Q2 2026 REPORTING PACKAGE

August 5, 2026

PetroTal Announces Q2 2026 Financial and Operating Results

Calgary, AB and Houston, TX – **August 6, 2026** – 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, 2026. 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, 2026, which are available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.PetroTal-Corp.com.

Key Highlights

- Average Q2 2026 sales and production of 11,969 and 12,557 barrels of oil per day ("bopd"), respectively;
- H1 2026 production averaged 13,726 bopd, tracking 3% ahead of budget expectations;
- Adjusted EBITDA(1) of $43.5 million ($39.98/bbl) in Q2 2026 and $78.7 million ($33.05/bbl) in H1 2026;
- Free Funds Flow(1) of $32.4 million ($29.72/bbl) in Q2 2026 and $58.1 million ($24.41/bbl) in H1 2026;
- Net Income of $4.8 million ($4.40/bbl), net of a $10.2 million impairment charge relating to the sale of the Amazonia-1 drilling rig;
- Capital expenditures of $8.0 million, bringing 2026 YTD capital investment to $15.6 million, and;
- Unrestricted cash of $105.4 million, an increase of $6.1 million YoY.

(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.

<u>Manuel Pablo Zuniga-Pflucker, President and Chief Executive Officer, commented:</u>

"PetroTal delivered strong second quarter results, with Adjusted EBITDA of $43.5 million and Free Funds Flow of $32.4 million reflecting stronger realized pricing and continued cost discipline. Production of 12,557 bopd tracked slightly ahead of our internal plan, putting us in good position to meet our annual production and EBITDA guidance. As part of our ongoing work program at Bretana, we recently commenced a pulling campaign to replace tubing and pumps on up to five wells, which will help mitigate forecast production declines in the second half of the year.

I am happy to report that preparations for our development drilling campaign are progressing on schedule. The Estrella drilling rig is now in Peru and we have increasing confidence that drilling will resume in accordance with our October target date. Delivery on these key project milestones reflects strong execution by our operations and drilling teams and lays the groundwork for a return to production growth in 2027. Looking ahead, we remain focused on disciplined capital allocation and advancing our drilling campaign as we work toward that objective."

Selected Financial Highlights

	Three Months Ended				Six Months Ended			
	Q2-2026		Q1-2026		Q2-2026		Q2-2025	
	$/bbl	$(000's)	$/bbl	$(000's)	$/bbl	$(000's)	$/bbl	$(000's)
Average Production (bopd)		**12,557**		**14,907**		**13,726**		**22,153**
Average Sales (bopd)		**11,969**		**14,350**		**13,153**		**21,924**
Total Sales (bbls)[1]		**1,089,145**		**1,291,473**		**2,380,617**		**3,968,316**
Average Brent Price	**$90.11**		**$74.65**		**$82.46**		**$69.75**	
Contracted Sales Price, Gross	$90.36		$74.50		$81.65		$69.94	
Tariffs, Fees and Differentials	$23.49		$23.43		$23.36		$22.05	
Realized Sales Price, Net	$66.87		$51.07		$58.29		$47.89	
Oil Revenue	**$66.87**	**$72,827**	**$51.07**	**$65,950**	**$58.29**	**$138,776**	**$47.89**	**$190,061**
Royalties[2]	$7.36	$8,016	$4.92	$6,351	$6.03	$14,366	$5.42	$21,515
Operating Expenses	$10.11	$11,013	$8.46	$10,928	$9.22	$21,941	$7.74	$30,715
Direct Transportation								
Diluent	$0.00	$0	$0.00	$0	$0.00	$0	$0.00	$0
Barging	-$0.60	-$651	$0.48	$626	-$0.01	-$25	$0.79	$3,146
Diesel	$0.00	$0	$0.00	$0	$0.00	$0	$0.00	$0
Storage	$0.00	$0	$0.00	$0	$0.00	$0	$0.30	$1,206
Total Transportation	-$0.60	-$651	$0.48	$626	-$0.01	-$25	$1.09	$4,352
Net Operating Income[3,4]	**$49.99**	**$54,449**	**$37.21**	**$48,045**	**$43.05**	**$102,494**	**$33.64**	**$133,479**
Erosion Control	$0.30	$332	$3.15	$4,070	$1.85	$4,402	$0.64	$2,521
G&A	$6.29	$6,854	$6.75	$8,712	$6.54	$15,566	$4.37	$17,354
EBITDA	**$31.56**	**$34,377**	**$27.34**	**$35,313**	**$29.27**	**$69,690**	**$28.63**	**$113,603**
Adjusted EBITDA[3,5]	**$39.98**	**$43,541**	**$27.22**	**$35,148**	**$33.05**	**$78,689**	**$29.27**	**$116,170**
Net Income	**$4.40**	**$4,796**	**$11.84**	**$15,297**	**$8.44**	**$20,093**	**$12.19**	**$48,367**
Basic Shares Outstanding ('000)		920,328		920,328		920,328		913,808
Market Capitalization[6]		$292,204		$362,885		$292,204		$456,904
Net Income/Share ($/sh)		**$0.01**		**$0.02**		**$0.02**		**$0.05**
Capex		**$7,967**		**$7,622**		**$15,589**		**$40,670**
Free Funds Flow[3,7]	**$29.72**	**$32,373**	**$19.92**	**$25,728**	**$24.41**	**$58,101**	**$18.97**	**$75,288**
Total Cash[8]		**$136,893**		**$128,327**		**$136,893**		**$142,102**
Available Cash		**$105,388**		**$104,437**		**$105,388**		**$99,313**

1. Approximately 99% of Q2 2026 sales were through the Brazilian route vs 90% in Q2 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 2026, Q1 2026 and Q2 2025 assume share prices of $0.3175, $0.3943, and $0.50 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, 2026:

Block 95 Update

PetroTal produced an average of 12,190 bopd from the Bretana field (Block 95; PetroTal 100% WI) in Q2 2026. Bretana production declined by approximately 2,300 bopd relative to the prior quarter, mainly due to natural declines and in-line with expectations. Los Angeles field production (Block 131; PetroTal 100% WI) averaged 367 bopd in Q2 2026, a decline of approximately 50 bopd compared to the prior quarter. In the first six months of 2026, PetroTal's corporate production averaged 13,726 bopd, approximately 3% ahead of budget expectations.

In mid-July, PetroTal commenced a pulling campaign at the Bretana field. The objective of the work program, which is classified as an operating expenditure, is to replace production tubing and potentially electric submersible pumps in up to five wells, with a view to improving field production deliverability in H2 2026. The cost and production downtime associated with the pulling campaign are fully contemplated in PetroTal's 2026 budget. Bretana field production averaged 11,107 bopd in July 2026.

PetroTal continues to advance preparations for its H2 2026 development drilling campaign, which remains on track to begin in October. Construction of the L2E platform, which is being built to accommodate surface infrastructure for the new wells, was 78% complete as of July 21. The Estrella drilling rig, which PetroTal has contracted for an 8-well drilling campaign, entered Peru from Leticia, Colombia on August 4, and following a planned barge transshipment in Iquitos is expected to arrive at Bretana by the end of the month. The Company intends to notify the market when the first well has spud.

Erosion Control Project

As disclosed previously, PetroTal has largely suspended construction activities for the erosion control project, after terminating its contract with the previous construction consortium in March 2026. The Company commenced a tender process to source new contractors for the project in May 2026. That process remains ongoing, with updated bids now expected by the end of August. Once PetroTal has agreed to terms with a new contractor, it will guide the market on the cost and timeframe to project completion.

Cash and Liquidity Update

PetroTal ended Q2 2026 with a total cash position of $136.9 million, of which $105.4 million was unrestricted. This compares to $128.3 million total cash ($104.4 million unrestricted) at the end of Q1 2026. The increase in cash reflects strong operating cash flow and $13.4 million of net proceeds from the Amazonia-1 rig sale, offset by the retirement of the $16.9 million lease liability associated with the rig and routine debt service.

PetroTal did not initiate any new production hedges during Q2 2026. As at June 30, 2026, the Company's corporate hedging program consisted of four three-way collars covering approximately 1.1 million barrels through March 2027, with floor prices ranging from $55.00 to $65.00/bbl, ceiling prices from $72.10 to $73.75/bbl, and caps from $92.10 to $93.75/bbl. As of June 30, 2026, these contracts had a fair value of negative $2.2 million.

