

PetroTal Corp. Proposed Placing to Raise £14.1 Million

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Calgary, June 12, 2020 - [PetroTal Corp.](#) (TSXV: TAL) (AIM: PTAL) ("PetroTal" or the "Company"), the Peruvian focused E&P company, is pleased to announce a placing of 141.2 million Placing Units at a price of 10p per unit to raise gross proceeds of £14.1 million (approximately US\$18 million). Each Placing Unit will be comprised of one new Common Share and one half of one Warrant.

Placing highlights

- The Placing was significantly oversubscribed.
- The Company intends to use the net proceeds of the Placing for ongoing development of the Bretana oilfield and to enhance working capital. In particular, the net proceeds will be deployed by the Company in connection with the proposed reopening of the Bretana oilfield which is anticipated to occur in July.
- With a stronger balance sheet, PetroTal will be able to finalize a credit facility for day-to-day operations and structure derivatives to minimize the impact of future oil price fluctuations.
- Auctus Advisors is acting as sole bookrunner on the Placing. Strand Hanson is acting as Nominated and Financial Adviser to the Company.

Background to and reasons for the Placing

As recently announced, PetroTal has entered into a financial arrangement with PETROPERU S.A. ("Petroperu") relating to the contingent liability due to Petroperu which will see the entire contingent liability resolved on a one-time basis and see the obligation paid evenly over a three year period, at an annual interest rate of 6.5%.

Meanwhile, however, the Bretana oil field remains shut down awaiting opening of the Northern Oil Pipeline ("ONP") by Petroperu. PetroTal is coordinating with Petroperu to reopen the Bretana oil field in July 2020, with the expectation that the ONP restarts pumping oil very shortly thereafter. Both PetroTal and Petroperu will fully abide by the health directives issued by the Peruvian government in order to safely restart operations during the ongoing Covid-19 pandemic.

In this period of uncertainty in the context of the Covid-19 pandemic, the Directors consider that strengthening its balance sheet with additional working capital is a prudent action.

Details of the Placing

The Company will raise gross proceeds of £14.1 million pursuant to the Placing. The Placing will result in the issue of a total of 141,203,891 new Common Shares and 70,601,945 Warrants. The Placing Shares will represent approximately 17.3 per cent. of the Enlarged Share Capital.

The Placing Price represents a discount of approximately 11 per cent. to the closing mid-market price per existing Common Share of 11.25 pence on June 11, 2020, being the last practicable trading day prior to release of this announcement.

The Placing Shares will, when issued, be subject to the Articles and By Laws, be credited as fully paid and non-assessable and rank equally in all respects with each other and with the Existing Common Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the

Common Shares after the date of issue of the Placing Shares.

Warrants

Each Placing Unit will comprise one Placing Share and one half of one Warrant.

A whole Warrant (comprised of two half Warrants) will have an exercise price of 16p per Common Share, which equates to a 60% premium above the Placing Price, and will be capable of being exercised at any time from and after the date of Admission until the third anniversary of Admission. The Warrants can only be exercised for cash.

The Warrant exercise price and the number of shares issuable upon exercise of the Warrants will be adjusted in certain circumstances, including if the Company effects a subdivision or consolidation of its Common Shares, declares a dividend or distribution, or there is a reorganisation of its Common Shares.

Related Party Transaction

As at June 11, 2020, Meridian Capital International Fund ("Meridian") held approximately 11.8 per cent. of the Existing Share Capital and, as such, is considered to be a related party of the Company as defined by the AIM Rules.

Meridian is participating in the Placing for an amount of £7.5 million and this participation constitutes a related party transaction pursuant to AIM Rule 13 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Following completion of the Placing, Meridian and its linked parties will hold 19.42 per cent. of the Enlarged Share Capital.

The Directors, other than Mr. Gavin Wilson, who represents Meridian on the Board, having consulted with the Company's nominated adviser, Strand Hanson Limited, consider that the terms of the participation by Meridian are fair and reasonable insofar as the shareholders of the Company are concerned. In its consideration and approval of the Placing, the Directors determined that it was exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the Placing to Meridian did not exceed 25% of the market capitalization of PetroTal, in accordance with Sections 5.5 and 5.7 of MI 61-101.

The terms of the Warrants issued to Meridian will provide that, subject to certain exceptions, Meridian shall not exercise any Warrants where such exercise would result in Meridian's beneficial ownership, direction or control of the issued and outstanding Common Shares at the time of exercise exceeding 19.99%.

Placing Agreement

The Company and Auctus have entered into the Placing Agreement pursuant to which (a) the Company has appointed Auctus as the Company's agent to use its reasonable endeavours to procure subscribers for the Placing Units at the Placing Price. The Placing is not underwritten. The Company has agreed to pay Auctus certain commissions in connection with the Placing.

