOSURE: This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about PetroTal's prospective results of operations and production results, 2024 drilling program and budget, well investment payback, cash position, liquidity and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was included for the purpose of providing further information about PetroTal's anticipated future business operations. PetroTal and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. PetroTal disclaims any intention or obligation to update or revise any FOFI contained in this press release, 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 press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press release complies with the requirements of Canadian securities legislation, including NI 51-101. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in PetroTal's guidance. The Company's actual results may differ materially from these estimates.*



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# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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For the three and six months ended June 30, 2025, and 2024

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## MANAGEMENT'S REPORT

The accompanying unaudited condensed interim consolidated Financial Statements and all information in the management discussion and analysis and notes to the unaudited condensed interim consolidated Financial Statements are the responsibility of management. The unaudited condensed interim consolidated Financial Statements were prepared by management in accordance with International Accounting Standards ("IAS®") 34—Interim Financial Reporting outlined in the notes to the unaudited condensed interim consolidated Financial Statements. Other financial information appearing throughout the report is presented on a basis consistent with the unaudited condensed interim consolidated Financial Statements.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the presentation of unaudited condensed interim consolidated Financial Statements.

The Audit Committee reviewed the unaudited condensed interim consolidated Financial Statements with management and with the auditors. The Board of Directors has approved the unaudited condensed interim consolidated Financial Statements on the recommendation of the Audit Committee.

Signed "Manuel Pablo Zuniga-Pflucker"  
Manuel Pablo Zuniga-Pflucker  
President and Chief Executive Officer

Signed "Camilo McAllister"  
Camilo McAllister  
Executive VP and Chief Financial Officer

August 6, 2025

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. \$ - unaudited)

	Note	June 30 2025	December 31 2024
<b>ASSETS</b>			
<b>Current</b>			
Cash	4	\$ 99,313	\$ 102,783
Restricted cash	4	33,104	5,745
VAT receivable	5	13,473	23,023
Trade and other receivables	6	57,371	65,832
Inventory	7	12,309	13,570
Prepaid expenses	8	20,959	13,901
Derivative assets	9	5,562	1,307
<b>Total current assets</b>		<b>242,091</b>	<b>226,161</b>
<b>Non-current</b>			
Restricted cash	4	9,685	6,000
Trade receivable	6	19,702	19,279
Exploration and evaluation assets	10	11,021	10,406
Property, plant and equipment, net	11	539,594	537,018
Deferred income tax asset	18	1,750	1,963
Prepaid expenses	8	7,000	7,000
VAT receivable	5	2,767	2,329
Derivative assets	9	—	311
<b>Total non-current assets</b>		<b>591,519</b>	<b>584,306</b>
<b>Total assets</b>		<b>\$ 833,610</b>	<b>\$ 810,467</b>
<b>LIABILITIES and EQUITY</b>			
<b>Current</b>			
Trade and other payables	13	\$ 62,208	\$ 94,955
Income tax payable	18	17,366	19,744
Lease liabilities	15	11,636	10,426
Short-term debt	12	11,176	10,047
<b>Total current liabilities</b>		<b>102,386</b>	<b>135,172</b>
<b>Non-current</b>			
Long-term debt	12	37,136	—
Long-term derivative liabilities	9	15,863	10,534
Lease liabilities	15	45,368	44,215
Decommissioning liabilities	14	36,500	34,383
Deferred income tax liabilities	18	62,384	72,548
Other long-term liabilities		3,041	2,107
<b>Total non-current liabilities</b>		<b>200,292</b>	<b>163,787</b>
<b>Total liabilities</b>		<b>\$ 302,678</b>	<b>\$ 298,959</b>
<b>Equity</b>			
Share capital	16	\$ 138,642	\$ 139,198
Contributed surplus		12,097	11,332
Retained earnings		380,193	360,978
<b>Total equity</b>		<b>\$ 530,932</b>	<b>\$ 511,508</b>
<b>Total liabilities and equity</b>		<b>\$ 833,610</b>	<b>\$ 810,467</b>

See accompanying notes to the condensed interim consolidated financial statements

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS AND OTHER COMPREHENSIVE INCOME

(In thousands of U.S. \$, except per share amounts - unaudited)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2025	2024	2025	2024
<b>REVENUES</b>					
Oil revenues, net of royalties and social fund	17	\$ 70,834	\$ 93,095	\$ 168,545	\$ 184,178
Total revenue		70,834	93,095	168,545	184,178
<b>EXPENSES</b>					
Operating		17,488	10,023	30,715	19,301
Erosion expense		705	—	2,521	—
Direct transportation		2,052	3,047	4,352	5,243
General and administrative		7,775	10,528	17,354	18,597
Finance expense		535	1,018	2,841	1,371
Commodity price derivatives (gain) loss	9	(361)	3,306	1,070	(8,332)
Depletion, depreciation and amortization		22,053	15,311	44,190	30,646
Foreign exchange (gain) loss		(521)	(14)	(938)	250
Total expenses		49,726	43,219	102,105	67,076
<b>Income before income taxes</b>		<b>21,108</b>	<b>49,876</b>	<b>66,440</b>	<b>117,102</b>
Current income tax expense (recovery)	18	9,421	(496)	28,024	10,969
Deferred income tax (recovery) expense	18	(5,826)	14,967	(9,950)	23,105
<b>Net income and comprehensive income</b>		<b>\$ 17,513</b>	<b>\$ 35,405</b>	<b>\$ 48,366</b>	<b>\$ 83,028</b>
Basic		\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.09
Diluted		\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.09
<b>Weighted average common shares outstanding (in thousands):</b>					
Basic		915,435	914,731	915,603	916,065
Diluted		937,579	936,558	935,501	935,062

See accompanying notes to the condensed interim consolidated financial statements

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of U.S. \$ - unaudited)

		Six Months Ended June 30	
	Note	2025	2024
Share capital			
Balance, beginning of year		\$ 139,198	\$ 140,672
Repurchase of shares	16	(556)	(1,064)
Balance, end of period		\$ 138,642	\$ 139,608
Contributed surplus			
Balance, beginning of year		\$ 11,332	\$ 9,853
Share based compensation plan		765	(383)
Balance, end of period		\$ 12,097	\$ 9,470
Retained earnings			
Balance, beginning of year		\$ 360,978	\$ 313,417
Dividends paid	16	(28,061)	(32,949)
Net income and comprehensive income		48,366	83,028
Repurchase of shares		(1,090)	(2,654)
Balance, end of period		\$ 380,193	\$ 360,842
Total Equity		\$ 530,932	\$ 509,920

See accompanying notes to the condensed interim consolidated financial statements

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. \$ - unaudited)

		Six Months Ended June 30	
	Note	2025	2024
<b>Cash flows from operating activities</b>			
Net income		\$ 48,366	\$ 83,028
Adjustments for:			
Depletion, depreciation and amortization		44,190	30,646
Accretion of decommissioning obligations	14	1,054	615
Share based compensation plan		1,699	119
Commodity price unrealized derivatives loss (gain)	9	1,385	(8,299)
Finance expenses		995	1,463
Deferred income tax (gain) expense	18	(9,950)	23,105
Changes in working capital:			
Receivables and taxes		17,573	(37,339)
Prepaid expenses		(1,121)	(12,471)
Inventory		1,480	(1,927)
Trade and other payables		3,671	(15,132)
Commodity price realized derivatives	9	—	4,755
Current income tax payable	18	21,080	18,133
Cash paid for income taxes		(29,396)	—
Net cash provided by operating activities		101,026	86,696
<b>Cash flows from investing activities</b>			
Property, plant and equipment additions	11	(40,267)	(68,957)
Exploration and evaluation asset additions	10	(615)	(262)
Non-cash changes in working capital		(34,904)	7,075
Net cash used in investing activities		(75,786)	(62,144)
<b>Cash flows from financing activities</b>			
Interest and fees paid		(1,514)	—
Repayment of debt principal		(10,879)	—
Funds received from credit facility	12	50,000	—
Payments of dividends to shareholders		(28,061)	(32,949)
Repurchase of shares		(1,646)	(3,719)
Payment of current lease liabilities	15	(5,566)	(3,325)
Net cash provided by (used in) financing activities		2,334	(39,993)
<b>Increase (decrease) in cash</b>		<b>27,574</b>	<b>(15,441)</b>
Cash, beginning of period		102,783	90,568
(Increase) decrease in restricted cash	4	(31,044)	8,989
<b>Cash, end of period</b>		<b>\$ 99,313</b>	<b>\$ 84,116</b>

See accompanying notes to the condensed interim consolidated financial statements

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2025 and 2024.

All amounts are stated in thousands of U.S. \$, unless otherwise indicated.

### 1. CORPORATE INFORMATION

PetroTal Corp. (the “Company” or “PetroTal”) is a publicly-traded energy company incorporated and domiciled in Canada. The Company is engaged in the exploration, appraisal and development of oil and natural gas in Peru, South America. The Company’s registered office is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, Canada.

These unaudited Condensed Interim Consolidated Financial Statements (the “Financial Statements”) have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the Financial Statements were issued.

These Financial Statements were approved for issuance by the Company’s Board of Directors on August 6, 2025, on the recommendation of the Audit Committee.

### 2. BASIS OF PREPARATION

#### STATEMENT OF COMPLIANCE

These Financial Statements were prepared in accordance with International Accounting Standards (“IAS®”) 34-Interim Financial Reporting. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS®” or “IFRS® Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”) for annual financial statements and, accordingly, should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2024, which outline the Company’s material accounting policies in Note 2 thereto, and have been applied consistently in these Financial Statements, except as disclosed in Note 3, as well as the Company’s critical accounting judgements and key sources of estimation uncertainty which are also set out in Note 2 thereto.

#### BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting.

#### PRINCIPLES OF CONSOLIDATION

The Company’s Financial Statements include the accounts of the Company and its subsidiaries. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company’s, using consistent accounting practices.

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions with the Company’s subsidiaries, are eliminated on consolidation.

The entities included in the Company’s Financial Statements are PetroTal Corp. and its 100% owned subsidiaries PetroTal USA Corp., PetroTal LLC, PetroTal Energy International (Peru) Holdings B.V., PetroTal Peru B.V., Petrolifera Petroleum Del Peru S.R.L., PetroTal Peru S.R.L., and Ucawa Energy S.A.C. (formerly CEPSA Peruana S.A.C.). Petrolifera Petroleum Del Peru S.R.L. merged into PetroTal Peru S.R.L. effective May 1, 2025.

### 3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

#### NEW ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE

New accounting standards and interpretations were issued and are mandatory for future accounting periods. With respect to IFRS® 18 (Presentation and Disclosure in Financial Statements) issued by the IASB in April 2024, the Company is currently evaluating the impact on the Company's Financial Statements. Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards with earlier application permitted.

### 4. CASH AND RESTRICTED CASH

	June 30 2025	December 31 2024
Balances held in:		
U.S. dollars	\$ 138,257	\$ 109,586
Peruvian soles	948	925
English pounds	1,384	1,248
Canadian dollars	1,513	2,769
<b>Total</b>	<b>\$ 142,102</b>	<b>\$ 114,528</b>
Represented as:		
Cash	\$ 99,313	\$ 102,783
Restricted cash current	33,104	5,745
Restricted cash non-current	9,685	6,000

Current restricted cash of \$33.1 million is primarily related to funds designated for the erosion control project, social fund, and letters of credit bank guarantees for Block 107 exploration wells. The \$9.7 million of non-current restricted cash is related to the permitted hedging programs (see Note 9) and funds designated for the erosion control project.

## 5. VAT RECEIVABLE

	June 30 2025	December 31 2024
VAT receivable current	\$ 13,473	\$ 23,023
VAT receivable non-current	2,767	2,329
<b>Total VAT receivables</b>	<b>\$ 16,240</b>	<b>\$ 25,352</b>

Value Added Tax ("VAT") in Peru is levied on the purchase of goods and services and is recoverable on sales of goods and services. The Company paid \$17.1 million in VAT and recovered \$26.2 million of VAT during the six months ended June 30, 2025 and expects to recover \$13.5 million of VAT within the next twelve months.

## 6. TRADE AND OTHER RECEIVABLES SHORT AND LONG TERM

	June 30 2025	December 31 2024
Trade receivables	\$ 76,918	\$ 84,754
Other receivables	155	357
<b>Total trade and other receivables</b>	<b>\$ 77,073</b>	<b>\$ 85,111</b>
Represented as:		
Current receivables	\$ 57,371	\$ 65,832
Non-current receivables	19,702	19,279

At June 30, 2025, trade receivables represent revenue related to the sale of oil. The trade balance is mostly comprised of \$31.1 million due from Petroperu (\$11.4 million is short term and \$19.7 million is long term), and \$45.8 million from export sales through Brazil. No credit losses on the Company's trade receivables have been incurred, and all short-term receivables are current.

## 7. INVENTORY

	June 30 2025	December 31 2024
Oil inventory	\$ 1,533	\$ 2,676
Materials, parts and supplies	10,776	10,894
<b>Total inventory</b>	<b>\$ 12,309</b>	<b>\$ 13,570</b>

Oil inventory consists of the Company's oil barrels, which are valued at the lower of cost or net realizable value. Costs include operating expenses, royalties, transportation, and depletion associated with production. Costs capitalized as inventory will be expensed when the inventory is sold. At June 30, 2025, the oil inventory balance of \$1.5 million consists of 59,957 barrels of oil valued at \$25.56/bbl. (December 31, 2024: \$2.7 million, based on 85,863 barrels at \$31.16/bbl.). Materials, parts and supplies are expected to be consumed in the short term.