Q2 2026 Webcast Link for August 6, 2026

PetroTal's management team will host a webcast to discuss Q2 2026 results on August 6, 2026 at 9am CT (Houston) and 3pm BST (London). Please see the link below to register.

https://brrmedia.news/PTAL_Q2_26

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, the Company's filed documents at 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 drilling, completions and other activities; the timing of the resumption of development drilling at Bretana; the ability of the pulling campaign and associated activities to offset production declines; and the outcome of the erosion control arbitration process. In addition, statements relating to expected production, reserves, 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. 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 achievements 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, 2025 and the management's discussion and analysis for the three months ended March 31, 2026 for additional risk factors relating to PetroTal, which can be accessed either on PetroTal's website at www.petrotal-corp.com *or under the Company's profile on* 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, 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.*

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the interim period ended June 30, 2026

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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 IFRS® Accounting Standards, specifically IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") 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 5, 2026

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

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

	Note	June 30, 2026	December 31, 2025
ASSETS			
Current			
Cash	4	$ 105,388	$ 112,400
Restricted cash	4	21,814	17,039
Trade and other receivables	5	61,830	56,862
Income tax receivable	18	5,945	—
Inventory	6	14,684	12,233
Prepaid expenses	7	5,586	10,383
Derivative assets	8	—	967
Total current assets		215,247	209,884
Non-current			
Restricted cash	4	9,691	9,685
Trade and other receivables	5	24,640	24,307
Exploration and evaluation assets	9	12,018	11,410
Property, plant and equipment, net	10	497,179	541,781
Deferred income tax assets	18	1,340	1,077
Prepaid expenses	7	6,447	7,000
Total non-current assets		551,315	595,260
Total assets		**$ 766,562**	**$ 805,144**
LIABILITIES and EQUITY			
Current			
Trade and other payables	12	$ 47,633	$ 58,384
Income tax payables	18	—	12,510
Lease liabilities	14	7,773	12,457
Short-term derivative liabilities	8	2,225	—
Short-term debt	11	11,874	11,408
Total current liabilities		69,505	94,759
Non-current			
Long-term debt	11	25,607	31,632
Long-term derivative liabilities	8	8,915	21,710
Lease liabilities	14	29,270	43,267
Decommissioning liabilities	13	43,473	42,768
Deferred income tax liabilities	18	50,440	53,093
Other long-term liabilities		3,045	2,649
Total non-current liabilities		160,750	195,119
Total liabilities		230,255	289,878
Equity			
Share capital	15	138,228	138,228
Contributed surplus		15,041	14,093
Retained earnings		383,038	362,945
Total equity		536,307	515,266
Total liabilities and equity		**$ 766,562**	**$ 805,144**

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	2026	2025	2026	2025
REVENUES					
Oil revenues, net of royalties and social fund	16	$ 64,811	$ 70,834	$ 124,410	$ 168,545
Total revenues		64,811	70,834	124,410	168,545
EXPENSES					
Operating		11,013	17,488	21,941	30,715
Erosion	19	332	705	4,402	2,521
Direct transportation		(651)	2,052	(25)	4,352
General and administrative		6,854	7,775	15,566	17,354
Net finance expenses		1,797	535	3,813	2,841
Commodity price derivatives loss (gain)	8	9,205	(361)	(3,692)	1,070
Depletion, depreciation and amortization		15,809	22,053	34,574	44,190
Impairment	10	10,170	—	10,170	—
Loss on disposal of property, plant and equipment	10	6,289	—	6,289	—
Other income	17	(3,573)	—	(3,623)	—
Foreign exchange (gain) loss		(676)	(521)	416	(938)
Total expenses		56,569	49,726	89,831	102,105
Income before income taxes		**8,242**	**21,108**	**34,579**	**66,440**
Current income tax expense	18	9,595	9,421	17,401	28,024
Deferred income tax recovery	18	(6,149)	(5,826)	(2,915)	(9,950)
Net income and comprehensive income		**$ 4,796**	**$ 17,513**	**$ 20,093**	**$ 48,366**
Earnings per common share:					
Basic		$ 0.01	$ 0.02	$ 0.02	$ 0.05
Diluted		$ 0.01	$ 0.02	$ 0.02	$ 0.05
Weighted average common shares outstanding (in thousands):					
Basic		920,328	915,435	918,368	915,603
Diluted		945,676	937,579	939,493	935,501

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

		Six Months Ended June 30,	
	Note	2026	2025
Share capital			
Balance, beginning of year		$ 138,228	$ 139,198
Repurchase of shares	15	—	(556)
Balance, end of period		$ 138,228	$ 138,642
Contributed surplus			
Balance, beginning of year		$ 14,093	$ 11,332
Share based compensation plan	15	948	765
Balance, end of period		$ 15,041	$ 12,097
Retained earnings			
Balance, beginning of year		$ 362,945	$ 360,978
Dividends	15	—	(28,061)
Net income and comprehensive income		20,093	48,366
Repurchase of shares	15	—	(1,090)
Balance, end of period		$ 383,038	$ 380,193
Total equity		**$ 536,307**	**$ 530,932**

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	**2026**	**2025**
Cash flows from operating activities			
Net income		$ 20,093	$ 48,366
Adjustments for:			
Depletion, depreciation and amortization		34,574	44,190
Impairment	10	10,170	—
Accretion of decommissioning liabilities	13	1,179	1,054
Share based compensation plan		1,345	1,699
Commodity price unrealized derivative (gain) loss	8	(9,602)	1,385
Net finance expenses		3,501	995
Deferred income tax recovery	18	(2,916)	(9,950)
Loss on disposal of property, plant and equipment	10	6,229	—
Changes in working capital:			
Trade and other receivables		(4,970)	17,573
Prepaid expenses		4,797	(1,121)
Inventory		(1,878)	1,480
Trade and other payables		(7,991)	3,671
Income tax		17,434	21,080
Cash paid for income taxes		(35,889)	(29,396)
Net cash provided by operating activities		36,076	101,026
Cash flows from investing activities			
Property, plant and equipment additions	10	(19,980)	(40,267)
Exploration and evaluation asset additions	9	(608)	(615)
Proceeds from the sale of property, plant and equipment	10	14,000	—
Non-cash changes in working capital		(2,207)	(34,904)
Net cash used in investing activities		(8,795)	(75,786)
Cash flows from financing activities			
Interest and fees paid		(1,741)	(1,514)
Repayment of debt principal		(5,649)	(10,879)
Funds received from credit facility	11	—	50,000
Dividends paid		—	(28,061)
Repurchase of shares		—	(1,646)
Payment of current lease liabilities	14	(22,122)	(5,566)
Net cash (used in) provided by financing activities		(29,512)	2,334
(Decrease) increase in cash		(2,231)	27,574
Cash, beginning of period		112,400	102,783
Increase in restricted cash	4	(4,781)	(31,044)
Cash, end of period		**$ 105,388**	**$ 99,313**

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, 2026 and 2025.
All amounts are stated in thousands of U.S. $, unless otherwise indicated.

1. CORPORATE INFORMATION

PetroTal Corp. and its subsidiaries (the "Company" or "PetroTal") are engaged in the exploration, appraisal and development of oil in Peru, South America. The Company is a publicly-traded energy company, incorporated and domiciled in Canada, with management offices in Houston, Texas, and Lima, Peru. 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") were approved for issuance by the Company's Board of Directors on August 5, 2026, based on the recommendation of the Audit Committee.

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. They do not contain all disclosures required by IFRS Accounting Standards for annual financial statements and, accordingly, should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2025. Those annual consolidated financial statements outline the Company's material accounting policies, accounting judgments, and key sources of estimation uncertainty in Note 2, which have been applied consistently in these Financial Statements, except for:

Assets held for sale

The Company classifies assets as held for sale if it is highly probable their carrying amounts will be recovered through a disposition rather than through future operating cash flows. This condition is met when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification. Assets held for sale are measured at the lower of the carrying amount and recoverable amount, with impairments or impairment reversals recognized in the condensed interim consolidated statements of earnings and other comprehensive income.

Assets held for sale are classified as current assets and are not subject to depletion and depreciation. Liabilities associated with assets held for sale are classified as current liabilities.

Upon classification, the Company assesses whether the assets held for sale represent a major component of the business. If this criteria is met, the operating results attributable to the assets held for sale are presented as discontinued operations, with prior periods reclassified to conform with current period presentation.

BASIS OF MEASUREMENT

These Financial Statements have been prepared on a going concern basis and on a historical cost basis except for certain financial instruments that have been measured at fair value.

PRINCIPLES OF CONSOLIDATION

The 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, using consistent accounting practices.

Intercompany balances and transactions, including any unrealized gains or losses arising from transactions with the Company's subsidiaries, are eliminated on consolidation.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

NEW ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE

A new accounting standard has been issued and is effective for future reporting periods. In April 2024, the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements", which is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements. Based on the preliminary assessment performed to date, management expects IFRS 18 to primarily affect the presentation, classification and disclosure of information in the financial statements and accompanying notes. The Company does not currently expect the adoption of IFRS 18 to have a material impact on the recognition or measurement of its assets, liabilities, revenues, expenses, or cash flows. The assessment remains ongoing and the ultimate impact of adopting the standard may change as additional analysis is completed.

4. CASH AND RESTRICTED CASH

	June 30, 2026	December 31, 2025
Cash	$ 105,388	$ 112,400
Restricted cash current	21,814	17,039
Restricted cash non-current	9,691	9,685
Total cash and restricted cash	$ 136,893	$ 139,124

Current restricted cash of $21.8 million is primarily related to funds designated for the temporarily suspended erosion control project, the 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 (see Note 8, *Commodity Price Derivatives*) and funds designated for the erosion control project.

5. TRADE AND OTHER RECEIVABLES

	June 30, 2026	December 31, 2025
Trade receivables	$ 71,141	$ 61,586
VAT receivables	14,061	17,980
Other receivables	1,268	1,603
Total trade and other receivables	$ 86,470	$ 81,169
Represented as:		
Current receivables	$ 61,830	$ 56,862
Non-current receivables	24,640	24,307
Total trade and other receivables	$ 86,470	$ 81,169

Trade receivables represent revenue from the sale of oil. As of June 30, 2026, trade receivables of $71.1 million consisted of $45.1 million related to export sales through Brazil and $26.0 million due from Petroperu. $50.0 million is expected to be collected within twelve months and is classified as current, with the remaining $21.1

million classified as non-current. No credit losses have been recognized on the Company's trade receivables as of June 30, 2026 or December 31, 2025.

Value Added Tax ("VAT") in Peru is levied on the purchase of goods and services and is recoverable on the sale of goods and services. During the six months ended June 30, 2026, the Company paid $7.9 million of VAT on purchases and recovered $11.8 million through offsets and refunds. The Company expects to recover an additional $11.1 million of VAT within the next twelve months.

6. INVENTORY

		June 30, 2026		December 31, 2025
Materials, parts and supplies	$	11,698	$	11,092
Oil inventory		2,986		1,141
Total inventory	$	14,684	$	12,233

Materials, parts and supplies, primarily related to drilling, production and maintenance activities, are expected to be consumed in the short term. These inventories are measured at the lower of cost or net realizable value, with provisions recorded for any obsolete or slow-moving items.

Oil inventory consists of barrels of oil production in tanks, measured at the lower of cost or net realizable value. Inventory costs include operating expenses, royalties, transportation and depletion associated with production and are recognized as expense when the inventory is sold. As of June 30, 2026, the Company's oil inventory balance was $3.0 million, representing 62.4 thousand barrels valued at $47.82 per barrel, compared to $1.1 million, representing 35.6 thousand barrels at $32.10 per barrel, as of December 31, 2025.

7. PREPAID EXPENSES

		June 30, 2026		December 31, 2025
Advances to contractors		9,717		7,401
Prepaid expenses and others		2,316		2,854
Erosion control project advances		—		7,128
Total prepaid expenses	$	12,033	$	17,383
Represented as:				
Current prepaid expenses	$	5,586	$	10,383
Non-current prepaid expenses		6,447		7,000
Total prepaid expenses	$	12,033	$	17,383

As of June 30, 2026, advances to contractors included $6.4 million related to power plant projects classified as long term. Prepaid expenses and others primarily consists of $1.4 million in Peruvian income tax prepayments and $0.9 million for rent. Details of the advances for the erosion control project are provided in Note 19.

8. RISK MANAGEMENT

The table below presents the Company's carrying amount and fair values of financial instruments including cash and restricted cash, trade and other receivables, derivatives, debt, and trade and other payables. These instruments are classified as financial assets and liabilities and are measured at either amortized cost or fair value. The Company is exposed to various financial risks arising from its normal-course business activities.

	June 30, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and restricted cash	$ 136,893	$ 136,893	$ 139,124	$ 139,124
Trade and other receivables	50,011	50,011	41,878	41,878
Short-term derivative assets	—	—	967	967
Trade receivable long-term	21,637	21,637	21,311	21,311
Short-term derivative liabilities	2,225	2,225	—	—
Short and long-term debt	37,481	37,481	43,040	43,040
Trade and other payables	47,633	47,633	58,384	58,384
Long-term derivative liabilities	8,915	8,915	21,710	21,710

COMMODITY PRICE DERIVATIVES

The derivative assets and liabilities are classified as a Level 2 fair value measurement. The Petroperu Saramuro agreement, signed in 2021, includes a purchase price adjustment clause. The initial sales price is based on the arithmetic average of Intercontinental Exchange ("ICE") Brent Crude 8-month forward price, while the realized price is based on the tender price of the oil sold at the Bayovar terminal. The purchase price adjustment is calculated as the realized price less the initial sales price. If the purchase price adjustment is negative, the Company compensates Petroperu for the amount multiplied by the volume sold or arranged by Petroperu. Conversely, if the purchase price adjustment is positive, the Company is compensated by Petroperu.

The fair value of the embedded derivative, reflecting the average future Brent price differential, was recorded as a gain (loss) on commodity price derivatives as of June 30, 2026 and June 30, 2025.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net derivative liability at beginning of period	$ (6,112)	$ (10,347)	$ (20,743)	$ (8,916)
Cash settlements to be paid	877	(315)	877	(315)
Cash settlements paid	3,300	—	5,034	—
Realized (loss) gain	(4,177)	315	(5,910)	315
Unrealized (loss) gain	(5,028)	46	9,602	(1,386)
Net derivative liability at end of period	$ (11,140)	$ (10,301)	$ (11,140)	$ (10,301)

	June 30, 2026	December 31, 2025
Short-term derivative assets	—	967
Short-term derivative liabilities	(2,225)	—
Long-term derivative liabilities	(8,915)	(21,710)
Net derivative liability at end of period	$ (11,140)	$ (20,743)

Sales delivery / Executed month	Expected settlement month	Volume (bbls. in thousands)	Price range $/bbl. (3)	Hedged range $/bbl.	Net derivative asset (liability)
Peru Embedded Derivatives [1]					
Apr-21 to Feb-22	Aug-30 to Apr-31	1,882	$62.49 to $85.26	$69.45 to $69.64	$ (8,915)
Corporate Derivatives Hedging [2]					
Jul-26 to Mar-27	Jul-26 to Mar-27	1,115	—	$55.00 to $93.75	(2,225)
				Net derivative liability	$ (11,140)

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

As of June 30, 2026 and December 31, 2025, approximately 1.9 million barrels remain in the pipeline or storage tanks, awaiting final sale by Petroperu. During the six months ended June 30, 2026, an increase in future oil prices related to the Peru embedded derivative resulted in a gain. The net result is a net liability of $8.9 million as of June 30, 2026 versus a net liability of $21.7 million as of December 31, 2025. A 1.0% change in the Peru embedded derivative hedged range price would result in an estimated $1.2 million change to the net derivative liability. Derivative gains and losses are only realized when oil is effectively sold to third parties at Bayovar.

(2) Corporate Hedge Program

As of June 30, 2026, the Company's Brent oil hedging program included contracts covering 1.1 million barrels. These positions consist of four three-way collars with the following strike price ranges:

Put Price (Floor): $55.00 to $65:00/bbl.
Call Price (Ceiling): $72.10 to 73.75/bbl.
Call Ceiling Price (Cap): $92.10 to $93.75/bbl.

As of June 30, 2026, the fair value of these derivative instruments was recognized as a net liability of $2.2 million.

(3) Represents the price per barrel at which the oil was originally sold.

FOREIGN EXCHANGE RATE RISK

The Company's functional currency is the United States dollar. Foreign exchange gains or losses may arise from the translation of working capital items denominated in currencies other than the functional currency of the jurisdiction in which the working capital item is held.

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 affected by current and future commodity prices. If required, the Company may consider additional short-term financing or issuing equity to meet its future obligations. 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 due to lower commodity prices;
- declines in revenue and operating activities resulting from constrained capital programs and oil production;
- inability to access financing sources; and,
- increased risk of non-performance by the Company's customers and suppliers.

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, resulting in a financial loss to the Company. The Company's VAT receivable is primarily for sales tax credits on exploration and drilling expenses incurred in the current year and prior years. These credits are applied to future oil development activities or recovered in accordance with the current sales tax recovery legislation.

The Company's trade receivable balance primarily relates to oil sales and purchase price adjustments with two customers: 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, with sales on a free on board ("FOB") Bretana basis. Sales to the Iquitos refinery or into the port of Pucallpa are due 60 days after final delivery. Sales through the Oleoducto Norperuano Pipeline ("ONP") are due 240 days after final delivery to the Bayovar terminal.

In the second quarter of 2026, PetroTal sold substantially all of its oil through two primary routes: 98.7% via the Brazil export route, and 1.3% to the local Iquitos refinery. Sales via the ONP remained inactive during the period, while sales to the local Iquitos refinery continued throughout Q2 2026. The Company has not experienced any material credit losses on trade receivables and periodically assesses the recoverability through customer discussions, credit rating agency reports and other third-party information.

Impairment of a financial asset is recognized only when there is objective evidence of impairment, the loss event impacts 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 there is no significant risk on the recoverability of the Company's receivables; accordingly, no impairment has been recorded.

The Company deposits cash and restricted cash with a limited number of financial institutions. The maximum credit exposure associated with financial assets is their carrying value. As of Q2 2026, the Company's cash and restricted cash are predominantly denominated in U.S. dollars, with financial institutions located across the U.S., Canada and Peru.

9. EXPLORATION AND EVALUATION ASSETS

		Exploration and Evaluation Assets
Balance at January 1, 2025	$	10,406
Additions		1,004
Balance at December 31, 2025	$	11,410
Additions		608
Balance at June 30, 2026	$	12,018

Exploration and evaluation ("E&E") assets represent the Company's exploration projects that are pending the determination of proved or probable reserves or the assessment of recoverability. As of June 30, 2026 and December 31, 2025, the Company determined there were no impairment indicators of the E&E balance.