## 8. PREPAID EXPENSES

	June 30 2025	December 31 2024
Erosion control project advances	\$ 10,014	\$ 3,296
Advances to contractors	8,714	7,450
Prepaid expenses and others	9,231	10,155
<b>Total advances and prepaid expenses</b>	<b>\$ 27,959</b>	<b>\$ 20,901</b>
Represented as:		
Current prepaid expenses	\$ 20,959	\$ 13,901
Non-current prepaid expenses	7,000	7,000

At June 30, 2025, the erosion control project advances primarily related to a down payment for steel beam materials. Advances to contractors included \$7.0 million related to power plant projects in the long term. Prepaid expenses and others comprised \$7.3 million in Peruvian income tax prepaid and \$1.9 million in insurance, prepaid services for consultants, and other related services.

## 9. RISK MANAGEMENT

	June 30, 2025		December 31, 2024	
	Carrying	Fair Value	Carrying	Fair Value
Cash and restricted cash	\$ 142,102	\$ 142,102	\$ 114,528	\$ 114,528
Trade and other receivables	57,371	57,371	65,832	65,832
Short-term derivative assets	5,562	5,562	1,307	1,307
Trade receivable long-term	19,702	19,702	19,279	19,279
Long-term derivative assets	—	—	311	311
Short and long-term debt	48,312	48,312	10,047	10,047
Trade and other payables	62,208	62,208	94,955	94,955
Long-term derivative liabilities	15,863	15,863	10,534	10,534

The table above details the Company's carrying value and fair value of financial instruments including cash and restricted cash, trade and other receivables, derivatives, debt, and trade and other payables, all of which are classified as financial assets and liabilities and reported at amortized cost or fair value. The Company is exposed to various financial risks arising from normal-course business exposure.

### COMMODITY PRICE DERIVATIVES

The derivative asset is classified as a Level 2 fair value measurement. The Petroperu Saramuro agreement, signed with Petroperu during 2021, includes a clause for the purchase price adjustment. The initial sales price is based on the arithmetic average of the ICE Brent Crude 8 month forward price. The realized price is based on the tender price of the oil that is sold at the Bayovar terminal. The purchase price adjustment is the realized price less the initial sales price. If the purchase price adjustment is negative, the Company will compensate Petroperu for the amount, multiplied by the volume sold or arranged by Petroperu. If the purchase price adjustment is positive, the Company will be compensated by Petroperu.

The fair value of the embedded derivative, considering an average future Brent price marker differential, was recorded as a gain (loss) on commodity price derivatives at June 30, 2025.

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
<b>Net derivative (liability) asset at beginning of period</b>	\$ (10,347)	\$ 19,050	\$ (8,916)	\$ 7,412
Cash settlements	(315)	(4,788)	(315)	(4,788)
Realized gain	315	33	315	33
Unrealized gain (loss)	46	(3,339)	(1,386)	8,299
<b>Net derivative asset (liability) at end of period</b>	\$ (10,301)	\$ 10,956	\$ (10,301)	\$ 10,956
Represented as:				
Short-term derivative assets		\$ 5,562	\$ 6,963	
Long-term derivative assets		—	7,967	
Short-term derivative liabilities		—	—	
Long-term derivative liabilities		(15,863)	(3,974)	

Sales delivery / Executed month	Expected settlement month	Volume (bbls. in thousands)	Price range \$/bbl.	Hedged range \$/bbl.	Net Derivative Asset (Liability)
<b>Peru Embedded Derivatives <sup>(1)</sup></b>					
Apr-21 to Feb-22	Sep-26 to Nov-28	1,882	\$62.49 to \$85.26	\$65.02 to \$66.41	\$ (15,863)
<b>Corporate Derivatives Hedging <sup>(2)</sup></b>					
Aug-24 and Jan-25	Jul-25 to Jan-26	1,692	—	\$65.00 to \$104.50	5,562
<b>Net Derivative (Liability)</b>					<b>\$ (10,301)</b>

1) Embedded derivative related to original Petroperu sales agreement.

At June 30, 2025, and December 31, 2024, 1.9 million barrels remain in the pipeline or storage tanks, awaiting final sale by Petroperu. During the quarter, a decrease in future oil prices to the Peru embedded derivative resulted in an increase to the net derivative liability. A 1% change to the Peru embedded derivative hedged range price would result in a \$1.1 million change to the net derivative liability. The derivative gains/losses are only materialized when oil is effectively sold to third parties at Bayovar.

2) Corporate hedge program covers a portion of 2025 and 2026 production.

At June 30, 2025, there was a remainder of 1.7 million in hedged barrels of Brent oil that resulted in a net derivative asset of \$5.6 million. No new corporate hedges were executed during the quarter.

## FOREIGN EXCHANGE RATE RISK

The Company's functional currency is the United States dollar. Foreign exchange gains or losses can occur on translation of working capital denominated in currencies other than the functional currency of the jurisdiction which holds the working capital item. Excluding the impact of changes in the cross-rates, a 1% fluctuation in translation rates would have nil impact on net income or loss, based on foreign currency balances held at June 30, 2025.

## LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's liquidity risk is impacted by current and future commodity prices. If required, the Company will also consider additional short-term financing or issuing equity in order to meet its future liabilities. Declines in future commodity prices could affect the Company's ability to fund ongoing operations. The current economic environment may have significant adverse impacts on the Company including, but not exclusively:

- material declines in revenue and cash flows as a result of the decline in commodity prices;
- declines in revenue and operating activities due to reduced capital programs and constrained oil production;
- inability to access financing sources;
- increased risk of non-performance by the Company's customers and suppliers;
- interruptions in operations as the Company adjusts personnel to the dynamic environment; and,
- delivery and transportation of oil at Bayovar port and sale swap price risk.

Estimates and judgements made by management in the preparation of the Financial Statements are subject to a certain degree of measurement uncertainty during this volatile period.

## CREDIT RISK

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss to the Company. The Company's VAT receivable is primarily for sales tax credits on exploration and drilling expenses incurred during the year and in prior years. These credits will be applied to future oil development activities or recovered as per the sales tax recovery legislation currently in effect. The Company's trade receivable balance relates mostly to oil sales and purchase price adjustments to two customers, being Petroperu, a state-owned company, and Novum Energy Trading Corp, an oil trading company. The Company has a long-term sales agreement for oil exports through Brazil, whereby sales are FOB Bretana. Sales through the ONP pipeline are due and payable 240 days after the final delivery of the oil to the Bayovar terminal. In the second quarter of 2025, PetroTal sold its oil through two primary routes: 90% via the Brazil export route, and 10% to the local Iquitos refinery. Sales via the ONP were inactive during the period, and sales to the local Iquitos refinery were suspended indefinitely since June 2025. The Company has not experienced any material credit losses in the collection of its trade receivables. The Company periodically assesses the recoverability of all trade receivables through discussions with its customers, review of credit rating agency reports, or review of other third-party information.

Impairment to a financial asset is only recorded when there is objective evidence of impairment and the loss event has an impact on future cash flow and can be reliably estimated. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. Management believes that there is no significant risk on the recoverability of the Company's receivables. Therefore, no impairment to the carrying value of these assets has been estimated. The Company has deposited its cash and restricted cash with reputable financial institutions, with which management believes the risk of loss to be remote. The maximum credit exposure associated with financial assets is their carrying value. At June 30, 2025, cash and restricted cash were held with eight different institutions from three countries, mitigating the credit risk of a collapse of one particular bank.

## 10. EXPLORATION AND EVALUATION ASSETS

	Exploration and Evaluation Assets
<b>Balance at January 1, 2024</b>	\$ 8,973
Additions	1,433
<b>Balance at December 31, 2024</b>	\$ 10,406
Additions	615
<b>Balance at June 30, 2025</b>	\$ 11,021

The Company determined there were no impairment indicators of the exploration and evaluation assets balance at June 30, 2025, and December 31, 2024.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Petroleum Interests	Right of Use Assets	Other Assets	Total
<b>Balance at January 1, 2024</b>	\$ 364,226	\$ 32,868	\$ 2,470	\$ 399,564
Additions	157,620	28,125	3,773	189,518
Revisions to decommissioning obligations	181	—	—	181
Asset acquisition	9,078	—	—	9,078
Revisions to right of use asset	—	1,045	—	1,045
Depletion, depreciation and amortization	(59,124)	(2,470)	(774)	(62,368)
<b>Balance at December 31, 2024</b>	\$ 471,981	\$ 59,568	\$ 5,469	\$ 537,018
Additions	40,267	5,655	—	45,922
Revisions to decommissioning obligations	1,063	—	—	1,063
Depletion, depreciation and amortization	(40,923)	(2,969)	(517)	(44,409)
<b>Balance at June 30, 2025</b>	\$ 472,388	\$ 62,254	\$ 4,952	\$ 539,594

Depreciation, depletion, and amortization expenses included in inventory were \$0.6 million and \$0.4 million as of June 30, 2025, and December 31, 2024, respectively. The Company determined there were no impairment indicators of the property, plant, and equipment balance at June 30, 2025, and December 31, 2024.

The Company made certain reclassifications to prior year balances presented in the table above to more accurately reflect the nature and composition of the asset categories.

## 12. SHORT AND LONG-TERM DEBT

On May 9, 2025, the Company entered into a syndicated loan agreement with Corporación Financiera de Desarrollo S.A. (COFIDE), a state-owned development bank in Peru, and Banco Interamericano de Finanzas (BanBif) for a total amount of \$65 million. The four-year amortizing term loan matures in April 2029 and carries a fixed interest rate of 8.65%. The stated interest rate approximates the market rate and the outstanding principal balance approximates the fair market value. The loan agreement includes financial covenants related to maintaining (i) a 1.2x current assets to current liabilities minimum liquidity ratio, (ii) a 2.0x liabilities to equity maximum debt ratio, and (iii) a 1.2x minimum debt service coverage ratio. As of the reporting date, the Company was in full compliance with all applicable covenant requirements. The proceeds are designated for the Company's erosion control project.

Transaction costs of \$0.9 million incurred in connection with the loan were netted against the loan liability upon initial recognition and are being amortized over the term of the loan using the effective interest method.

The Company has \$95 million in undrawn credit capacity under various facilities. All lines of credit are revolving with one-year terms and renewal options. No debt covenants were set forth by the lenders in the loan agreements. The lines of credit will be used to fund short-term working capital needs.

At June 30, 2025, the Company had short-term debt of \$11.2 million and long-term debt of \$37.1 million related to the erosion control project.

Bank	Agreement Date	Amount Withdrawn	Line/Loan Amount	Interest Rate	Payment Term	Collateral
COFIDE/BanBif	May-25	\$ 48,312	\$ 65,000	8.65 %	4 years	—
BCP	Mar-23	—	20,000	—	120 days	—
Banco Pichincha	Sep-24	—	20,000	—	120 days	Insurance endorsement
JP Morgan Bank	May-24	—	20,000	—	120 days	—
GNB	Aug-24	—	10,000	—	180 days	—
Scotia Bank	Apr-24	—	5,000	—	360 days	—
Interbank	Jan-25	—	4,000	—	120 days	—
<b>Total at June 30, 2025</b>		\$ 48,312	\$ 144,000			

The following is a summary of scheduled debt maturities by year as of June 30, 2025:

Year	
2025	\$ 6,294
2026	11,106
2027	12,085
2028	13,147
2029	5,680
Thereafter	—
<b>Total</b>	<b>\$ 48,312</b>

### 13. TRADE AND OTHER PAYABLES

	June 30 2025	December 31 2024
Trade payables	\$ 24,340	\$ 39,201
Accrued payables and other obligations	37,868	55,754
<b>Total trade and other payables</b>	<b>\$ 62,208</b>	<b>\$ 94,955</b>

At June 30, 2025 and December 31, 2024, trade payables and other payables are primarily related to the drilling and completion of wells and construction of production processing facilities. The decrease in trade payables and accruals is related to lower drilling activity during the quarter. The other obligations are mainly related to the 2.5% social fund for the benefit of local communities, which totaled \$5.7 million and \$5.0 million at June 30, 2025, and December 31, 2024, respectively.

### 14. DECOMMISSIONING LIABILITIES

The undiscounted uninflated value of estimated decommissioning liabilities was \$64.4 million at June 30, 2025 and December 31, 2024. The present value of the liabilities was calculated using average risk-free rates between 5.8% to 6.1% and 4.8% to 6.3% at June 30, 2025 and December 31, 2024, respectively, to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rate used in determining the cash flow estimate was 2.1%. The revisions to the decommissioning liabilities include changes to cost estimates, the risk-free rates, and adjustments for inflation.

	Decommissioning Liabilities
<b>Balance at January 1, 2024</b>	<b>\$ 22,147</b>
Additions	3,205
Asset acquisition	13,590
Revisions to decommissioning liabilities	(5,851)
Accretion	1,292
<b>Balance at December 31, 2024</b>	<b>\$ 34,383</b>
Revisions to decommissioning liabilities	1,063
Accretion	1,054
<b>Balance at June 30, 2025</b>	<b>\$ 36,500</b>

### 15. CURRENT AND NON-CURRENT LEASE LIABILITIES

The lease liabilities include lease liabilities related to drilling, power generation equipment, and office premises in Houston, Texas, and Lima, Peru, with lease terms that range from 3 to 8 years.

Lease liabilities are measured at the present value of future lease payments, discounted using the applicable incremental borrowing rate at lease commencement. The Company's incremental borrowing rates range from 8.5% to 9.5%.

During the first quarter of 2025 the Company signed a new power plant equipment lease with the option to buy, which resulted in a \$4.7 million present value increase to the right of use assets and liabilities on the balance sheet. The incremental borrowing rate used to measure the lease liability was 8.65%. The lease term ends February 2030.