10. PROPERTY, PLANT AND EQUIPMENT

	Petroleum Properties	Right of Use Assets	Other Assets	Total
Balance at January 1, 2025	$ 471,981	$ 59,568	$ 5,469	$ 537,018
Additions	74,231	6,563	403	81,197
Revisions to decommissioning obligations	6,232	—	—	6,232
Revisions to right of use asset	—	25	—	25
Depletion, depreciation and amortization	(77,104)	(5,039)	(548)	(82,691)
Balance at December 31, 2025	$ 475,340	$ 61,117	$ 5,324	$ 541,781
Additions	18,929	1,753	552	21,234
Revisions to decommissioning obligations	(474)	—	—	(474)
Revisions to right of use asset	—	184	—	184
Disposal	(10,611)	(9,618)	—	(20,229)
Impairment	(2,893)	(7,277)	—	(10,170)
Depletion, depreciation and amortization	(32,408)	(1,918)	(821)	(35,147)
Balance at June 30, 2026	$ 447,883	$ 44,241	$ 5,055	$ 497,179

Depreciation, depletion and amortization expenses included in inventory were immaterial as of June 30, 2026 and December 31, 2025.

On May 25, 2026, following a review of the Company's operational requirements and capital allocation priorities, the Company sold the Amazonia drilling rig for total gross proceeds of $14.0 million. As a result, the Company recognized an impairment loss of $10.2 million, as the asset's carrying amount exceeded its recoverable amount. Upon disposition, the carrying amounts of the assets sold were $4.4 million and $9.6 million for Petroleum Properties and Right of Use Assets, respectively.

In addition, during the second quarter of 2026, management dismantled and scrapped the Batará loading and unloading barge. Accordingly, the Company recognized a write-off of $6.2 million, representing the asset's remaining carrying value.

As of June 30, 2026, there were no further indicators of impairment.

11. DEBT

	June 30, 2026	December 31, 2025
Short-term debt	$ 11,874	$ 11,408
Long-term debt	25,607	31,632
Total debt	$ 37,481	$ 43,040

As of June 30, 2026, the Company had $37.5 million outstanding under the loan related to the erosion control project, of which $11.9 million was classified as short-term and $25.6 million as long-term. The outstanding principal balance approximates fair market value. The loan agreement includes financial covenants requiring the Company to maintain: (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 Company has $35.5 million of available credit under its credit facilities, each with a one-year term and renewal options. In May 2026, the Company renewed $5.5 million line of credit with Interbank at an interest rate of 5.07%, improving its financing terms compared with existing credit agreements. The loan agreements contain no debt covenants. The credit facilities are intended to fund short-term working capital needs, subject to bank approval at the time of each draw. Borrowings under the facilities bear interest at each bank's effective annual rate. The applicable rate is determined at the time of draw based on the Company's credit profile and prevailing market conditions, in accordance with local banking regulations. As of June 30, 2026, the effective annual rates offered by the banks ranged from 5.07% to 8.65%.

The following is a summary of scheduled debt maturities by year as of June 30, 2026:

Year		
2026	$	5,849
2027		12,307
2028		13,396
2029		5,929
Total	$	37,481

12. TRADE AND OTHER PAYABLES

		June 30, 2026		**December 31, 2025**
Trade payables	$	16,573	$	19,501
Accrued payables and other obligations		31,060		38,883
Total trade and other payables	$	47,633	$	58,384

As of June 30, 2026 and December 31, 2025, trade payables and other payables were primarily related to the drilling and completion of wells and construction of production processing facilities. The decrease in trade payables and accruals during the period reflected lower drilling activity. Other obligations were mainly related to the 2.5% social fund for the benefit of local communities, which totaled $0.2 million and $0.2 million as of June 30, 2026 and December 31, 2025, respectively. See Note 16, *Revenue Net of Royalties and Social Fund*, for further details.

13. DECOMMISSIONING LIABILITIES

The undiscounted, uninflated value of estimated decommissioning liabilities was $71.4 million as of June 30, 2026 and December 31, 2025. The present value of the liabilities was calculated using average risk-free rates between 5.3% to 5.8% as of June 30, 2026 and 5.3% to 5.7% as of December 31, 2025, 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 2.0%. The revisions to the decommissioning liabilities include changes to cost estimates, the risk-free rates and adjustments for inflation. The obligations are primarily expected to be settled at the end of the exploration licenses between 2037-2041.

		Decommissioning Liabilities
Balance at January 1, 2025	$	34,383
Revisions to decommissioning liabilities		6,232
Accretion of decommissioning liabilities		2,153
Balance at December 31, 2025	$	42,768
Revisions to decommissioning liabilities		(474)
Accretion of decommissioning liabilities		1,179
Balance at June 30, 2026	$	43,473

14. LEASE LIABILITIES

The lease liabilities related to drilling, power generation equipment and office premises in Houston, Texas and Lima, Peru, with lease terms ranging from 2 to 5 years.

Lease liabilities are measured at the present value of future lease payments, discounted using the applicable incremental borrowing rate at lease commencement, which ranges from 8.5% to 9.5%.

During the second quarter of 2026, in connection with the sale of the Amazonia drilling rig, the Company settled its lease liability of $16.9 million. As a result, the lease liability associated with the Amazonia drilling rig was extinguished, and no further lease obligation related to this asset remained outstanding as of the transaction date.

Balance at January 1, 2025	$	54,641
Additions		6,563
Revisions		25
Payments		(10,061)
Interest on leases		4,556
Lease liabilities at December 31, 2025	$	55,724
Additions		1,438
Payments		(22,122)
Interest on leases		2,003
Lease liabilities at June 30, 2026	$	37,043
Represented as:		
Current liability	$	7,773
Non-current liability		29,270
Total lease liabilities	$	37,043

The following is a summary of minimum undiscounted annual lease payments by year as of June 30, 2026:

Year		
2026	$	5,892
2027		8,749
2028		8,187
2029		8,073
2030		6,970
Thereafter		7,451
Total	$	45,322

15. SHARE CAPITAL

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

	Thousands of Common Shares		Share Capital
Balance at January 1, 2025	911,783	$	139,198
Vesting of performance share units	6,094		—
Repurchase of shares	(4,901)		(970)
Balance at December 31, 2025	912,976	$	138,228
Vesting of performance share units	7,352		—
Balance at June 30, 2026	920,328	$	138,228

DIVIDENDS

The Company suspended its dividend policy in November 2025. Accordingly, no dividends were declared or paid during Q2 2026. During the three and six months ended June 30, 2025, the Company paid dividends ($0.015 per share) to shareholders in the amount of $14.2 million and $28.1 million, respectively.

NORMAL COURSE ISSUER BID (“NCIB”)

The Company did not purchase common shares during the three and six months ended June 30, 2026. During the three and six months ended June 30, 2025, the Company purchased 2.1 million and 3.3 million common shares under the NCIB for total consideration of $1.1 million and $1.6 million, respectively. The surplus between the total consideration and the carrying value of the shares repurchased was recorded against retained earnings. PetroTal’s normal course issuer bid expired on June 2, 2026.

SHARE BASED COMPENSATION

The Company has granted performance share units (“PSUs”) to certain employees and deferred share units (“DSUs”) to non-employee directors under the Company’s share-based compensation plans.

PSUs vest either after three years or in equal annual installments over three years. PSUs may include dividend equivalent units (“DEUs”) that are settled in common shares. The number of PSUs, including DEUs, that ultimately vest is determined based on the achievement of specified performance conditions. These conditions consist of key performance indicators (“KPIs”) approved annually by the Board of Directors and are based on internal operational, financial, and strategic performance objectives. These KPI factors are non-market conditions and, once established for the performance period, are not subject to subsequent market-based volatility. Share-based compensation expense is adjusted during the year to reflect the final number of awards expected to vest based on Board-approved performance outcomes, and the final number of shares follows the applicable vesting schedule.

DSUs are granted to non-employee directors under the Company's DSU plan. DSUs are fully vested upon grant and are redeemable upon a holder ceasing to be a director of the Company. DSUs may include DEUs that are settled in cash at the prevailing market price of the Company's common shares.

The following table details the PSU and DSU activity and outstanding balances as of December 31, 2025, and June 30, 2026:

	Performance Share Units	Deferred Share Units
Balance at January 1, 2025	18,279,003	5,071,435
Additions	13,583,304	2,322,526
Issued	(12,519,467)	—
Forfeited	(3,434,940)	—
Balance at December 31, 2025	15,907,900	7,393,961
Additions	13,264,726	1,100,214
Forfeited	(2,334,908)	—
Balance at June 30, 2026	26,837,718	8,494,175

The Company recognized $2.0 million and $2.3 million of share-based compensation expense during the six months ended June 30, 2026 and 2025, respectively, which is included in general and administrative expenses in the Condensed Interim Consolidated Statements of Earnings and Other Comprehensive Income.