<b>Lease liabilities at January 1, 2024</b>	\$	28,870
Additions		28,125
Acquisition		15
Revisions		1,045
Payments		(5,819)
Interest on leases		2,405
<b>Lease liabilities at December 31, 2024</b>	\$	54,641
Additions		5,655
Payments		(5,566)
Interest on leases		2,274
<b>Lease liabilities at June 30, 2025</b>	\$	57,004
Represented as:		
Current liability	\$	11,636
Non-current liability		45,368

The following is a summary of minimum undiscounted annual lease payments by year as of June 30, 2025:

Year	
2025	\$ 7,244
2026	14,493
2027	14,003
2028	10,792
2029	8,019
Thereafter	14,411
<b>Total</b>	<b>\$ 68,962</b>

## 16. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without nominal or par value. The holders of common shares are entitled to one vote per share and are entitled to receive dividends as recommended by the Board of Directors.

	Thousands of Common Shares	Share Capital
<b>Balance at January 1, 2024</b>	912,314	\$ 140,672
Vesting of performance share units	8,283	—
Repurchase of shares	(8,814)	(1,474)
<b>Balance at December 31, 2024</b>	911,783	\$ 139,198
Vesting of performance share units	5,311	—
Repurchase of shares	(3,286)	(556)
<b>Balance at June 30, 2025</b>	913,808	\$ 138,642

## DIVIDENDS

During the three and six months ended June 30, 2025, the Company paid dividends to shareholders in the amount of \$14.2 million and \$28.1 million, respectively. The Company paid dividends per share in the amount of \$0.015 during the second quarter. The Company's sustainable dividend policy is to pay dividends based on current liquidity exceeding \$60 million.

## NORMAL COURSE ISSUER BID

On June 3, 2025, the Company renewed the NCIB, which would end no later than June 2, 2026. The renewal allows the purchase of up to 45.8 million common shares (representing approximately 5% of its outstanding common shares at May 26, 2025) and is capped by a daily purchase limit of 0.2 million shares with one block purchase per calendar week that exceeds this allowance. Common shares purchased under the NCIB are cancelled or for settlement of employee share-based awards.

During the three and six months ended June 30, 2025, the company purchased 2,121,758 and 3,275,924 common shares under the NCIB for total consideration of \$1.1 million and \$1.6 million. The surplus between the total consideration and the carrying value of the shares repurchased was recorded against retained earnings.

## SHARE BASED COMPENSATION

The Company has granted performance share units ("PSUs") to employees and deferred share units ("DSUs") to directors. The grant date fair value of PSUs is recognized as share-based compensation expense with a corresponding increase in contributed surplus over the vesting period. The Company granted PSUs in accordance with the provisions of the Company's PSU plan. The PSUs either vest after three years or equally over three years, and each PSU will entitle the holder to acquire between zero and two common shares of the Company, subject to the achievement of performance conditions relating to the Company's total shareholder return, net asset value, and certain production, environmental, safety, and operational milestones. The fair value of the PSUs is determined through a combination of Black-Scholes and probability weighted models. The following table details the terms of the PSUs outstanding at June 30, 2025:

	2025 Plan Share Units	2024 Plan Share Units
Vest date 3 years from grant date, exchangeable for up to 2 shares	4,531,589	2,848,316
Vests equally over 3 years from grant date, exchangeable for up to 2 shares	1,277,347	320,712
Vests equally over 3 years from grant date, exchangeable for up to 1-1.5 shares	3,240,535	1,339,474
<b>Total units</b>	<b>9,049,471</b>	<b>4,508,502</b>

The following assumptions were used for the Black-Scholes valuation of the PSUs granted:

	2025 Plan	2024 Plan
Risk-free interest rate	4.3%	4.5%
Expected Life	1-3 years	1-3 years
Annualized volatility	50%	50%

The Company recognized \$2.3 million and \$1.4 million of share-based compensation expense in general and administrative expense, capital expenditures, and operating expense during the six months ended June 30, 2025 and 2024, respectively.

The Company issued DSUs to directors of the Company, pursuant to the Company's DSU plan, and has 6,115,679 DSUs outstanding at June 30, 2025. The DSUs are fully vested and are redeemable upon a holder ceasing to be a director of the Company. No common shares will be issued under the DSU plan, as they are settled in cash at the prevailing market price and valued at the closing share price on the reporting date. The Company recognized \$0.7

million and \$0.2 million of DSU expense in administrative expense and contributed surplus during the six months ended June 30, 2025, and 2024, respectively. The following table details the PSU and DSU activity:

	Performance Share Units	Deferred Share Units
<b>Balance at January 1, 2024</b>	20,801,920	3,792,494
Additions	8,930,275	2,044,369
Issued	(9,910,871)	—
Forfeited	(1,542,321)	—
Exercised/settled	—	(765,428)
<b>Balance at December 31, 2024</b>	18,279,003	5,071,435
Additions	11,959,629	1,044,244
Issued	(6,429,971)	—
Forfeited	(3,143,826)	—
<b>Balance at June 30, 2025</b>	20,664,835	6,115,679

## 17. REVENUE NET OF ROYALTIES AND SOCIAL FUND

The Company's oil revenue is determined pursuant to the terms of various sales agreements. The transaction price for crude is based on the commodity price in the production month, adjusted for quality, allowable deductions, and other factors. Commodity prices are based on market indices.

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Oil revenue	\$ 80,110	\$ 103,086	\$ 190,061	\$ 203,669
Royalty	(7,078)	(7,484)	(16,578)	(14,999)
Social fund	(2,198)	(2,507)	(4,937)	(4,492)
<b>Oil Revenue Net of Royalties and Social</b>	<b>\$ 70,834</b>	<b>\$ 93,095</b>	<b>\$ 168,546</b>	<b>\$ 184,178</b>

The Company sold 1,872,602 and 1,642,578 barrels with a net realized sales price of \$42.78/bbl and \$62.76/bbl, net of price discounts, during the second quarter of 2025 and 2024, respectively.

## 18. TAXES

The Company's effective tax rate is impacted by the relative pre-tax income earned by the Company's operations in Canada, U.S., and Peru. The Company is subject to statutory tax rates of 23% in Canada, 21% in the U.S., and 32% in Peru (activities of the Company in Peru are subject to a 30% statutory tax rate plus 2% in accordance with Law 27343). The Company files federal income tax returns and local income tax returns in the various jurisdictions.

The tax at the effective rate differed from the tax at the statutory rate as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Earnings before income taxes	21,108	49,876	\$ 66,440	\$ 117,102
Canadian corporate tax rate	23 %	23 %	23%	23%
Expected income tax expense	4,855	11,471	\$ 15,281	\$ 26,933
Increase (decrease) in taxes resulting from:				
Non-deductible expenses and other	263	(321)	989	(1,075)
Tax differential on foreign jurisdictions	(939)	3,321	2,388	8,216
<b>Provision for income taxes</b>	<b>\$ 4,178</b>	<b>\$ 14,471</b>	<b>\$ 18,658</b>	<b>\$ 34,074</b>

The Company recognized the net tax amount related to Net Operating Losses (“NOLs”) and deferred tax liabilities in Canada, Peru, and the U.S. As of June 30, 2025, the Company consumed all losses in Canada (December 31, 2024: \$0 million) and all losses in Peru related to Bretana (December 31, 2024: \$0 million). The U.S. has \$4 million tax losses remaining (December 31, 2024: \$4 million). The U.S. non-capital losses can be carried forward indefinitely.

Ucawa has \$89 million in tax losses at the end of June 30, 2025 (December 31, 2024: \$82 million), but no related deferred tax asset has been recognized. These losses are being carried forward and are available to offset against future tax gains.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as of June 30, 2025, is approximately \$29 million (December 31, 2024: \$22 million).

## 19. COMMITMENTS AND CONTINGENCIES

At June 30, 2025, the Company holds the following letters of credit guaranteeing its commitments in exploration Block 107:

Block	Beneficiary	Amount	Commitment	Expiration
107	Perupetro S.A.	\$ 1,500	1st exploration well, minimum work 5th exploratory period	Feb-27
107	Perupetro S.A.	1,500	2nd exploration well, minimum work 5th exploratory period	Feb-27
		\$ 3,000		


PetroTal also signed two Technical Evaluation Agreements with Perupetro in December 2024. The Technical Evaluation Agreements for Blocks 97 and 98 are located in the vicinity and on trend with PetroTal’s Block 131, as well as the Aguaytia and Agua Caliente fields in Peru’s Ucayali Basin. Contractual commitments will be executed in two 12-month phases, and mainly include geological and geophysical studies such as seismic imaging, geochemical modeling, and hydrocarbon potential evaluation reports.

The Company progressed its preventive riverbank erosion control program aimed to protect the Bretana field and the nearby community. The estimated total project cost has a range of \$65 million to \$75 million, which will be allocated approximately 65% to operating expense and 35% to capital expenditures during the next years. This program represents a significant operational and environmental commitment, and indicates a proactive approach to environmental stewardship for a permanent solution to the riverbank erosion.

As part of Ucawa Energy S.A.C. asset acquisition, a tax administrative and a judicial legal case were considered as possible, with a total legal contingency of approximately \$2.8 million. According to clause 12.5 in the Purchase Agreement, the seller (CEPSA S.A.) is obligated to indemnify PetroTal of any legal action and/or fines if applicable.

## 20. SUBSEQUENT EVENTS

On August 6, 2025, the Board approved a cash dividend of \$0.015 per common share to be paid September 12, 2025.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2025 and 2024

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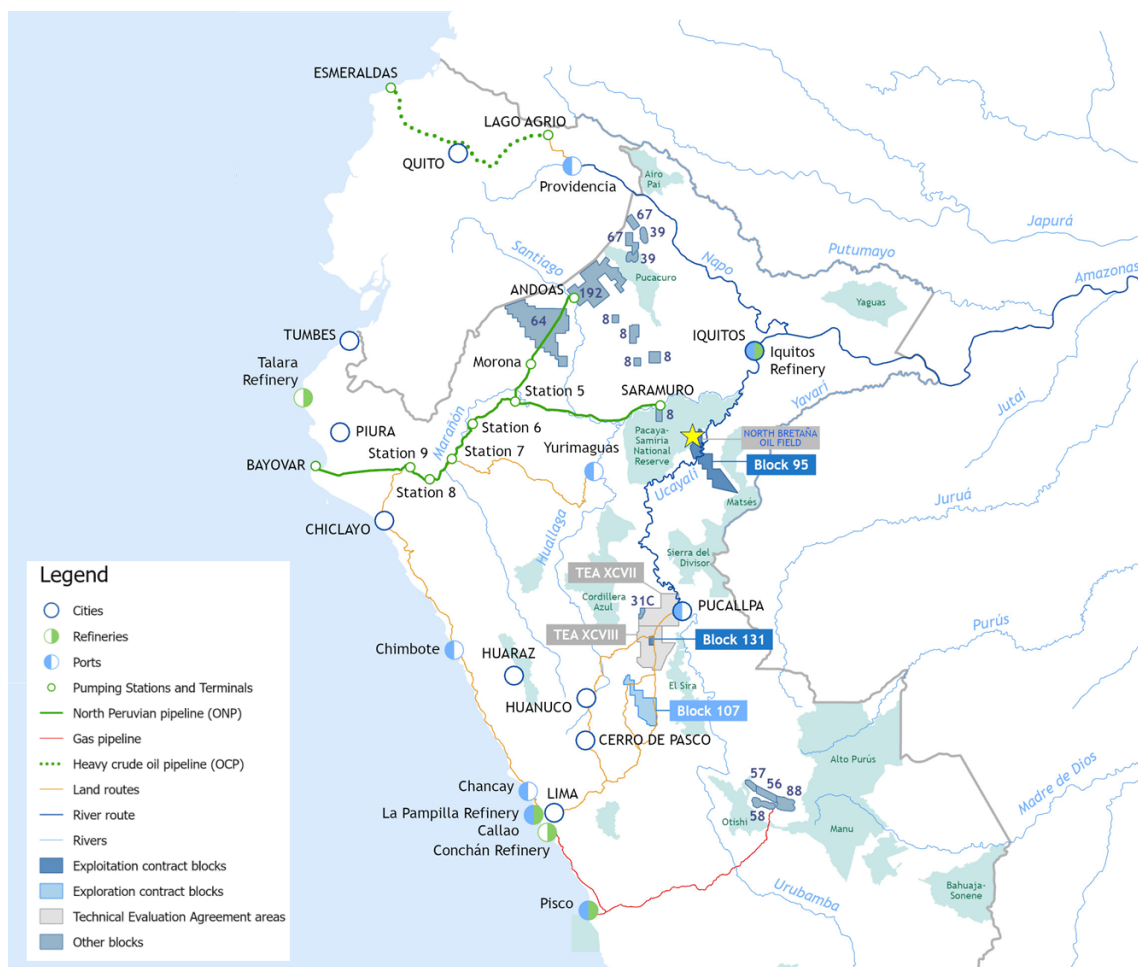
## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of PetroTal Corp. ("PetroTal" or the "Company") for the three months ended June 30, 2025 and 2024, is dated August 6, 2025, and should be read in conjunction with the Company's unaudited condensed consolidated Financial Statements ("Financial Statements") for the three months ended June 30, 2025 and 2024. The Financial Statements were prepared by management in accordance with International Accounting Standards ("IAS®") 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB®"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

Financial figures throughout this MD&A are stated in thousands of United States dollars (" \$" or "USD") unless otherwise indicated. This MD&A contains forward-looking statements that should be read in conjunction with the Company's disclosure under "Forward-looking statements and business risks".

## 1. CORPORATE OVERVIEW

PetroTal Corp. is a publicly-traded (TSX: TAL, AIM: PTAL, and OTCQX: PTALF) international oil and gas Company incorporated and domiciled in Canada, with management based in Houston, Texas, and Lima, Peru. Through its subsidiaries in Peru, the Company is currently engaged in the ongoing development of hydrocarbons at Block 95 and Block 131. PetroTal also has exploration prospects and leads in Block 107.



The Bretana oil field is located within Block 95 in the Marañon Basin of northern Peru. To date, this basin has produced more than one billion barrels ("bbls.") of oil. Approximately 70% of the oil in the Marañon Basin has been produced from the Vivian formation, which is known as a high-quality oil reservoir characterized by high permeability and strong aquifer support. The Bretana field, which produces from the Vivian formation, is currently the largest producing oil field in Peru. PetroTal holds a 100% working interest in Block 95 and the Bretana field; as of year-end 2024, Bretana's Proved plus Probable ("2P") oil reserves were independently assessed at 107.9 million bbls.

In November 2024, PetroTal closed the acquisition of a 100% working interest in Peru's Block 131, which contains the producing Los Angeles field. Block 131 is located in the Ucayali Basin of central Peru, where the most notable hydrocarbon discovery is the Camisea gas field. The Camisea project, which came onstream in 2004, mainly produces natural gas feedstock for the Peru LNG export facility. However, the Ucayali Basin also contains a number of small, light oil fields which have been producing since the mid-1900s. The Los Angeles field, which was discovered in 2013, produced an average of approximately 600 barrels of oil per day ("bopd.")

of light oil during the first half of 2025. As of year-end 2024, the field's Proved plus Probable oil reserves were independently assessed at 5.8 million bbls. In December 2024, PetroTal signed two Technical Evaluation Agreements surrounding Block 131, where a number of light oil exploration leads and prospects have already been identified by previous operators. The Company is currently conducting geological and geophysical evaluation of the acreage, with a view to advancing exploration activities in the coming years.

## 2. OVERVIEW AND SELECTED INFORMATION

The following table summarizes key financial and operating highlights associated with the Company's performance for the periods ended June 30, 2025, and 2024.

### RESULTS AT A GLANCE

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
<b>Financial</b>				
Oil revenue	\$ 80,110	\$ 103,086	\$ 190,061	\$ 203,669
Royalties <sup>(1)</sup>	\$ (9,276)	\$ (9,991)	\$ (21,515)	\$ (19,491)
Net operating income <sup>(2)</sup>	\$ 51,294	\$ 80,025	\$ 133,479	\$ 159,634
Erosion expense	\$ 705	\$ —	\$ 2,521	\$ —
Commodity price derivatives (gain) loss	\$ (361)	\$ 3,306	\$ 1,070	\$ (8,332)
Net income	\$ 17,513	\$ 35,405	\$ 48,367	\$ 83,028
Basic earnings per share (\$/share)	\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.09
Capital expenditures	\$ 17,064	\$ 38,867	\$ 40,882	\$ 69,219
<b>Operating</b>				
Average production (bopd.)	21,039	18,290	22,153	18,404
Average sales (bopd.)	20,578	18,050	21,924	18,198
Average Brent price (\$/bbl.)	\$ 65.55	\$ 83.87	\$ 69.75	\$ 82.46
Contracted sales price (\$/bbl.)	\$ 65.53	\$ 83.92	\$ 69.94	\$ 82.35
Operating netback (\$/bbl.) <sup>(2)</sup>	\$ 27.40	\$ 48.72	\$ 33.64	\$ 48.19
Free funds flow <sup>(3)</sup>	\$ 27,246	\$ 36,334	\$ 75,288	\$ 78,030
<b>Balance Sheet</b>				
Cash and restricted cash	\$ 142,102	\$ 95,859	\$ 142,102	\$ 95,859
Working capital	\$ 139,705	\$ 144,133	\$ 139,705	\$ 144,133
Total assets	\$ 833,610	\$ 720,700	\$ 833,610	\$ 720,700
Current liabilities	\$ 102,386	\$ 93,283	\$ 102,386	\$ 93,283
Equity	\$ 530,932	\$ 509,921	\$ 530,932	\$ 509,921

(1) Royalties include 2.5% community social trust initiative.

(2) Net operating income ("NOI") and Netback represent revenues less royalties, operating expenses (excludes erosion expense) and direct transportation.

(3) Free funds flow does not have standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. See "Non-GAAP Measures" section.

### 3. Q2 2025 HIGHLIGHTS

The Company reached several key operational and financial achievements as described below:

#### Q2 2025 Operational Highlights

- Oil production was 1.9 million bbls, an average of 21,039 bopd, a decrease of 10% from 23,281 bopd in Q1 2025, and a 15% increase from 18,290 bopd in Q2 2024. At June 30, 2025, the Company had 24 producing oil wells and 4 water disposal wells;
- Oil sales allocations were 90% as exports through Brazil and 10% to the Iquitos refinery; however, sales to the Iquitos refinery were suspended indefinitely during June 2025;
- Electric submersible pumps were replaced in two wells at the Bretana field, restoring approximately 2,200 bopd of production that had been lost to previously disclosed pump failures in Q4 2024 and Q1 2025;
- The 2025 development program at the Los Angeles field commenced, beginning with cased hole well logging; and,
- The erosion control project progressed throughout Q2 2025. Containers for the jackup rig arrived in Pucallpa, and piles for the first breakwater were fabricated ahead of river transport.

#### Q2 2025 Financial Highlights

- Revenue was generated totaling \$80.1 million (1.9 million bbls sold, 20,578 bopd, \$42.78/bbl.) compared to \$110.0 million (2.1 million bbls sold, 23,286 bopd, \$52.46/bbl) in Q1 2025;
- Royalties were paid to the Peruvian government totaling \$7.1 million (\$3.78/bbl, 8.8% of revenues) compared to \$9.6 million (\$4.56/bbl, 8.7% of revenues) in Q1 2025. Contributions were made to the 2.5% community social trust fund totaling \$2.2 million in Q2 2025, as compared to \$2.7 million in Q1 2025;
- Capital expenditures ("Capex") were incurred totaling \$17.1 million in Q2 2025, primarily associated with the drilling program, the expansion of fluid-handling facilities capacity in the Bretana field, and field infrastructure;
- Capital expenditures ("Capex") were incurred totaling \$40.1 million during the first half of 2025 which represents underspending of approximately \$35-\$40 million compared to the budget for the same time period. Variance driven by delays in mobilizing equipment for the Block 131 drilling program combined with deferral or cancellation of non-essential projects due to weak commodity prices;
- EBITDA and free funds flow were generated during Q2 2025 totaling \$42.8 million (\$22.86/bbl.) and \$27.2 million (\$14.55/bbl), respectively, compared to \$69.5 million (\$42.31/bbl.) and \$36.3 million (\$22.12/bbl.) in Q2 2024, respectively;
- Net operating income was generated totaling \$51.3 million (\$27.40/bbl) compared to \$82.2 million (\$39.22/bbl) in Q1 2025;
- PetroTal ended the quarter holding total cash of \$142.1 million (\$99.3 million unrestricted), compared to \$113.6 million (\$102.7 million unrestricted) in Q1 2025;
- The loan in the amount of \$65 million was obtained from COFIDE and BanBif to finance the erosion control project. The Company drew \$50 million from the first tranche with the remaining \$15 million available for future disbursement (see Note 12);
- Restricted cash totaling \$31.9 million was borrowed on the COFIDE and BanBif loan designated for use in the erosion control project; and,

- The sustainable shareholder capital return policy was continued during the second quarter. Dividends to shareholders were paid totaling \$14.2 million and 2.1 million shares were repurchased (consideration of \$1.1 million), compared to dividends paid of \$14.5 million and repurchased shares of 1.2 million (\$0.7 million) in Q2 2024.

### Subsequent Events

- Electric submersible pumps were replaced in two wells at the Bretana field in July 2025, fully restoring production capacity lost to previously disclosed pump failures;
- Los Angeles workover program scheduled to commence well stimulation activities during July 2025
- On August 6, 2025, the Board approved a cash dividend of \$0.015 per common share to be paid September 12, 2025.

## 4. OUTLOOK AND GROWTH STRATEGY

### STRATEGY OUTLOOK

PetroTal's near-term strategy is focused on responsible stewardship of the Bretana Norte oil field, balancing priorities for key stakeholder groups while maximizing value for shareholders. Specifically, the key objectives of PetroTal's 2025 capital program include:

- Continued migration of 2P reserves into Proved ("1P") and Proved Developed Producing ("PDP") reserves categories;
- Development of new export routes to maximize value for our product, while minimizing operational risk;
- Maintaining financial flexibility with a conservative balance sheet; and,
- Returning free cash flow to shareholders through stable dividends and share buybacks when appropriate.

As of June 30, 2025, PetroTal has drilled a total of 24 producing wells at Bretana, plus 4 water disposal wells. The ongoing development program is consistent with the Company's year-end 2024 reserve report, which contemplated a field development plan of 40 production wells in the 2P case. Remaining recoverable reserves of approximately 108 million barrels are expected to be produced prior to the Block 95 license contract expiry in 2041. The Proved plus Probable and Possible ("3P") reserves case indicates an upside potential of up to 207 million recoverable barrels. Realizing this full potential is contingent upon both drilling additional development locations and, critically, securing an extension of the Block 95 license contract beyond its current 2041 expiration. Of the 99 mmbbl that PetroTal's independent reserve evaluator booked in the Possible reserves category at year-end 2024, 43 mmbbl are forecast to be produced beyond the end of the current license contract.

PetroTal is continuously evaluating alternative development strategies which may lead to improved recovery factors and/or acceleration of undeveloped reserves, including infill drilling, extended reach horizontal wells, and multilateral drilling. For example, in Q3 2024, the Company drilled its first lateral into the Upper Vivian sand ("VS1") at Bretana, where a brief production test flowed 320 bopd. This zone, which PetroTal's independent reserve evaluator estimates may contain more than 20% of the original oil in place at the Bretana field, was included in the Company's 3P reserves at year-end 2024.

To enable the full development of PetroTal's 2P and 3P reserves, securing new sales channels and export routes within Peru is a key strategic priority. The Company is evaluating other potential transportation options aimed at collectively increasing sales capacity by up to 20,000 bopd over the next two to three years.

Finally, as part of PetroTal's unique value proposition to investors, the Company is committed to returning a portion of its free cash flow to shareholders through dividends and share buybacks. With relatively short payback periods on new production wells, PetroTal is capable of generating significant free cash flow, which can be used to fund its ongoing development program while supporting returns of capital that have averaged between 11% and 18% on an annualized basis.

The 2025 capital budget was based on an estimated average annual Brent oil price forecast of \$75/bbl.

## Growth Strategy

PetroTal's medium-term growth strategy is currently based on optimizing free cash flow from Bretana and investing in undeveloped assets elsewhere in Peru. The key objectives of our medium-term growth strategy include:

- Reach and extend Bretana plateau while developing other assets;
- Optimize cost structure through operating synergies; and,
- Continue to return free cash flow to shareholders.

As the main funding driver of PetroTal's growth ambitions, the Bretana field remains critical to both the medium- and long-term strategy of the Company. Consistent with the performance of the field over the past few years, PetroTal continues to forecast significant free cash flow from Bretana, which will be used in part to fund the development of new assets elsewhere.

Employing its knowledge base and technical expertise in Latin America, the Company is also executing its growth strategy by sourcing inorganic mergers and acquisition opportunities to create long-term value for shareholders. PetroTal closed its first acquisition in Peru on November 29, 2024, assuming control of the producing Block 131. The Company is currently finalizing development plans for the asset.

PetroTal recognizes that balance sheet flexibility is a key focus of investors, and remains a priority for the Company. Supported by the strong historical performance of the Bretana field, PetroTal has the ability to source debt capital at favorable terms, allowing for incremental investment in projects that align with the Company's strategic objectives when appropriate. During 2025, this strategy was successfully deployed through the COFIDE and BanBif term loan agreement.

## Environmental, Social and Governance ("ESG") Strategy

PetroTal believes in creating long-term value for our shareholders, employees, suppliers, communities, customers, financial entities, industry associations, international certification bodies and organizations, media, and the government, as well as ensuring economic value, safety for people and the environment, and creating a better future for all. PetroTal's ESG vision is: "To create value and generate more opportunities for the benefit of all". The steps to measure our success are:

- Develop measurable goals for 2025 and 2030 that will be built and reviewed with the participation of various departments throughout the Company;
- Collaborate with government entities and key stakeholders to promote the efficient and transparent utilization of resources, including the 2.5% social fund and other resources, aimed at promoting strong governance frameworks, mitigating risks of corruption and fund mismanagement, and enhancing institutional capacity and technical expertise;
- Continuously update initiatives to achieve Company goals;
- Continue to align the Company's initiatives with PetroTal's Sustainable Development Goals ("SDGs") as part of its long-term sustainability plan through 2030;
- Committed to climate action, the Company aims to implement methodologies that prevent deforestation, minimize its carbon footprint, and support projects with zero net biodiversity loss. It prioritizes ecosystem restoration and promotes the sustainable use of local natural resources, while actively evaluating new technologies to eliminate direct emissions in its operations;
- Implement effective due diligence processes, awareness, and training to identify and manage possible human rights risks, focusing efforts on the value chain;
- Develop and promote talent in PetroTal, the community, and within our suppliers; and,
- Engage in constant dialogue with our stakeholders to identify opportunities for collaboration, address concerns and doubts, build awareness, improve our performance, and prevent conflicts.