16. REVENUE NET OF ROYALTIES AND SOCIAL FUND

Oil revenue is recognized in accordance with the terms of the applicable sales contracts. The transaction price is generally based on prevailing market benchmark commodity prices for the production month and is adjusted for quality differentials, transportation and other contractually specified deductions, as applicable.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Oil revenue	$ 72,827	$ 80,110	$ 138,776	$ 190,061
Royalty	(5,894)	(7,078)	(10,430)	(16,578)
Social fund	(2,122)	(2,198)	(3,936)	(4,937)
Total oil revenue net of royalties and social fund	$ 64,811	$ 70,834	$ 124,410	$ 168,546

The Company sold 1.1 million and 1.9 million barrels of oil during the second quarter of 2026 and 2025, respectively, at a net realized sales price of $66.87 per barrel and $42.78 per barrel, respectively, net of price discounts.

17. OTHER INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Income from performance bond execution [1]	$ (5,482)	$ —	$ (5,482)	$ —
Other income	(291)	—	(341)	—
Contract termination settlement expense [2]	2,200	—	2,200	—
Total other income	$ (3,573)	$ —	$ (3,623)	$ —

[1] Income of $5.5 million was recognized from the execution of a performance bond following a contractual breach by the EBD Consortium and after recovering $6.5 million of advances previously disbursed to the EBD Consortium. Further details of the erosion control project are provided in Note 19.

[2] Expense of $2.2 million recognized in connection with a settlement agreement reached with a supplier following the termination of a rig operation and maintenance contract.

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 23.0% in Canada, 21.0% in the U.S. and 32.0% in Peru (activities of the Company in Peru are subject to a 30.0% statutory tax rate plus 2.0% 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,	
	2026	2025	2026	2025
Earnings before income taxes	$ 8,242	$ 21,108	$ 34,579	$ 66,440
Canadian corporate tax rate	23 %	23 %	23 %	23 %
Expected income tax expense	$ 1,896	$ 4,855	$ 7,953	$ 15,281
Increase (decrease) in taxes resulting from:				
Non-deductible expenses and other	(32)	263	3,707	989
Tax differential on foreign jurisdictions	350	(939)	2,735	2,388
Change in valuation allowance and NOL reduction	1,232	—	91	—
Provision for income taxes	**$ 3,446**	**$ 4,178**	**$ 14,486**	**$ 18,658**

The Company recognized the deferred tax assets and deferred tax liabilities in Canada, Peru, and the U.S arising from temporary differences. During 2025, the Company exhausted all net operating losses ("NOLs") in the U.S. and all non-capital losses in Canada. As such, there are no NOLs to utilize in 2026.

Ucawa has $96.1 million in tax losses as of June 30, 2026, and December 31, 2025, and no deferred tax asset has been recognized. These losses are being carried forward and are available to offset against future tax gains.

As of June 30, 2026, the aggregate amount of temporary differences related to investments in subsidiaries for which deferred tax liabilities have not been recognized was approximately $23.4 million, compared to $56.4 million as of December 31, 2025.

As of June 30, 2026, the Company had an income tax receivable of $5.9 million, primarily attributable to 2026 income tax prepayments. As of December 31, 2025, the Company had an income tax payable balance of $12.5 million.

19. COMMITMENTS AND CONTINGENCIES

Commitments

As of June 30, 2026, the Company holds the following letters of credit guaranteeing its commitments in exploration Block 107:

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

In December 2024, PetroTal signed two Technical Evaluation Agreements ("TEAs") with Perupetro for Areas XCVII and XCVIII in Peru's Ucayali Basin, located near and along the same geological trend as PetroTal's Blocks 107, 131 and Agua Caliente fields. In September 2025, the Company signed two additional TEAs for Areas CI and CII in the Marañón Basin, located near and along the same geological trend as PetroTal's Bretaña Field. All TEAs comprise two periods of 12-months, with an option to extend for an additional 12 months, and include geological and geophysical studies such as seismic reprocessing, geochemical modeling, and hydrocarbon potential assessments.

Erosion Control Project

The Company has temporarily suspended its preventive riverbank erosion control program at the Bretaña field and surrounding community following the termination of its agreement with the EBD Consortium due to the contractor's documented breaches, including its failure to achieve the contractual progress milestones and to comply with its payment obligations to subcontractors and workers. As a result of such termination, the Company fully recovered the advances previously disbursed to the EBD Consortium through the execution of a $12.0 million letter of credit issued in its favor, against which those advances were applied and offset (Note 17). The Company is currently reassessing the project scope and conducting a competitive tender process for the selection of a replacement contractor.

Ucawa Assets Acquisition

In addition, no material changes have occurred regarding the Ucawa Energy S.A.C. asset acquisition disclosed in Note 19 - Commitments and Contingencies of the 2025 Annual Consolidated Financial Statements.

20. SUBSEQUENT EVENT

The Company has evaluated subsequent events and determined that no events requiring disclosure or adjustment were identified.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the interim period ended June 30, 2026

PetroTal

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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 period ended June 30, 2026 is dated August 5, 2026, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements (the "Financial Statements") for the period ended June 30, 2026. The Financial Statements were prepared by management in accordance with International Financial Reporting Standards ("IFRS®") issued by the International Accounting Standards Board ("IASB"), representing 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. and its subsidiaries (the "Company" or "PetroTal") are engaged in the exploration, appraisal, and development of oil in Peru, South America. PetroTal is a publicly-traded energy company, incorporated and domiciled in Canada, with management offices in Houston, Texas, and Lima, Peru. The Company's registered office is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, Canada. PetroTal's common shares are listed on the Toronto Stock Exchange (TSX: TAL), AIM Market of the London Stock Exchange (AIM: PTAL), and OTCQX (PTALF). Through its Peruvian subsidiaries, PetroTal Peru S.R.L and Ucawa Energy S.A.C. ("Ucawa"), the Company is actively developing hydrocarbons at Blocks 95 and 131 and holds exploration prospects and leads in Block 107.

2. PERFORMANCE HIGHLIGHTS

The Company's key operational and financial performance levels are described below:

Operational Highlights

- Oil production was 1.1 million bbls, an average of 12,557 bopd in Q2 2026, a decrease of 16% from 1.3 million bbls, an average of 14,907 bopd in Q1 2026. As of June 30, 2026, the Company had 24 producing oil wells and 4 water disposal wells. Q2 2026 production reflected the natural decline of existing wells following the completion of the Company's prior development drilling campaign and water handling constraints. During the quarter, PetroTal remained focused on maximizing value from existing production capacity while advancing infrastructure and field preparation activities to support the plan to restart development drilling later in 2026; and,
- Oil sales allocations during Q2 2026 were all directed through two primary routes: 98.7% to exports through Brazil and 1.3% to the Iquitos refinery.

Financial Highlights

- Revenue totaled $72.8 million in Q2 2026, based on 1.1 million bbls sold, (average 11,969 bopd) at an average realized price of $66.87/bbl, compared to $65.9 million from 1.3 million bbls sold (average 14,350 bopd) at an average realized price of $51.07/bbl in Q1 2026. Bretana continued to be the Company's core cash-generating asset, contributing $60.6 million of revenue during the quarter;
- Royalties paid to the Peruvian government in Q2 2026 totaled $5.9 million ($5.41/bbl, 8.1% of revenues) compared to $4.5 million ($3.51/bbl, 6.9% of revenues) in Q1 2026. Of the $5.9 million in royalties, $5.3 million is related to Bretana. Contributions to the 2.5% community social trust fund were $2.1 million in Q2 2026, as compared to $1.8 million in Q1 2026;
- Capital expenditures ("capex") totaled $8.0 million in Q2 2026, primarily related to field infrastructure and other activities aimed at enhancing operational readiness for a potential restart of development drilling activities later in 2026;
- Adjusted EBITDA and Free funds flow for Q2 2026 were $43.5 million ($39.98/bbl) and $32.4 million ($29.72/bbl), respectively, compared to $35.1 million ($27.22/bbl) and $25.7 million ($19.92/bbl) in Q1 2026, respectively. The improvement was primarily driven by significantly stronger realized oil prices, lower general and administrative expenses and continued operating cost discipline. These results demonstrate the Company's ability to generate strong cash margins and free cash flow across varying production levels;
- Net operating income totaled $54.4 million ($49.99/bbl) in Q2 2026, compared to $48.0 million ($37.21/bbl) in Q1 2026;

- Cash position at the end of Q2 2026 was $136.9 million, including $105.4 million of unrestricted cash, compared to $139.1 million, including $112.4 million of unrestricted cash at the end of 2025;
- Restricted cash of $31.5 million at the end of Q2 2026 was associated with the COFIDE and BanBif loan designated for use in the erosion control project and permitted hedging programs, compared to $26.7 million at the end of 2025; and,
- The Company suspended its dividend policy in November 2025. It did not pay dividends or repurchase shares during 2026.