## Exploratory Block 107 – Kametza Prospect

PetroTal has a 100% working interest in the 623,280 acres block located in the Ucayali basin of Peru. There are several prospective features, the largest being the Kametza prospect. Kametza has the potential to contain in place volumes of 970.7 million barrels of oil equivalent ("mmboe") according to the Company's independent reservoir engineers, Netherland, Sewell & Associates ("NSAI"). Resource estimates are based on maps generated from seismic acquired in 2007 and 2014 and partially de-risked with a new 3D geologic model supporting Cretaceous age reservoirs with high-quality Permian source rocks. The Company continues to work on the necessary permits and complete further technical work for the Kametza prospect which will allow PetroTal to consider progressing towards a drilling recommendation in 2026. Perupetro extended the Company's Block 107 exploratory license to February 2027. The block is in a farm-out process to acquire a partner, which is necessary for undertaking the drilling commitments.

## 5. SELECTED FINANCIAL INFORMATION

### 5.1 FINANCIAL SUMMARY

(\$ thousands)		Q2-2025		Q1-2025		Q4-2024		Q3-2024	
		\$/bbl.		\$/bbl.		\$/bbl.		\$/bbl.	
<b>PRODUCTION:</b>	Average Production (bopd.)		21,039		23,281		19,142		15,203
<b>SALES:</b>	Average sales (bopd.)		20,578		23,286		19,087		14,760
	Total sales (bbls.)		1,872,602		2,095,714		1,756,030		1,357,961
	Average Brent price	\$65.55		\$73.96		\$73.42		\$77.74	
	Weighted contracted sales price, gross	\$65.53		\$73.89		\$73.16		\$78.58	
<b>LESS:</b>	Tariffs, fees and differentials	(\$22.75)		(\$21.43)		(\$21.10)		(\$20.52)	
	Realized sales price, net	\$42.78		\$52.46		\$52.06		\$58.06	
<b>REVENUES:</b>	Oil revenue <sup>(1)</sup>	\$42.78	\$80,110	\$52.46	\$109,951	\$52.06	\$91,421	\$58.06	\$78,850
<b>LESS:</b>	Royalties <sup>(2)</sup>	\$4.95	\$9,276	\$5.84	\$12,241	\$7.42	\$13,022	\$5.47	\$7,433
	Operating expense (excluding erosion)	\$9.34	\$17,488	\$6.31	\$13,227	\$7.88	\$13,843	\$8.23	\$11,176
	Direct Transportation:								
	Diluent	\$—	\$—	\$—	\$—	\$0.14	\$248	\$0.90	\$1,218
	Barging	\$0.79	\$1,482	\$0.79	\$1,664	\$1.94	\$3,398	\$0.81	\$1,100
	Dry Season Freight/Storage/Inventory	\$0.30	\$570	\$0.30	\$636	\$1.97	\$3,452	\$0.51	\$690
	Total Transportation	\$1.09	\$2,052	\$1.09	\$2,300	\$4.05	\$7,098	\$2.22	\$3,008
<b>NET OPERATING INCOME (NOI)</b>		\$27.40	\$51,294	\$39.22	\$82,183	\$32.71	\$57,458	\$42.14	\$57,233
	NOI as % of Revenue		64.0%		74.7%		62.9%		71.9%
	Erosion expense	\$0.38	\$705	\$0.87	\$1,816	\$5.45	\$9,569	\$0.40	\$548
	General and administrative expense	\$4.15	\$7,775	\$4.57	\$9,579	\$4.86	\$8,534	\$6.75	\$9,160
	Commodity price derivative loss (gain)	(\$0.19)	(\$361)	\$0.68	\$1,431	(\$1.55)	(\$2,726)	\$15.82	\$21,481
	Financial expense (gain)	\$0.29	\$535	\$1.10	\$2,306	\$1.19	\$2,096	(\$0.23)	(\$311)
	Income tax expense (gain)	\$1.92	\$3,595	\$6.91	\$14,479	(\$0.12)	(\$209)	\$4.45	\$6,038
	Depletion, depreciation and amortization	\$11.78	\$22,053	\$10.56	\$22,137	\$10.54	\$18,504	\$9.64	\$13,092
	Foreign exchange loss (gain)	(\$0.28)	(\$521)	(\$0.20)	(\$417)	\$0.25	\$448	\$0.03	\$46
<b>NET INCOME</b>			\$17,513		\$30,852		\$21,242		\$7,179
<b>FREE FUNDS FLOW</b>			\$27,246		\$48,042		(\$10,422)		\$6,537

(1) Tariff and marketing fees are expenses usually recorded by reducing revenues in the financial statements.

(2) Royalties include 2.5% community social trust initiative.

(\$ thousands)		Q2-2024		Q1-2024		Q4-2023		Q3-2023	
		\$/bbl.		\$/bbl.		\$/bbl.		\$/bbl.	
<b>PRODUCTION:</b>	Average Production (bopd.)		18,290		18,518		14,865		10,909
<b>SALES:</b>	Average sales (bopd.)		18,050		18,347		15,033		11,553
	Total sales (bbls.)		1,642,578		1,669,537		1,383,061		1,062,851
	Average Brent price	\$83.87		\$81.01		\$82.21		\$84.65	
	<b>Weighted contracted sales price, gross</b>	\$83.92		\$81.14		\$81.05		\$84.31	
<b>LESS:</b>	Tariffs, fees and differentials	(\$21.15)		(\$20.89)		(\$20.28)		(\$19.25)	
	Realized sales price, net	\$62.76		\$60.25		\$60.77		\$65.05	
<b>REVENUES:</b>	Oil revenue <sup>(1)</sup>	\$62.76	\$103,086	\$60.25	\$100,583	\$60.77	\$84,046	\$65.05	\$69,142
<b>LESS:</b>	Royalties <sup>(2)</sup>	\$6.08	\$9,991	\$5.69	\$9,500	\$7.00	\$9,676	\$5.49	\$5,835
	Operating expense (excluding erosion)	\$6.10	\$10,023	\$5.56	\$9,278	\$7.24	\$10,010	\$8.45	\$8,982
	Direct Transportation:								
	Diluent	\$1.16	\$1,898	\$0.94	\$1,567	\$1.46	\$2,020	\$1.72	\$1,829
	Barging	\$0.69	\$1,137	\$0.65	\$1,085	\$0.70	\$970	\$0.93	\$986
	Dry Season Freight/Storage/Inventory	\$0.01	\$12	(\$0.27)	(\$457)	\$1.45	\$2,001	\$1.99	\$2,114
	Total Transportation	\$1.86	\$3,047	\$1.32	\$2,195	\$3.61	\$4,991	\$4.64	\$4,929
<b>NET OPERATING INCOME (NOI)</b>		\$48.72	\$80,025	\$47.68	\$79,610	\$42.92	\$59,369	\$46.47	\$49,396
	NOI as % of Revenue		77.6%		79.1%		70.6%		71.4%
	General and administrative expense	\$6.41	\$10,528	\$4.83	\$8,070	\$6.21	\$8,588	\$6.92	\$7,355
	Commodity price derivative loss (gain)	\$2.01	\$3,306	(\$6.97)	(\$11,638)	\$8.43	\$11,662	(\$11.95)	(\$12,701)
	Financial expense	\$0.62	\$1,018	\$0.21	\$353	\$2.28	\$3,150	\$1.12	\$1,187
	Income tax expense	\$8.81	\$14,470	\$11.74	\$19,602	\$2.95	\$4,076	\$18.30	\$19,445
	Depletion, depreciation and amortization	\$9.32	\$15,310	\$9.19	\$15,338	\$8.33	\$11,527	\$7.49	\$7,962
	Foreign exchange (gain) loss	(\$0.01)	(\$14)	\$0.16	\$264	(\$0.84)	(\$1,163)	\$0.74	\$789
<b>NET INCOME</b>			\$35,407		\$47,621		\$21,529		\$25,359
<b>FREE FUNDS FLOW</b>			\$36,334		\$41,696		\$19,767		\$26,560

(1) Tariff and marketing fees are expenses usually recorded by reducing revenues in the financial statements.

(2) Royalties include 2.5% community social trust initiative.

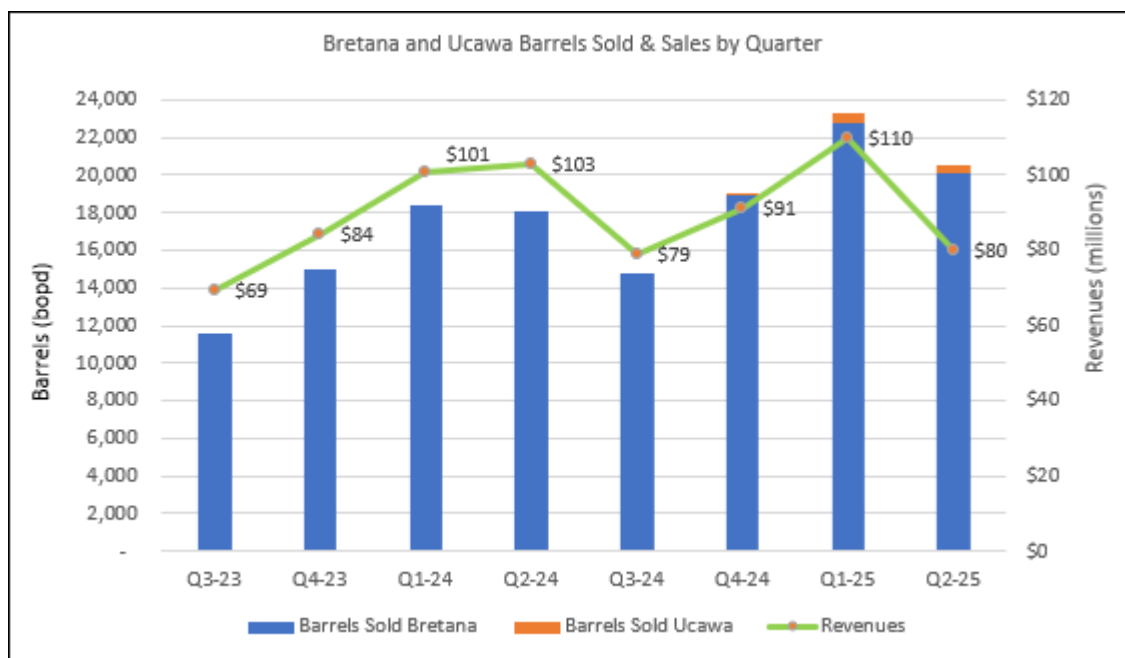
Note: Free Funds Flow calculation methodology was changed in Q2 2024 and for prior periods to include adjustments for foreign exchange and share based compensation to better measure the Company's generated cash. Previously reported was Q1 2024: \$52,561; Q4 2023: \$8,127; and Q3 2023: \$36,944.

## EARNINGS STATEMENT INFORMATION

**Oil sales** in Q2 2025 decreased by 11% to 1.9 million bbls. (20,578 bopd.), compared to 2.1 million bbls. (23,286 bopd.) in Q1 2025. In addition, sales increased 14% compared to Q2 2024, when the Company sold 1.6 million barrels (18,050 bopd.).

The Company sells oil to the following sales points: the local Iquitos refinery, exports through Brazil, and the Northern Peruvian Pipeline ("ONP"). In the second quarter 2025, PetroTal sold its oil through two primary routes: 90% via the Brazil export route and 10% to the local Iquitos refinery; however, sales to the Iquitos refinery were suspended indefinitely during June 2025. Sales via the ONP were inactive during the period. Pricing mechanisms differ by route: sales to the Iquitos refinery were priced at the prevailing Brent oil price less a quality differential discount and barge transportation charges. Oil sales exported through Brazil are on a freight on board ("FOB") Bretana basis, priced at the forecasted Brent oil price in three months, less a fixed amount covering transportation, sales costs, and quality differential.

Sales to the ONP (Saramuro pump station) have been curtailed since February 2022, pursuant to Petroperu's inability to fulfill terms of the sales agreement. Sales to Petroperu at Saramuro for transportation through the ONP and onward to the Bayovar port are priced based on the forecasted Brent oil price in eight months, less a quality differential, and are net of all pipeline and marketing fees. When the oil is ultimately sold by Petroperu at Bayovar, PetroTal is subject to a valuation adjustment based on the actual price achieved by Petroperu, whether higher or lower than the original forecasted price.



**Royalties and social fund** decreased to \$9.3 million (\$4.95/bbl.) in Q2 2025 from \$12.2 million (\$5.84/bbl.) in Q1 2025, and decreased from \$10.0 million (\$6.08/bbl.) in Q2 2024. Royalties for the Bretaña oilfield are calculated on production, net of transportation costs, starting at 5% for production up to 5,000 bopd. and increasing linearly to 20% at 100,000 bopd. or more. The Los Angeles oilfield follows a similar structure, with royalties starting at 23.48% for production up to 5,000 bopd. and scaling linearly to 38.48% at 100,000 bopd. or more.

**Operating expenses** of \$17.5 million (\$9.34/bbl.) in Q2 2025, as compared to \$13.2 million (\$6.31/bbl.) in Q1 2025, and \$10.0 million (\$6.10/bbl.) in Q2 2024. The increase in operating expenses during the quarter was mainly due to chemical consumption, laboratory services, infrastructure inspections, and well interventions and maintenance.

**Direct Transportation expenses** in Q2 2025 totaled \$2.1 million (\$1.09/bbl.), representing barging and diesel blending costs, as compared to \$2.3 million (\$1.09/bbl.) in Q1 2025. Diluent component is no longer required by the Iquitos refinery in 2025.