3. SELECTED FINANCIAL INFORMATION

3.1 FINANCIAL SUMMARY

		Q2-2026		Q1-2026		Q4-2025		Q3-2025	
($ thousands)		$/bbl		$/bbl		$/bbl		$/bbl	
PRODUCTION:	Average production (bopd)		12,557		14,907		15,258		18,414
SALES:	Average sales (bopd)		11,969		14,350		15,059		18,028
	Total sales (bbls)		1,089,145		1,291,473		1,385,460		1,658,621
	Average Brent price	$ 90.11		$ 74.65		$ 62.46		$ 66.96	
Weighted contracted sales price, gross		90.36		74.50		62.49		66.95	
LESS:	Tariffs, fees and differentials	23.49		23.43		22.82		23.62	
	Realized sales price, net	66.87		51.07		39.67		43.33	
REVENUES:	Oil revenue [1]	$ 66.87	$ 72,827	$ 51.07	$ 65,950	$ 39.67	$ 54,959	$ 43.33	$ 71,871
LESS:	Royalties [2]	7.36	8,016	4.92	6,351	6.32	8,759	4.80	7,961
	Operating expenses (excluding erosion)	10.11	11,013	8.46	10,928	14.35	19,883	8.34	13,834
	Direct transportation:								
	Barging	(0.60)	(651)	0.48	626	0.48	670	0.60	1,003
	Dry Season Freight/ Storage/Inventory	—	—	—	—	0.22	301	2.76	4,579
	Total transportation	(0.60)	(651)	0.48	626	0.70	971	3.36	5,582
NET OPERATING INCOME ("NOI")		49.99	54,449	37.21	48,045	18.30	25,346	26.83	44,494
	NOI as % of Revenue		75 %		73 %		46 %		62 %
Erosion expense		0.30	332	3.15	4,070	2.95	4,083	3.91	6,481
General and administrative expense		6.29	6,854	6.75	8,712	3.52	4,877	4.38	7,271
Commodity price derivative loss (gain)		8.45	9,205	(9.99)	(12,897)	4.95	6,853	1.26	2,082
Net financial expenses		1.65	1,797	1.56	2,016	1.71	2,369	1.08	1,789
Income tax expense (recovery)		3.16	3,446	8.55	11,040	(2.71)	(3,753)	2.45	4,069
Depletion, depreciation and amortization expense		14.52	15,809	14.53	18,765	14.15	19,607	11.56	19,168
Impairment		9.34	10,170	—	—	—	—	—	—
Loss on disposal of property, plant and equipment		5.77	6,289	—	—	—	—	—	—
Other income		(3.28)	(3,573)	(0.04)	(50)	—	—	—	—
Foreign exchange (gain) loss		(0.62)	(676)	0.85	1,092	(0.66)	(913)	0.02	35
NET INCOME (LOSS)			$ 4,796		$ 15,297		$ (7,777)		$ 3,599
FREE FUNDS FLOW		$29.72	$ 32,373	$19.92	$ 25,728	$2.35	$ 3,257	$7.17	$ 11,886

[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.

		Q2-2025		Q1-2025		Q4-2024		Q3-2024	
($ thousands)		$/bbl		$/bbl		$/bbl		$/bbl	
PRODUCTION:	Average production (bopd)		21,039		23,281		19,142		15,203
SALES:	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	
LESS:	Tariffs, fees and differentials	22.75		21.43		21.10		20.52	
	Realized sales price, net	42.78		52.46		52.06		58.06	
REVENUES:	Oil revenue [1]	$ 42.78	$ 80,110	$ 52.46	$ 109,951	$ 52.06	$ 91,421	$ 58.06	$ 78,850
LESS:	Royalties[2]	4.95	9,276	5.84	12,241	7.42	13,022	5.47	7,433
	Operating expenses (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	1.10	2,300	4.05	7,098	2.22	3,008
NET OPERATING INCOME (NOI)		27.40	51,294	39.21	82,183	32.71	57,458	42.14	57,233
	NOI as % of Revenue		64 %		75 %		63 %		73 %
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 (gain) loss		(0.19)	(361)	0.68	1,431	(1.55)	(2,726)	15.82	21,481
Net financial expenses (income)		0.29	535	1.10	2,306	1.19	2,096	(0.23)	(311)
Income tax expense (recovery)		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 (gain) loss		(0.28)	(521)	(0.20)	(417)	0.25	448	0.03	46
NET INCOME			$ 17,513		$ 30,852		$ 21,242		$ 7,179
FREE FUNDS FLOW		$14.55	$ 27,246	$22.92	$ 48,042	($5.93)	$ (10,422)	$4.81	$ 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.

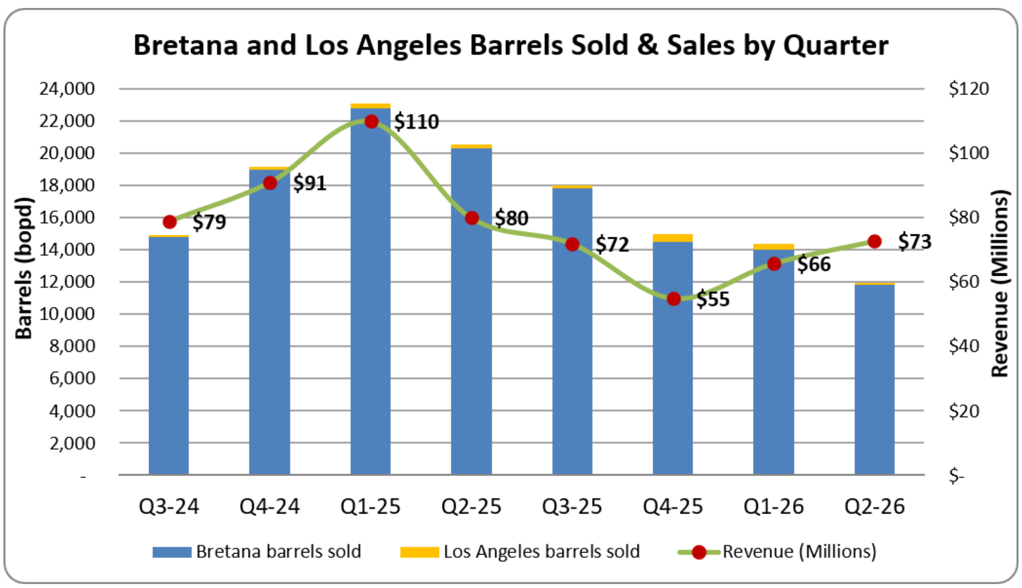
EARNINGS STATEMENT INFORMATION

Oil sales in Q2 2026 decreased by 16% to 1.1 million bbls (average 11,969 bopd), compared to 1.3 million bbls (average 14,350 bopd) in Q1 2026. Sales decreased 42% in Q2 2026 compared to 1.9 million bbls (average 20,578 bopd) in Q2 2025.

The Company may sell oil through three sales points: the local Iquitos refinery, exports through Brazil, and the Northern Peruvian Pipeline ("ONP"). In Q2 2026, PetroTal directed 98.7% of total sales to export markets through Brazil, transitioning 100% of Bretana crude to export routes to mitigate regional offtake and counterparty risks. The remaining 1.3%, sourced from the Los Angeles field, continued to supply the Iquitos refinery under rigorous counterparty credit and payment monitoring. Sales via the ONP remained 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 exported through Brazil was sold on a freight on board ("FOB") Bretana basis, priced at the forecasted Brent oil price three months forward, less a fixed amount covering transportation, sales costs, and quality differential.

Sales to the ONP (Saramuro pump station) have been curtailed since February 2022, due to Petroperu's inability to fulfill the terms of the sales agreement. Under the agreement, sales to Petroperu at Saramuro for transportation through the ONP and onward to the Bayovar port are priced based on the eight-month forward forecasted Brent oil price, 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, which may be higher or lower than the original forecasted price.



Royalties and social fund increased to $8.0 million ($7.36/bbl) in Q2 2026 from $6.4 million ($4.92/bbl) in Q1 2026, and decreased from $9.3 million ($4.95/bbl) in Q2 2025. Bretana oilfield royalties are calculated on production, net of transportation costs, starting at 5.0% for production up to 5,000 bopd and increasing linearly to 20.0% at 100,000 bopd or more. The Los Angeles oilfield royalties follow a similar structure, starting at 23.5% for production up to 5,000 bopd and scaling linearly to 38.5% at 100,000 bopd or more.

Operating expenses totaled $11.0 million ($10.11/bbl) in Q2 2026, compared to $10.9 million ($8.46/bbl) in Q1 2026, and $17.5 million ($9.34/bbl) in Q2 2025. While total operating expenses remained flat quarter-over-quarter, operating costs on a per-barrel basis increased to $10.11/bbl due to lower production volumes. During Q2 2026, operating expenses included well services costs associated with coiled tubing operations in wells 3WD and 4WD. Compared to the same period in 2025, operating expenses were lower due to reduced oil production levels. Management continues to prioritize cost efficiency initiatives across all operating areas while leveraging existing infrastructure and operational synergies to support future development activities.

Erosion costs in Q2 2026 was $0.3 million ($0.30/bbl), compared to $4.1 million ($3.15/bbl) in Q1 2026, and compared to $0.7 million ($0.38/bbl) in Q2 2025. The decrease primarily reflects the temporary suspension of the erosion control project following the termination of the agreement with the EBD Consortium.