	June 30 2025	March 31 2025
Barging and diesel	1,482	1,664
Dry season freight and storage	570	636
<b>Total</b>	<b>2,052</b>	<b>2,300</b>

**General and administrative ("G&A")** expenses in Q2 2025 were \$7.8 million (\$4.15/bbl.) as compared to \$9.6 million (\$4.57/bbl.) in Q1 2025. G&A expense decrease of \$1.8 million is mainly related to profit sharing and legal and consulting fees, offset by an increase in office rent and administrative expense.

	June 30 2025	March 31 2025
Salaries and benefits	5,803	6,473
Legal, audit and consulting fees	1,186	2,155
Community support	409	355
Office rent and administrative	2,637	1,517
Profit sharing	1,125	2,135
Share based compensation plans	904	1,024
Costs directly attributable to PP&E and operating expenses	(4,289)	(4,080)
<b>Total</b>	<b>7,775</b>	<b>9,579</b>

The Company allocated \$4.3 million of G&A in Q2 2025 to capital projects and operating expenses, compared to \$4.1 million in Q1 2025.

**Depletion, Depreciation and Amortization ("DD&A")** for Q2 2025 was \$22.1 million (\$11.78/bbl.) as compared to \$22.1 million (\$10.56/bbl.) in Q1 2025, and \$15.3 million (\$9.32/bbl.) in Q2 2024. DD&A is calculated based on capital invested plus expected future capital using the unit of production method over their proved plus probable reserves.

**Commodity price derivative gain** of \$0.4 million in Q2 2025 is the net fair value change of outstanding embedded derivatives, compared to \$1.4 million loss in Q1 2025, and \$3.3 million gain in Q2 2024. The oil sales agreement with Petroperu for sales into the ONP are subject to oil price variations when sold by Petroperu upon arrival at the Bayovar port. The gain is non-cash and is contingent upon the eventual sale of oil volumes. Until a sale occurs, no payment is required. Moreover, if oil prices rise, the projected loss could decrease, potentially benefiting the Company's financial position.

**Foreign exchange gain** of \$0.5 million in Q2 2025 compared to \$0.4 million gain in Q1 2025, and \$14.3 thousand gain in Q2 2024, due to fluctuations in relative currency positions and transactions.

**Income tax** of \$3.6 million was recorded in Q2 2025 compared to \$14.5 million in Q1 2025.

**Financial expense** was \$0.5 million in Q2 2025, mainly related to lease interest expense, accretion of decommissioning obligations, and rig fees as compared to \$2.3 million in Q1 2025, and \$1.0 million in Q2 2024.

## 5.2 BALANCE SHEET INFORMATION

### BALANCE SHEET - SUMMARIZED

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
(\$ thousands)					
<b>Current Assets</b>					
Cash	\$99,313	\$102,650	\$102,783	\$121,328	\$84,116
Restricted cash	\$33,104	\$4,915	\$5,745	\$5,744	\$5,743
VAT receivable	\$13,473	\$18,693	\$23,023	\$20,032	\$12,376
Trade and other receivables	\$57,371	\$67,316	\$65,832	\$47,011	\$93,325
Inventory	\$12,309	\$11,146	\$13,570	\$23,560	\$14,960
Prepaid expenses	\$20,959	\$19,462	\$13,901	\$16,199	\$19,933
Derivative assets	\$5,562	\$1,937	\$1,307	\$3,230	\$6,963
<b>Total Current Assets</b>	<b>\$242,091</b>	<b>\$226,119</b>	<b>\$226,161</b>	<b>\$237,104</b>	<b>\$237,416</b>
Restricted cash	\$9,685	\$6,000	\$6,000	\$6,000	\$6,000
Trade receivable long-term	\$19,702	\$19,497	\$19,279	\$20,439	\$19,985
VAT receivables and deferred taxes	\$4,517	\$4,631	\$4,292	\$3,180	\$2,769
PP&E and E&E, net	\$550,615	\$554,685	\$547,424	\$479,369	\$446,563
Prepaid expenses	\$7,000	\$7,000	\$7,000	\$—	\$—
Derivative assets	\$—	\$0	\$311	\$39	\$7,967
<b>Total Non-current Assets</b>	<b>\$591,519</b>	<b>\$591,813</b>	<b>\$584,306</b>	<b>\$509,027</b>	<b>\$483,284</b>
<b>Total Assets</b>	<b>\$833,610</b>	<b>\$817,932</b>	<b>\$810,467</b>	<b>\$746,131</b>	<b>\$720,700</b>
<b>Current Liabilities</b>					
Trade and other payables	\$62,208	\$65,022	\$94,955	\$83,725	\$71,271
Income tax payable	\$17,366	\$37,535	\$19,744	\$25,228	\$18,133
Lease liabilities	\$11,636	\$11,545	\$10,426	\$3,712	\$3,879
Short-term debt	\$11,176	\$10,097	\$10,047	\$—	\$—
<b>Total Current Liabilities</b>	<b>\$102,386</b>	<b>\$124,199</b>	<b>\$135,172</b>	<b>\$112,665</b>	<b>\$93,283</b>
Leases and other long-term	\$48,409	\$49,560	\$46,322	\$24,298	\$25,304
Deferred income tax liabilities	\$62,384	\$68,444	\$72,548	\$65,006	\$65,762
Long-term debt	\$37,136	\$—	\$—	\$—	\$—
Long-term derivative liabilities	\$15,863	\$12,284	\$10,534	\$14,910	\$3,974
Decommissioning liabilities	\$36,500	\$35,559	\$34,383	\$25,496	\$22,456
<b>Total Non-current Liabilities</b>	<b>\$200,292</b>	<b>\$165,847</b>	<b>\$163,787</b>	<b>\$129,710</b>	<b>\$117,496</b>
<b>Total Equity</b>	<b>\$530,932</b>	<b>\$527,886</b>	<b>\$511,508</b>	<b>\$503,756</b>	<b>\$509,921</b>
<b>Total Liabilities and Equity</b>	<b>\$833,610</b>	<b>\$817,932</b>	<b>\$810,467</b>	<b>\$746,131</b>	<b>\$720,700</b>

## Cash and liquidity

At June 30, 2025, the Company held cash of \$99.3 million and restricted cash of \$42.8 million, totaling \$142.1 million, compared to \$113.6 million at Q1 2025. Working capital was \$139.7 million at June 30, 2025 as compared to \$101.9 million at March 31, 2025.

	June 30 2025	December 31 2024
Cash	99,313	102,783
Restricted cash current	33,104	5,745
Restricted cash non-current	9,685	6,000
<b>Total Cash</b>	<b>142,102</b>	<b>114,528</b>

Current restricted cash of \$33.1 million is primarily related to funds designated for the erosion control project, social fund, and letters of credit bank guarantees for Block 107 exploration wells. The \$9.7 million of non-current restricted cash is related to permitted hedging programs and funds designated for the erosion control project.

## VAT receivable

	June 30 2025	December 31 2024
VAT receivable current	13,473	23,023
VAT receivable non-current	2,767	2,329
<b>Total VAT receivables</b>	<b>16,240</b>	<b>25,352</b>

Value Added Tax ("VAT") in Peru is levied on the purchase of goods and services and is recoverable on sales of goods and services. The Company paid \$17.1 million in VAT and recovered \$26.2 million during the six months ended June 30, 2025 and, expects to recover \$13.5 million of VAT within the next twelve months.

## Trade and other receivables

	June 30 2025	December 31 2024
Trade receivables	76,918	84,754
Other receivables	155	357
<b>Total trade and other receivables</b>	<b>77,073</b>	<b>85,111</b>
Represented as:		
Current receivables	57,371	65,832
Non-current receivables	19,702	19,279

At June 30, 2025, trade receivables represent revenue related to the sale of oil. The trade balance is mostly comprised of \$31.1 million due from Petroperu (\$11.4 million is short term and \$19.7 million is long term), and \$45.8 million from export sales through Brazil. No credit losses on the Company's trade receivables have been incurred, and all short-term receivables are current.

## Prepaid expenses

	June 30 2025	December 31 2024
Erosion control project advances	10,014	3,296
Advances to contractors	8,714	7,450
Prepaid expenses and others	9,231	10,155
<b>Total advances and prepaid expenses</b>	<b>27,959</b>	<b>20,901</b>
Represented as:		
Current prepaid expenses	20,959	13,901
Non-current prepaid expenses	7,000	7,000

At June 30, 2025, prepaid expenses and others were comprised of \$7.3 million in Peruvian income tax prepaid and \$1.9 million in insurance, prepaid services for consultants, and other related services. Advances to contractors include \$7.0 million related to power plant projects in the long term.

## Capital expenditures

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Drilling Program	5,947	28,863	19,780	51,471
Field Infrastructure	7,891	8,579	13,638	14,530
Fluid Handling Facilities ("CPF")	1,392	408	3,705	986
Erosion Costs	1,352	50	1,352	122
Block 95	136	294	948	521
Block 107	420	68	608	177
Other	(532)	198	258	243
Exploration & development expenditures	16,606	38,460	40,289	68,050
SAP Project	246	535	381	1,169
<b>Total capital expenditures</b>	<b>16,852</b>	<b>38,995</b>	<b>40,670</b>	<b>69,219</b>

PetroTal invested \$16.6 million in petroleum capital expenditures for the three months ended June 30, 2025, compared to \$38.5 million in June 30, 2024. Lower capital expenditures were due to less drilling activity during the quarter.

The Company continues to invest in a variety of community, social, and regulatory ("CSR") initiatives. A strong emphasis on ESG is prevalent throughout all areas of our operations.

At June 30, 2025, the Company had \$11.0 million of exploration and evaluation assets related to Block 95 and Block 107.

## Inventory

	June 30 2025	December 31 2024
Oil inventory	1,533	2,676
Materials, parts and supplies	10,776	10,894
<b>Total inventory</b>	<b>12,309</b>	<b>13,570</b>

Oil inventory consists of the Company's oil barrels, which are valued at the lower of cost or net realizable value. Costs include operating expenses, royalties, transportation, and depletion associated with production. Costs capitalized as inventory will be expensed when the inventory is sold. At June 30, 2025, the oil inventory balance of \$1.5 million consists of 59,957 bbls. of oil valued at \$25.56/bbl. (December 31, 2024: \$2.7 million, based on 85,863 bbls. of oil at \$31.16/bbl.). Materials, parts, and supplies are expected to be consumed in the short term.

	Barrels
Oil inventory at January 1, 2025	85,863
Production	4,009,767
Internal use (power generation) and other	(67,357)
Sales	(3,968,316)
<b>Oil inventory at June 30, 2025</b>	<b>59,957</b>

## Trade and other payables

	June 30 2025	December 31 2024
Trade payables	24,340	39,201
Accrued payables and other obligations	37,868	55,754
<b>Total trade and other payables</b>	<b>62,208</b>	<b>94,955</b>

At June 30, 2025 and December 31, 2024, trade payables and other payables are primarily related to the drilling and completion of wells and construction of production processing facilities. The decrease in trade payables and accruals is related to lower drilling activity during the quarter. The other obligations are mainly related to the 2.5% social fund for the benefit of local communities, which totaled to \$5.7 million at June 30, 2025 (\$5.0 million at December 31, 2024).

## Commodity Price Derivatives

The derivative asset is classified as a Level 2 fair value measurement. The Petroperu Saramuro agreement, signed with Petroperu during 2021, includes a clause for the purchase price adjustment. The initial sales price is based on the arithmetic average of the ICE Brent Crude 8-month forward price. The realized price is based on the tender price of the oil that is sold at the Bayovar terminal. The purchase price adjustment represents the realized price less the initial sales price. If the purchase price adjustment is negative, the Company will compensate Petroperu for the amount, multiplied by the volume sold or arranged by Petroperu. If the purchase price adjustment is positive, the Company will be compensated by Petroperu.

The fair of the embedded derivative, considering an average future Brent price marker differential, was recorded as a gain (loss) on commodity price derivatives at June 30, 2025.

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Net derivative (liability) asset at beginning of period	(10,347)	19,050	(8,916)	7,412
Cash settlements	(315)	(4,788)	(315)	(4,788)
Cash to be received	—	0	—	—
Realized gain	315	33	315	33
Unrealized gain (loss)	46	(3,339)	(1,386)	8,299
Net derivative liability at end of period	(10,301)	10,956	(10,301)	10,956
Represented as:				
Short-term derivative assets			5,562	6,963
Long-term derivative assets			—	7,967
Short-term derivative liabilities			—	—
Long-term derivative liabilities			(15,863)	(3,974)

Sales delivery / Executed month	Expected settlement month	Volume (bbls. in thousands)	Price range \$/bbl.	Hedged range \$/bbl.	Net Derivative Asset (Liability)
<b>Peru Embedded Derivatives <sup>(1)</sup></b>					
Apr-21 to Feb-22	Sep-26 to Nov-28	1,882	\$62.49 to	\$65.02 to \$66.41	(15,863)
<b>Corporate Derivatives Hedging <sup>(2)</sup></b>					
Aug-24 and Jan-25	Jul-25 to Jan-26	1,692	—	\$65.00 to	5,562
Net Derivative (Liability)					<b>(10,301)</b>

1) Embedded derivative related to original Petroperu sales agreement.

2) Corporate hedge program to cover a portion of 2025 and 2026 production.

## 1) Embedded derivative related to original Petroperu sales agreement.

At June 30, 2025, 1.9 million bbls. (1.9 million at December 31, 2024) remain in the pipeline or storage tanks, awaiting final sale by Petroperu. During the quarter, a decrease in future oil prices to the Peru embedded derivative resulted in an increase to the net derivative liability. A 1% change to the Peru embedded derivative hedged range price would result in a \$1.1 million change to the net derivative liability. The derivative gains/losses are only materialized when oil is effectively sold to third parties at Bayovar.

## 2) Corporate hedge program covers a portion of 2025 and 2026 production.

At June 30, 2025, there was a remainder of 1.7 million in hedged barrels of Brent oil that resulted in a net derivative asset of \$5.6 million. No new corporate hedges were executed during the quarter.

## Decommissioning liabilities

The undiscounted uninflated value of estimated decommissioning liabilities is \$64.4 million (December 31, 2024: \$64.4 million). The present value of the liabilities was calculated using average risk-free rates between 5.8% to 6.1% (December 31, 2024: 4.8% to 6.3%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rate used in determining the cash flow estimate was 2.1%. The revisions to the decommissioning liabilities includes changes to cost estimates, the risk free rates and adjustments for inflation.

Balance at January 1, 2024	22,147
Additions	3,205
Asset acquisition	13,590
Revisions to decommissioning liabilities	(5,851)
Accretion	1,292
Balance at December 31, 2024	34,383
Revisions to decommissioning liabilities	1,063
Accretion	1,054
Balance at June 30, 2025	36,500

## Short and long-term debt

On May 9, 2025, the Company entered into a syndicated loan agreement with Corporación Financiera de Desarrollo S.A. (COFIDE), a state-owned development bank in Peru, and Banco Interamericano de Finanzas (BanBif) for a total amount of \$65 million. The four-year amortizing term loan matures in April 2029 and carries a fixed interest rate of 8.65%. The loan agreement includes financial covenants related to maintaining (i) a 1.2x current assets to current liabilities minimum liquidity ratio, (ii) a 2.0x liabilities to equity maximum debt ratio, and (iii) a 1.2x minimum debt service coverage ratio. As of the reporting date, the Company was in full compliance with all applicable covenant requirements. The proceeds are designated for the Company's erosion control project.

Transaction costs of \$0.9 million incurred in connection with the loan were netted against the loan liability upon initial recognition and are being amortized over the term of the loan using the effective interest method.

The Company has \$95 million in undrawn credit capacity under various facilities. All lines of credit are revolving with one-year terms and renewal options. No debt covenants were set forth by the lenders in the loan agreements. The lines of credit will be used to fund short-term working capital needs.

At June 30, 2025, the Company had short-term debt of \$11.2 million and long-term debt of \$37.1 million related to the erosion control project.

Bank	Agreement Date	Amount Withdrawn	Line/Loan Amount	Interest Rate	Payment Term	Collateral
COFIDE/BanBif	May-25	\$48,312	\$65,000	8.65 %	4 years	—
BCP	Mar-23	—	\$20,000	—	120 days	—
Banco Pichincha	Sep-24	—	\$20,000	—	120 days	Insurance endorsement
JP Morgan Bank	May-24	—	\$20,000	—	120 days	—
GNB	Aug-24	—	\$10,000	—	180 days	—
Scotia Bank	Apr-24	—	\$5,000	—	360 days	—
Interbank	Jan-25	—	\$4,000	—	120 days	—
Total at June 30, 2025		\$48,312	\$144,000			

The following is summary of scheduled debt maturities by year as of June 30, 2025:

Year	
2025	6,294
2026	11,106
2027	12,085
2028	13,147
2029	5,680
Thereafter	—
<b>Total</b>	<b>48,312</b>

## Leases

The lease liabilities include lease liabilities related to drilling, power generation equipment, and office premises in Houston, Texas, and Lima, Peru, with lease terms that range from 3 to 8 years.

Lease liabilities are measured at the present value of future lease payments, discounted using the applicable incremental borrowing rate at lease commencement. The Company's incremental borrowing rates range from 8.5% to 9.5%.

During the first quarter of 2025 the Company signed a new power plant equipment lease with the option to buy, which resulted in a \$4.7 million present value increase to the right of use assets and liabilities on the balance sheet. The incremental borrowing rate used to measure the lease liability was 8.65%. The lease term ends February 2030.

Lease liabilities at January 1, 2024	28,870
Additions	28,125
Acquisition	15
Revisions	1,045
Payments	(5,819)
Interest on leases	2,405
Lease liabilities at December 31, 2024	54,641
Additions	5,655
Payments	(5,566)
Interest on leases	2,274
Lease liabilities at June 30, 2025	57,004
Represented as:	
Current liability	11,636
Non-current liability	45,368

As of June 30, 2025, total lease liabilities have the following minimum undiscounted payments per year:

Year	
2025	7,244
2026	14,493
2027	14,003
2028	10,792
2029	8,019
Thereafter	14,411
<b>Total</b>	<b>68,962</b>

## Share capital

Authorized share capital consists of an unlimited number of common shares without nominal or par value. The holders of common shares are entitled to one vote per share and are entitled to receive dividends as recommended by the Board of Directors.

As of August 6, 2025, PetroTal has the following securities outstanding (in thousands):

Common shares	914,240	98%
Performance share units	20,048	2%
<b>Total</b>	<b>934,288</b>	<b>100%</b>

## Dividends

During the three and six months ended June 30, 2025, the Company paid dividends to shareholders in the amount of \$14.2 million and \$28.1 million, respectively. The Company paid dividends per share in the amount of \$0.015 during the quarter. The Company's sustainable dividend policy is to pay dividends based on current liquidity exceeding \$60 million.

## Normal course issuer bid

On June 3, 2025, the Company renewed the NCIB, which would end no later than June 2, 2026. The renewal allows the purchase of up to 45.8 million common shares (representing approximately 5% of its outstanding common shares at May 26, 2025) and is capped by a daily purchase limit of 0.2 million shares with one block purchase per calendar week that exceeds this allowance. Common shares purchased under the NCIB are cancelled or for settlement of employee share-based awards.

During the three and six months ended June 30, 2025, the company purchased 2,121,758 and 3,275,924 common shares under the NCIB for total consideration of \$1.1 million and \$1.6 million. The surplus between the total consideration and the carrying value of the shares repurchased was recorded against retained earnings.

## NON-GAAP FINANCIAL MEASURES

### Revenue and transportation expense adjustment

Revenue and transportation expense adjustment is a non-GAAP measure that includes transportation ONP pipeline tariff, marketing fee, barging and diluent expenses. Tariff and marketing fees are expenses usually recorded by reducing revenues in the financial statements.

### Funds flow information

Funds flow provided by operations ("FFO") is a non-GAAP measure that includes all cash generated from operating activities and changes in non-cash working capital. The Company considers funds flow from operations to be a key measure as it demonstrates the Company's profitability. A reconciliation from cash provided by operating activities to funds flow provided by operations is as follows:

	Three Months Ended		
	June 30 2025	March 31 2025	June 30 2024
<b>Cash flow from operating activities</b>			
Net income	17,513	30,852	35,409
Adjustments for:			
Depletion, depreciation and amortization	22,053	22,137	15,308
Accretion of decommissioning obligation	535	519	311
Equity based compensation expense	1,241	458	1,181
Financial interest expense	(235)	1,230	1,061
Deferred income tax expense	(5,826)	(4,124)	14,967
Commodity price unrealized derivatives (gain) loss	(46)	1,431	3,339
<b>Funds flow provided by operations before non-cash working capital</b>	<b>35,235</b>	<b>52,503</b>	<b>71,576</b>
Changes in non-cash working capital:			
Receivables and restricted cash	15,336	2,237	(3,212)
Advances and prepaid expenses	5,940	(7,061)	(4,066)
Inventory	(817)	2,297	1,709
Trade and other payables	23,106	(19,435)	(12,902)
Income tax payable	1,789	19,291	9,873
Commodity price realized derivatives gain	—	—	4,755
Cash (paid) received for income taxes	(29,396)	—	—
<b>Net cash provided by operating activities</b>	<b>51,193</b>	<b>49,832</b>	<b>67,733</b>

	Three Months Ended		
	June 30 2025	March 31 2025	June 30 2024
<b>Cash flow from investing activities</b>			
Exploration and evaluation asset additions	(421)	(194)	(24)
Property, plant and equipment additions	(16,643)	(23,624)	(38,843)
Non-cash changes in working capital	(24,505)	(10,399)	(1,274)
<b>Net cash used in investing activities</b>	<b>(41,569)</b>	<b>(34,217)</b>	<b>(40,141)</b>
<b>Net cash provided by operating and investing activities</b>	<b>9,625</b>	<b>15,615</b>	<b>27,592</b>

## CAPITAL MANAGEMENT MEASURES

### Adjusted EBITDA

Adjusted EBITDA means earnings before interest, taxes, depreciation and amortization, derivatives, foreign exchange, adjusted for realized derivatives gain (loss) and share-based compensation.

	Three Months Ended		
	June 30 2025	March 31 2025	June 30 2024
Net income	17,514	30,852	35,409
Adjustments to reconcile net income:			
Depletion, depreciation and amortization	22,053	22,137	15,309
Financial expense	535	2,306	1,018
Income tax expense (gain)	3,595	14,479	14,471
Commodity price derivatives loss (gain)	(361)	1,431	3,306
Foreign exchange loss (gain)	(521)	(417)	(14)
<b>EBITDA (non-GAAP)</b>	<b>42,815</b>	<b>70,788</b>	<b>69,499</b>
Commodity price derivatives realized (loss) gain	315	—	4,788
Share based compensation	1,180	1,072	916
<b>Adjusted EBITDA (non-GAAP)</b>	<b>44,310</b>	<b>71,860</b>	<b>75,201</b>
Capital expenditures	(17,064)	(23,818)	(38,868)
<b>Free funds flow (non-GAAP)</b>	<b>27,246</b>	<b>48,042</b>	<b>36,334</b>

Note: The EBITDA and Adjusted EBITDA calculation methodology was changed in Q2 2024 and for prior periods to exclude realized derivatives gain (loss) and include adjustments for foreign exchange and share-based compensation to better measure the Company's generated cash.

Free funds flow after investing activities is a non-GAAP measure, and the Company considers free funds flow or free cash flow to be a key measure as it demonstrates the Company's ability to fund a return of capital without accessing outside funds.

## Operating netback

The Company considers operating netbacks to be a key measure that demonstrates the Company's profitability relative to current commodity prices. Netback is calculated by dividing net operating income by total revenue.

## 5.3. NON-GAAP TERMS

This report contains financial terms that are not considered measures under GAAP such as operating netback, operating netback per bbl., revenues and transportation expense adjusted, funds flow provided by operations, funds flow provided by operations per bbl., funds flow netback per bbl., free funds flow and diluted funds flow per share that do not have any standardized meaning under GAAP and may not be comparable to similar measures presented by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures.

## 6. SIGNIFICANT JUDGMENTS AND ESTIMATES

Management is required to make judgments, assumptions, and estimates that have a significant impact on the Company's financial results. Significant judgments in the Financial Statements include going concern, financing arrangements, impairment indicators, assessment of transfers from Exploration and Evaluation ("E&E") to Property, Plant and Equipment ("PP&E"), leases, derivatives, asset acquisition, and joint arrangements. Significant estimates in the Financial Statements include commitments, provision for future decommissioning obligations, recoverable amounts for exploration and evaluation assets, and accruals. In addition, the Company uses estimates for numerous variables in the assessment of its assets for impairment purposes, including oil prices, exchange rates, discount rates, cost estimates, and production profiles. By their nature, all of these estimates are subject to measurement uncertainty, may be beyond management's control, and the effect on future Financial Statements from changes in such estimates could be significant.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements, along with additional information about such judgments and estimates are included in the Consolidated Financial Statements and the accompanying notes as of December 31, 2024, and 2023.

### USES OF CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The Company's critical estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Such estimates and assumptions affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from estimates.

The critical estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the same period if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods.

Critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are summarized below:

### Functional Currency

The functional currency of each of the Company's entities is the United States dollar, which is the currency of the primary economic environment in which the entities operate.

## Decommissioning Obligations

Decommissioning obligations will be incurred by the Company at the end of the operating life of wells or supporting infrastructure. The ultimate asset decommissioning costs and timing are uncertain, and cost estimates can vary in response to many factors, including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques, and experience at other production sites. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The expected amount of expenditure is estimated using a discounted cash flow calculation with a risk-free discount rate. Liabilities for environmental costs are recognized in the period in which they are incurred, normally when the asset is developed, and the associated costs can be estimated.

## Deferred Tax Assets & Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to the expiration of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development, and commercialization of oil and gas reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates, and interpretations by tax authorities.

## Provisions, Commitments and Contingent Liabilities

Amounts recorded as provisions and amounts disclosed as commitments and contingent liabilities are estimated based on the terms of the related contracts and management's best knowledge at the time of issuing the Financial Statements. The actual results ultimately may differ from those estimates as future confirming events occur.

## Exploration and Evaluation Assets

The accounting for E&E assets requires management to make certain estimates and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbons, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalized as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation, and regulatory matters. The concept of "sufficient progress" is an area of judgement, and it is possible to have exploratory costs remain capitalized for several years while additional drilling is performed, or the Company seeks government, regulatory, or partner approval of development plans.

Petroleum and natural gas assets are grouped into cash generating units ("CGUs") identified as having largely independent cash flows and are geographically integrated. The determination of the CGUs was based on management's interpretation and judgement.

## Erosion Costs

Erosion control costs are expenses incurred by the Company to protect the producing fields and nearby community from erosion caused by the river. These costs will be capitalized and/or expensed depending on the nature of the outflow and the direct benefits received by the Company or the community. Erosion costs are presented in a separate expense line in the Statement of Earnings and Other Comprehensive Income, recognized as incurred, and for a better reliable measurement. The financial statement notes present the nature, measurement basis, and transparency of this new activity.