The Company successfully recovered advances previously made to the contractor through the execution of a related letter of credit and continues to reassess the scope and timing of the project. Management remains committed to protecting long-term operating infrastructure and supporting local communities while maintaining a disciplined capital allocation approach and preserving financial flexibility.

Direct transportation expenses in Q2 2026 totaled a net reversal of $0.7 million ($0.60/bbl) compared to an expense of $0.6 million ($0.48/bbl) in Q1 2026, primarily driven by the reversal of a 2025 demurrage accrual following the settlement with Novum. On the year-over-year basis, direct transportation expenses decreased from $2.1 million ($1.09/bbl) in Q2 2025, primarily due to the elimination of demurrage claims, which were fully eliminated in 2026.

General and administrative ("G&A") expenses in Q2 2026 totaled $6.9 million ($6.29/bbl) compared to $8.7 million ($6.75/bbl) in Q1 2026, and $7.8 million ($4.15/bbl) in Q2 2025. The quarter-over-quarter improvement was attributable to lower personnel-related accruals. Compared to the same period in 2025, the improvement was primarily driven by lower advisory and consulting costs, partially related to the integration of Ucawa.

Net finance expenses totaled $1.8 million ($1.65/bbl) in Q2 2026 compared to $2.0 million ($1.56/bbl) in Q1 2026, primarily due to lower interest expense following the extinguishment of the lease liability associated with the Amazonia drilling rig. On the year-over-year basis, net finance expense increased from $0.5 million ($0.29/bbl) in Q2 2025, mainly driven by interest expense related to the loan agreement signed on May 9, 2025, with Corporación Financiera de Desarrollo S.A. and Banco Interamericano de Finanzas.

Commodity price derivative loss for Q2 2026 was $9.2 million ($8.45/bbl) compared to a gain of $12.9 million ($9.99/bbl) in Q1 2026, and a gain of $0.4 million ($0.19/bbl) in Q2 2025. The loss during Q2 2026 primarily reflects changes in the fair value of outstanding embedded derivatives of $10.6 million and a gain of corporate hedging contracts of $1.4 million, net of a realized loss of $4.2 million.

Under the Company's oil sales agreement with Petroperu for deliveries into the Northern Peruvian Pipeline, the final sales price for certain delivered volumes remains subject to market price fluctuations between the date of delivery and Petroperu's ultimate sale of the oil at Bayovar. As a result, the Company recognizes an embedded derivative that is remeasured at each reporting date based on prevailing forward oil prices. Accordingly, gains and losses associated with this embedded derivative may create volatility in reported financials but do not affect the Company's current operating performance, liquidity position or free funds flow. These amounts will ultimately be settled when the remaining oil volumes are sold by Petroperu to third parties.

Depletion, depreciation and amortization ("DD&A") expenses in Q2 2026 were $15.8 million ($14.52/bbl) compared to $18.8 million ($14.53/bbl) in Q1 2026, and $22.1 million ($11.78/bbl) in Q2 2025. DD&A is calculated using the unit-of-production method based on capital invested, including estimated future development costs, over proved plus probable reserves.

Foreign exchange gain in Q2 2026 was $0.7 million ($0.62/bbl) compared to a loss of $1.1 million ($0.85/bbl) in Q1 2026, and a gain of $0.5 million ($0.28/bbl) in Q2 2025, primarily due to fluctuations in currency positions and transactional exposures.

Income tax expense in Q2 2026 was $3.4 million ($3.16/bbl) compared to $11.0 million ($8.55/bbl) in Q1 2026, and $3.6 million ($1.92/bbl) in Q2 2025. Compared to Q1 2026, the variance was due to deferred tax impacts primarily driven by changes in the fair value of embedded derivatives. Year-over-year, income tax expense remained in line with Q2 2025, despite higher oil prices and the exhaustion of the Company's NOLs during 2025.

3.2 SELECTED BALANCE SHEET INFORMATION

Liquidity and capital resources

As of June 30, 2026, the Company held cash of $105.4 million and restricted cash of $31.5 million, totaling $136.9 million, compared to held cash of $104.4 million and restricted cash of $23.9 million, totaling $128.3 million as of March 31, 2026. Working capital was $145.7 million as of June 30, 2026, compared to $116.1 million as of March 31, 2026, primarily as a result of lower current liabilities at June 30, 2026.

Current restricted cash of $21.8 million is primarily related to funds designated for the temporarily suspended erosion control project, the 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.

PetroTal maintains a strong balance sheet and liquidity position. As of June 30, 2026, the Company had total liquidity of $136.9 million, total debt of $37.5 million, access to available credit facilities, and remained in compliance with all financial covenant requirements under its debt agreements. Cash generated from operations, existing cash balances and available credit facilities continue to provide the financial flexibility required to fund planned capital expenditures, development activities, working capital requirements and other obligations. The Company remains well positioned to execute its planned capital program while maintaining financial strength and balance sheet flexibility.

The Company's liquidity requirements include funding operating activities, development drilling programs, community and social commitments, regulatory obligations, field development projects, potential exploration activities, abandonment and reclamation obligations, and future tax liabilities. The Company is subject to financial covenants under its loan agreement, including a minimum liquidity ratio, a maximum liabilities-to-equity ratio, and a minimum debt service coverage ratio. Further details of debt obligations and scheduled maturities are provided in Note 11, Debt, to the Financial Statements.

Liquidity risks

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 affected by current and future commodity prices. If required, the Company may consider additional short-term financing or issuing equity to meet its future obligations. 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 due to lower commodity prices;
- declines in revenue and operating activities resulting from constrained capital programs and oil production;
- inability to access financing sources; and,
- increased risk of non-performance by the Company's customers and suppliers.

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. Management actively monitors these risks through sensitivity analyses, scenario modeling (e.g. lower oil price cases), stress testing on operating margins, and regular updating of the capital program. The Company also seeks to maintain flexibility in its investment schedule, avoid overcommitment, and preserve a prudent liquidity buffer.

Capital expenditures and investments

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Drilling Program	$ 2,593	$ 5,947	$ 2,973	$ 19,780
Field Infrastructure	6,018	7,891	11,466	13,638
Fluid Handling Facilities ("CPF")	—	1,392	—	3,705
Erosion Costs	(876)	1,352	750	1,352
Block 95	—	136	96	948
Block 107	88	420	83	608
Other	50	(532)	61	258
Exploration & development expenditures	7,873	16,606	15,429	40,289
Other capital expenditures	94	246	160	381
Total capital expenditures	$ 7,967	$ 16,852	$ 15,589	$ 40,670

PetroTal invested $7.9 million and $15.4 million in exploration & development expenditures for the three and six months ended June 30, 2026, respectively, compared to $16.6 million and $40.3 million for the three and six months ended June 30, 2025, respectively. The decrease was primarily attributable to lower drilling activity, reduced fluid handling activities, and the temporary suspension of the preventive riverbank erosion control project.

Capital expenditures during the period were principally directed toward infrastructure readiness, equipment mobilization and field preparation activities associated with the planned restart of the development drilling program. The Company continues to apply a disciplined capital allocation approach, prioritizing investments that are expected to support operational reliability, capital efficiency and long-term value creation.

Supported by its strong liquidity position and financial flexibility, PetroTal remains well positioned to execute its planned capital program while maintaining balance sheet strength and a prudent approach to capital deployment.

As of June 30, 2026, the Company had $12.0 million in exploration and evaluation assets related to Block 95 and Block 107.

Share capital

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

As of August 4, 2026, PetroTal has the following securities outstanding (in thousands):

Common shares	920,328	97%
Performance share units	26,838	3%
Total	947,166	100%

Dividends

The Company suspended its dividend policy in November 2025. Accordingly, no dividends were declared or paid during the three and six months ended June 30, 2026. During the three and six months ended June 30, 2025, the Company paid dividends ($0.015 per share) to shareholders in the amount of $14.2 million and $28.1 million, respectively.

Normal course issuer bid ("NCIB")

The Company did not purchase common shares during the three and six months ended June 30, 2026. During the three and six months ended June 30, 2025, the Company purchased 2.1 million and 3.3 million common shares under the NCIB for total consideration of $1.1 million and $1.6 million, respectively. The surplus between the total consideration and the carrying value of the shares repurchased was recorded against retained earnings. PetroTal's normal course issuer bid expired on June 2, 2026.

3.3 NON-GAAP FINANCIAL MEASURES

Non-GAAP Terms

This report contains financial terms that are not considered measures under GAAP such as operating netback, revenue and transportation expense adjustment, and funds flow provided by operations 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.

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.

Revenue and transportation expense adjustment

Revenue and transportation expense adjustment is a non-GAAP measure that includes transportation tariff, marketing fee, barging and diluent expenses.

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 ability to generate cash from its core operating activities.