## Business Combinations

The Company adopted the amendments to International Financial Reporting Standards ("IFRS®") 3 – Business Combinations. Acquisitions of corporations or groups of assets are accounted for as business combinations using the acquisition method if the acquired assets constitute a business. Under the acquisition method, assets acquired and liabilities assumed in a business combination are measured at their fair values. If applicable, the excess or deficiency of the fair value of net assets acquired compared to consideration paid is recognized as a gain on business combination or as goodwill on the consolidated balance sheet. Acquisition-related costs incurred to effect a business combination are expensed in the period incurred. As part of the assessment to determine if the acquisition constitutes a business, the Company may elect to apply the concentration test on a transaction-by-transaction basis. The test is met if substantially all of the fair value related to the gross assets acquired is concentrated in a single identifiable asset (or group of similar assets) results in the acquisition not being deemed a business and recorded as an asset acquisition. The amendments introduced an optional concentration test, narrowed the definitions of a business and outputs, and clarified that an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs.

## 7. DISCLOSURE OF PRONOUNCEMENTS NOT YET ADOPTED

New accounting standards and interpretations were issued and are mandatory for future accounting periods. With respect to IFRS® 18 (Presentation and Disclosure in Financial Statements) issued by the IASB® in April 2024, the Company is currently evaluating the impact on the Company's Financial Statements. Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards with earlier application permitted.

## 8. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

At June 30, 2025, the Company holds the following letters of credit guaranteeing its commitments in exploration Block 107:

Block	Beneficiary	Amount	Commitment	Expiration
107	Perupetro S.A.	\$1,500	1st exploration well, minimum work 5th exploratory period	Feb-27
107	Perupetro S.A.	\$1,500	2nd exploration well, minimum work 5th exploratory period	Feb-27
		\$3,000		

PetroTal also signed two Technical Evaluation Agreements with Perupetro in December 2024. The Technical Evaluation Agreements for Blocks 97 and 98 are located in the vicinity and on trend with PetroTal's Block 131, as well as the Aguaytia and Agua Caliente fields in Peru's Ucayali Basin. Contractual commitments will be

executed in two 12-month phases, and mainly include geological and geophysical studies such as seismic imaging, geochemical modeling and hydrocarbon potential evaluation reports.

The Company progressed its preventive riverbank erosion control program aimed to protect the Bretana field and nearby community. The estimated total project cost has a range of \$65 million to \$75 million, which will be allocated approximately 65% to operating expense and 35% to capital expenditures during the next years. This program represents a significant operational and environmental commitment, and indicates a proactive approach to environmental stewardship for a permanent solution for the riverbank erosion.

As part of Ucawa Energy S.A.C. asset acquisition, a tax administrative and a judicial legal case were considered as possible, with a total legal contingency of approximately \$2.8 million. According to clause 12.5 in the Purchase Agreement, the seller (CEPSA S.A.) is obligated to indemnify PetroTal of any legal action and/or fines if applicable.

## 9. TAXES

The Company's effective tax rate is impacted by the relative pre-tax income earned by the Company's operations in Canada, U.S., and Peru. The Company is subject to statutory tax rates of 23% in Canada, 21% in the U.S., and 32% in Peru (activities of the Company in Peru are subject to a 30% statutory tax rate plus 2% in accordance with Law 27343). The Company files federal income tax returns and local income tax returns in the various jurisdictions.

The tax at the effective rate differed from the tax at the statutory rate as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Earnings before income taxes	21,108	49,876	66,440	117,102
Canadian corporate tax rate	23%	23%	23%	23%
Expected income tax expense	4,855	11,471	15,281	26,933
Increase (decrease) in taxes resulting from:				
Non-deductible expenses and other	263	(321)	989	(1,075)
Tax differential on foreign jurisdictions	(939)	3,321	2,388	8,216
<b>Provision for income taxes</b>	<b>4,178</b>	<b>14,471</b>	<b>18,658</b>	<b>34,074</b>

The Company recognized the net tax amount related to Net Operating Losses ("NOLs") and deferred tax liabilities in Canada, Peru, and the U.S. As of June 30, 2025, the Company consumed all losses in Canada (December 31, 2024: \$0 million) and all losses in Peru related to Bretana (December 31, 2024: \$0 million). The U.S. has \$4 million tax losses remaining (December 31, 2024: \$4 million). The U.S. non-capital losses can be carried forward indefinitely.

Ucawa has \$89 million in tax losses at the end of June 30, 2025 (December 31, 2024: \$82 million), but no related deferred tax asset has been recognized. These losses are being carried forward and are available to offset against future tax gains.

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as of June 30, 2025 is approximately \$29 million (December 31, 2024: \$22 million).

## 10. FORWARD-LOOKING STATEMENTS AND BUSINESS RISKS

### FOREIGN EXCHANGE RATE RISK

The Company's functional currency is the United States dollar. Foreign exchange gains or losses can occur on translation of working capital denominated in currencies other than the functional currency of the jurisdiction which holds the working capital item. Excluding the impact of changes in the cross-rates, a 1% fluctuation in translation rates would have nil impact on net income or loss, based on foreign currency balances held at June 30, 2025.

### LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's liquidity risk is impacted by current and future commodity prices. If required, the Company will also consider additional short-term financing or issuing equity in order to meet its future liabilities. Declines in future commodity prices could affect the Company's ability to fund ongoing operations. The current economic environment may have significant adverse impacts on the Company including, but not exclusively:

- material declines in revenue and cash flows as a result of the decline in commodity prices;
- declines in revenue and operating activities due to reduced capital programs and constrained oil production;
- inability to access financing sources;
- increased risk of non-performance by the Company's customers and suppliers;
- interruptions in operations as the Company adjusts personnel to the dynamic environment; and,
- delivery and transportation of oil at the Bayovar port and sale swap price risk.

Estimates and judgments made by management in the preparation of the Financial Statements are subject to a certain degree of measurement uncertainty during this volatile period.

### CREDIT RISK

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Company. The Company's VAT is primarily for sales tax credits on exploration and drilling expenses incurred during the year and in prior years. These credits will be applied to future oil development activities or recovered as per the sales tax recovery legislation currently in effect. The Company's trade receivable balance relates mostly to oil sales and purchase price adjustments to two customers, being Petroperu, a state-owned Company, and Novum Energy Trading Corp, an oil trading Company. The Company has a long-term sales agreement for oil exports through Brazil, whereby sales are FOB Bretana. Sales through the ONP pipeline are due and payable 240 days after the final delivery of the oil to the Bayovar terminal. For the six months ended June 30, 2025, 89% of oil sales were to Novum (Brazil export route), and 11% were to Petroperu (Iquitos refinery). Sales via the ONP were inactive during the period, and sales to the local Iquitos refinery were suspended indefinitely since June 2025. The Company has not experienced any material credit losses in the collection of its trade receivables. The Company periodically assesses the recoverability of all trade receivables through discussions with its customers, review of credit rating agency reports or review of other third-party information.

Impairment to a financial asset is only recorded when there is objective evidence of impairment and the loss event has an impact on future cash flow and can be reliably estimated. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. Management believes that there is no risk on the recoverability and or applicability of the sales tax credits. Therefore, no impairment to the carrying value of these assets has been estimated. The Company has deposited its cash, cash equivalents and restricted cash with reputable financial institutions, with which management believes the risk

of loss to be remote. The maximum credit exposure associated with financial assets is their carrying value. At June 30, 2025, the cash, cash equivalents and restricted cash were held with eight different institutions from three countries, mitigating the credit risk of a collapse of one particular bank.

Additional information regarding risk factors including, but not limited to, risks related to political developments in Peru and environmental risks is available in the Company's Annual Information Form ("AIF"), a copy of which may be accessed through the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)).

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance, including, but not limited to: PetroTal's business strategy, objectives, strength, focus and outlook, drilling, completions, workovers and other activities including expanding infrastructure and exploring undeveloped acreage and the anticipated costs and results of such activities, environmental remediation and social initiatives, the ability of the Company to achieve drilling success consistent with management's expectations, anticipated future production and revenue, oil production levels, the 2026 capital program and budget, including drilling plans, balance sheet strength, hedging program and the terms thereof, and future development and growth prospects. All statements other than statements of historical fact may be forward-looking statements. In addition, statements relating to expected production, reserves, prospective resources, recovery, costs and valuation are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and similar expressions.

The forward-looking statements are 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, including pursuant to hedging arrangements, 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 and availability of required equipment and services. 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. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of reserve estimates, the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price volatility, price differentials and the actual prices received for products, exchange rate fluctuations, 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. Please refer to the risk factors identified in the AIF which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. The risks and other factors, some of which are beyond the Company's control, could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A.

The forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statement. Subject to applicable securities laws, the Company is under no duty to update any of the forward-looking statements after the date hereof or to compare such statements to actual results or changes in the Company's expectations. Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information should not be used for purposes other than for which it is disclosed herein.

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. Estimates of prospective resources included in this document relating to the prospect are based upon an independent assessment completed by NSAI with an effective date of September 30, 2018 and prepared in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGE") and the standards established by National Instruments Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). For additional information about the Company's prospective resources, see the Company's website for the most current press release.

## ADDITIONAL INFORMATION

Additional information about PetroTal Corp. and its business activities, including PetroTal's audited Financial Statements for the years ended December 31, 2024 and 2023 are available on the Company's website at [www.petrotal-corp.com](http://www.petrotal-corp.com), and at [www.sedarplus.ca](http://www.sedarplus.ca).

## DIRECTORS

**Mark McComiskey** <sup>(1)(4)(5)</sup>  
Chair of the Board

**Denisse Abudinen Butto** <sup>(3)(5)</sup>

**Felipe Arbelaez** <sup>(3)(4)</sup>

**Eleanor Barker** <sup>(4)(5)</sup>

**Jon Harris** <sup>(1)(2)(5)</sup>

**Emily Morris** <sup>(2)(5)</sup>

**Gavin Wilson** <sup>(1)(2)(3)</sup>

**Manuel Pablo Zuniga-Pflucker** <sup>(2)</sup>

## OFFICERS AND SENIOR EXECUTIVES

**Manuel Pablo Zuniga-Pflucker**  
President and Chief Executive Officer

**Camilo McAllister**  
Executive VP and Chief Financial Officer

**Max Torres**  
Chief Operating Officer (Interim) and VP Exploration

**Sudan Maccio**  
Chief Legal Counsel and Corporate Secretary

**Glen Priestley**  
VP Finance and Treasurer

**Emilio Acin-Daneri**  
VP Business Development

## CORPORATE HEADQUARTERS

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## REGISTERED OFFICE

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4200 Bankers Hall West, 888-3rd Street  
Calgary, Alberta, Canada

## OPERATING OFFICE

**PetroTal Peru SRL**  
144 Dionisio Derteano, Suite 1200  
San Isidro  
Lima, Peru

## STOCK EXCHANGES

**TSX Exchange**  
Toronto, Ontario, Canada  
TSX: TAL

**AIM Stock Exchange**  
London, United Kingdom  
AIM: PTAL

**OTCQX Stock Exchange**  
New York, USA  
OTCQX: PTALF

## LEGAL COUNSEL

**Stikeman Elliott LLP**  
Calgary, Alberta, Canada

## AUDITORS

**Deloitte LLP**  
Calgary, Alberta, Canada

## NOMINATED & FINANCIAL ADVISER

**Strand Hanson Limited**  
London, United Kingdom

## JOINT BROKERS

**Stifel Nicolaus Europe Limited**  
London, United Kingdom

**Peel Hunt LLP**  
London, United Kingdom

## RESERVES EVALUATORS

**Netherland, Sewell & Associates, Inc.**  
Dallas, Texas, USA

## TRANSFER AGENT AND REGISTRAR

**Computershare Trust Company of Canada**  
Calgary, Alberta, Canada  
London, United Kingdom  
Massachusetts, USA and New Jersey, USA

<sup>(1)</sup> Member of the Corporate Governance and Compensation Committee.

<sup>(2)</sup> Member of the Reserves Committee.

<sup>(3)</sup> Member of the HSE CSR Committee.

<sup>(4)</sup> Member of the Audit Committee.

<sup>(5)</sup> Member of the Technical Committee.

## GLOSSARY / ABBREVIATIONS

1P	Proved
2P	Proved plus Probable
3P	Proved plus Probable and Possible
AIF	Annual Information Form
BanBif	Banco Interamericano de Finanzas
bbls.	Barrels
bopd.	Barrels of Oil per Day
Capex	Capital Expenditures
CGUs	Cash Generating Units
COGE	Canadian Oil and Gas Evaluation Handbook
COFIDE	Corporación Financiera de Desarrollo S.A.
CPF	Central Processing Facilities
CSR	Community, Social and Regulatory
DD&A	Depletion, Depreciation and Amortization
E&E	Exploration and Evaluation
ESG	Environmental and Social Governance
FOB	Freight on board
FFO	Funds Flow Provided by Operations
G&A	General and Administrative
GAAP	Generally Accepted Accounting Principles
IAS®	International Accounting Standards
IASB®	International Accounting Standards Board
IFRS®	International Financial Reporting Standards as issued by the International Accounting Standards Board
MD&A	Management's Discussion and Analysis
mmboe	Million Barrels of Oil Equivalent
NCIB	Normal Course Issuer Bid
Netback	Benchmark to assess the profitability based on revenues less royalties, operating and transportation costs
NI 51-101	National Instruments - Standards of Disclosure for Oil and Gas Activities
NOI	Net Operating Income
NSAI	Netherland Sewell and Associates, Inc.
OCP	Ecuador Pipeline
ONP	Northern Peruvian Pipeline
PDP	Proved Developed Producing
PP&E	Property, Plant and Equipment
SDG	Sustainable Development Goals
USD	United States Dollar (\$)
VAT	Value Added Tax
VS1	Upper Vivian Sand