A reconciliation from cash provided by operating and investing activities to funds flow provided by operations is as follows:

	Three Months Ended		
	June 30, 2026	March 31, 2026	June 30, 2025
Cash flow from operating activities			
Net income	$ 4,796	$ 15,297	$ 17,514
Adjustments for:			
Depletion, depreciation and amortization	15,809	18,765	22,053
Impairment	10,170	—	—
Accretion of decommissioning obligation	587	592	535
Share based compensation plan	455	890	1,241
Net finance expenses	1,692	1,809	(235)
Deferred income tax (recovery) expense	(6,150)	3,234	(5,826)
Disposal of property, plant and equipment	6,229	—	—
Commodity price unrealized derivatives loss (gain)	5,028	(14,630)	(46)
Funds flow provided by operations before non-cash working capital	$ 38,616	$ 25,957	$ 35,236
Changes in non-cash working capital:			
Trade and other receivables	2	(4,972)	15,336
Prepaid expenses	3,926	871	5,940
Inventory	(638)	(1,240)	(817)
Income tax	9,137	8,297	1,789
Trade and other payables	(4,023)	(3,967)	23,106
Cash paid for income taxes	(18,814)	(17,075)	(29,396)
Net cash provided by operating activities	$ 28,206	$ 7,871	$ 51,194
Cash flow from investing activities			
Exploration and evaluation asset additions	$ (365)	$ (243)	$ (421)
Property, plant and equipment additions	(10,803)	(9,177)	(16,643)
Proceeds from sale of assets	14,000	—	—
Non-cash changes in working capital	793	(3,001)	(24,505)
Net cash provided by (used in) investing activities	3,625	(12,421)	(41,569)
Net cash provided by (used in) operating and investing activities	$ 31,831	$ (4,550)	$ 9,625

CAPITAL MANAGEMENT MEASURES

Adjusted EBITDA

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

	Three Months Ended		
	June 30, 2026	March 31, 2026	June 30, 2025
Net income	$ 4,796	$ 15,297	$ 17,514
Adjustments to reconcile net income:			
Depletion, depreciation and amortization	15,809	18,765	22,053
Net finance expenses	1,797	2,016	535
Income tax expense	3,446	11,040	3,595
Commodity price derivatives loss (gain)	9,205	(12,897)	(361)
Foreign exchange (gain) loss	(676)	1,092	(521)
EBITDA (non-GAAP)	$ 34,377	$ 35,313	$ 42,815
Impairment	10,170	—	—
Loss on disposal of property, plant and equipment	6,289	—	—
Other income	(3,573)	—	—
Commodity price derivatives realized gain (loss)	(4,177)	(1,733)	315
Share based compensation plan	455	1,568	1,180
Adjusted EBITDA (non-GAAP)	$ 43,541	$ 35,148	$ 44,310
Cash capital expenditures [1]	(11,168)	(9,420)	(17,064)
Free funds flow (non-GAAP)	$ 32,373	$ 25,728	$ 27,246

[1] Cash capital expenditures consist of Property, Plant and Equipment additions and Exploration and Evaluation asset additions, as presented in the condensed interim consolidated statements of cash flows.

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.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Company's Financial Statements requires management to make judgments, assumptions, and estimates that affect the reported amounts of assets, liabilities, income, and expenses. Critical accounting policies relate to areas where these judgments and estimates have the most significant impact on the Financial Statements. There have been no material changes to the Company's critical accounting policies or estimates since the filing of the Annual Financial Statements. For a detailed discussion of the Company's significant accounting policies, critical judgments, and estimates—including assumptions and measurement uncertainties—refer to the annual financial statements and notes for the year ended December 31, 2025.

5. FORWARD-LOOKING STATEMENTS AND BUSINESS RISKS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Company's future performance, including, but not limited to: the Company's business strategy, objectives, focus, outlook, drilling, completions, workovers, expansion of infrastructure, exploration of undeveloped acreage, anticipated costs and results of such activities, environmental and social initiatives, expected production and revenue, oil production levels, the 2027 capital program and budget (including drilling plans), balance sheet strength, hedging programs, and future development and growth prospects. All statements other than statements of historical fact may be forward-looking statements. Statements relating to expected production, reserves, prospective resources, recovery, costs, and valuation are also deemed forward-looking, as they involve estimates and assumptions regarding the potential profitability of producing such reserves in the future. Forward-looking statements can often be identified by words such as "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "predict," "potential," "intend," "could," "might," "should," "believe," or similar expression.

Forward-looking statements are based on key expectations and assumptions, including, but not limited to: the ability of existing infrastructure to deliver production, anticipated capital expenditures, reservoir characteristics, recovery factors, exploration upside, prevailing commodity prices, actual prices received (including pursuant to hedging arrangements), availability and performance of drilling rigs, facilities, pipelines, other oilfield services, and skilled labor, royalty regimes, exchange rates, regulatory and licensing requirements, the accuracy of the Company's geological interpretations, receipt of required regulatory approvals, success of future drilling and development activities, performance of new wells, the Company's growth strategy, general economic conditions, and availability of required equipment and services.

Although the Company believes these expectations and assumptions are reasonable, undue reliance should not be placed on forward-looking statements because no assurance can be given that they will prove to be correct. Actual results may differ materially due to known and unknown risks, uncertainties, and other factors, including, but not limited to: operational risks in development, exploration, and production; delays or changes in exploration or development plans; uncertainties in reserve estimates; fluctuations in production, costs, and expenses; health, safety, and environmental risks; commodity price volatility; price differentials and actual prices received; exchange rate fluctuations; legal, political, and economic instability in Peru; access to transportation routes and markets; changes in legislation affecting the oil and gas industry; and other factors beyond the Company's control. Additional risk factors are detailed in the Company's AIF, available on SEDAR+ at www.sedarplus.ca.

Forward-looking statements speak only as of the date of this MD&A and are expressly qualified by this cautionary statement. Subject to applicable securities laws, the Company has no obligation to update these statements or to compare them to actual results or changes in expectations. Financial outlook information regarding prospective results, financial position, or cash flows is based on assumptions about future events and management's current assessment of relevant information. Readers are cautioned not to use such financial outlook information for purposes other than those disclosed herein.

Prospective resources represent estimated quantities of petroleum potentially recoverable from undiscovered accumulations using future development projects. Estimates of prospective resources in this MD&A are based on an independent assessment by NSAI, effective December 31, 2025, prepared in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGE") and the reserve definitions contained in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") of the Canadian Securities Administrators. For updated information regarding the Company's prospective resources, please refer to the Company's website for the most recent 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, 2025 and 2024 are available on the Company's website at www.petrotal-corp.com, and at www.sedarplus.ca.

DIRECTORS
Mark McComiskey (1)(4)
Chair of the Board

Denisse Abudinen Butto(3)(5)

Felipe Arbelaez (3)(4)

Eleanor Barker (4)(5)

Jon Harris (1)(2)(5)

Emily Morris(2)(5)

Gavin Wilson (1)(2)(3)

Manuel Pablo Zuniga-Pflucker (2)

OFFICERS AND SENIOR EXECUTIVES
Manuel Pablo Zuniga-Pflucker
President and Chief Executive Officer

Camilo McAllister
Executive VP and Chief Financial Officer

Jorge Osorio
Chief Operating Officer

Amaris Cardona
Chief People & Culture Officer

Emilio Acin-Daneri
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Camilo Obando
VP Finance

Raul Farfan
VP HSE & Sustainability

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TSX: TAL

AIM Stock Exchange
London, United Kingdom
AIM: PTAL

OTCQX Stock Exchange
New York, USA
OTCQX: PTALF

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JOINT BROKERS
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London, United Kingdom

Peel Hunt LLP
London, United Kingdom

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Dallas, Texas, USA

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company of Canada
Calgary, Alberta, Canada
London, United Kingdom
Massachusetts, USA and New Jersey, USA

(1) Member of the Corporate Governance and Compensation Committee.
(2) Member of the Reserves Committee.
(3) Member of the HSE CSR Committee.
(4) Member of the Audit Committee.
(5) 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
bbl(s)	Barrel(s)
bopd	Barrels of Oil per Day
Capex	Capital Expenditures
CGU	Cash Generating Unit
COGE	Canadian Oil and Gas Evaluation Handbook
COFIDE	Corporación Financiera de Desarrollo S.A.
CPF	Central Processing Facilities
CSR	Community, Social and Regulatory
DC&P	Disclosure Controls and Procedures
DD&A	Depletion, Depreciation and Amortization
DEUs	Dividend Equivalent Units
DSUs	Deferred Share Units
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
E&E	Exploration and Evaluation
EIA	Environmental Impact Assessment
EPS	Earnings per Share
FOB	Freight on Board
FFO	Funds Flow Provided by Operations
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
G&A	General and Administrative
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
ICE	Intercontinental Exchange
ICFR	Internal Control Over Financial Reporting
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
NAV	Net Asset Value
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
NI 52-109	National Instruments - Certification of Disclosure in Issuers' Annual and Interim Filings
NOI	Net Operating Income
NOLs	Net Operating Losses
NPV-10	Net Present Value Discounted at 10%
NSAI	Netherland Sewell and Associates, Inc.
OCP	Ecuador Pipeline
ONP	Northern Peruvian Pipeline
OOIP	Original Oil in Place
PDP	Proved Developed Producing
PP&E	Property, Plant and Equipment
PSUs	Performance Share Units

RLI	Reserve Life Index
USD	United States Dollar ($)
VAT	Value Added Tax