The Placing is conditional on, amongst other things, Admission of the Placing Shares occurring on or before 8.00 a.m. on June 18, 2020 (or such later time and/or date as the Company and Auctus may agree, being not later than 8.00 a.m. on June 26, 2020).

The Placing Agreement contains certain customary warranties given by the Company concerning the accuracy of the information in this Announcement as well as other matters relating to the Group and its business. The Placing Agreement is terminable by Auctus in certain circumstances prior to Admission, including for force majeure or in the event of a material adverse change to the business of the Company or the Group. The Company has also agreed to provide a market standard indemnity and undertakings to Auctus.

Admission

Application will be made to: (a) the London Stock Exchange for Admission of the Placing Shares to trading on AIM; and (b) the TSXV for listing of the Placing Shares for trading on the facilities of the TSXV.

It is expected that Admission will become effective at 8.00 a.m. on June 18, 2020 (or such later date as the Company and Auctus may agree, being not later than 8.00 a.m. on June 26, 2020) and that dealings in the Placing Shares will also commence at that time.

The Warrants will not be admitted to trading on AIM or listed for trading on the facilities of the TSXV.

Without prior written approval of the TSXV and compliance with all applicable Canadian securities laws, the Placing Shares, Warrants and Common Shares issuable on the exercise of Warrants may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSXV or otherwise in Canada or to or for the benefit of a Canadian resident until the date that is four months and a day after the date of issuance.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Placing Shares and Warrants have not been, nor will they be, registered or qualified for distribution, as applicable under or offered in compliance with the securities laws of any state, province or territory of United States, Australia, New Zealand, Canada, Japan or South Africa. Accordingly, the Placing Units may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, New Zealand, Canada, Japan or South Africa or any other jurisdiction outside the United Kingdom.

Manolo Zuniga, President and Chief Executive Officer, commented:

"In light of the recent fall in global oil prices and the temporary shut in of the Bretana oil field, we have sought to preserve liquidity and are taking the opportunity to strengthen the Company's balance sheet via this fundraise.

The Placing and the arrangement announced with Petroperu today will give PetroTal greater financial strength and sufficient flexibility to prepare for the reopening of the Bretana field, which is expected to occur in July. Additionally, the Petroperu arrangement and support by the Peruvian government, demonstrates that Peru provides an excellent investment climate.

I would like to thank our investors for their continued support, as seen with the Placing being oversubscribed, and I look forward to keeping the market appraised on developments at Bretana over the coming months."

ABOUT PETROTAL

PetroTal is a publicly traded, dual quoted (TSXV: TAL and AIM: PTAL) 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 Breña oil field in Peru's Block 95 where oil production was initiated in June 2018, and in early 2020 became the second largest oil producer in Peru. Additionally, the Company has large exploration prospects and is engaged in finding a partner to drill the Osheki prospect in Block 107. The Company's management team has significant experience in developing and exploring for oil in Northern Peru and is led by a Board of Directors that is focused on safely and cost effectively developing the Breña oil field.

For further information, please see the Company's website at www.petrotal-corp.com, the Company's filed documents at www.sedar.com, or contact:

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FURTHER INFORMATION

DEFINITIONS

The following definitions apply throughout this Announcement unless the context otherwise requires:

Admission	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange as they may be amended or replaced from time to time
Articles	the articles of amalgamation of the Company (as amended from time to time)
Auctus or Auctus Advisors	Auctus Advisors LLP, sole bookrunner to the Placing
By Laws	the by-laws of the Company adopted on December 18, 2017 (as amended from time to time)
Common Shares	common shares in the capital of the Company
Company or PetroTal	PetroTal Corp. , a public company incorporated under the laws of Alberta with corporate address 2020869455 and whose registered office is at c/o Stikeman Elliott LLP Suite 4300, 888 3rd Avenue, Calgary Alberta T2P 5C5

Directors	the directors of the Company
Enlarged Share Capital	together, the Existing Common Shares and the Placing Shares
Existing Common Shares	the 673,351,810 Common Shares in issue at the date of this Announcement
London Stock Exchange	London Stock Exchange plc
Meridian	Meridian Capital International Fund
Petroperu	PETROPERU S.A.
Placees	those persons who subscribe for Placing Shares and/or acquire Sale Shares pursuant to the Placing
Placing	the placing of the Placing Units at the Placing Price by Auctus as agent for and on behalf of the Company pursuant to the terms and conditions of the Placing Agreement
Placing Price	10 pence per Placing Unit
Placing Agreement	the conditional placing agreement dated June 12, 2020 relating to the Placing and entered into between the Company and Auctus
Placing Shares	the 141,203,891 new Common Shares to be issued to Placees pursuant to the Placing
Placing Unit	One Placing Share and one half of one Placing Warrant to be subscribed for as a unit by the Placees at the Placing Price
Strand Hanson	Strand Hanson Limited, the Company's Nominated and Financial Adviser
TSXV	TSX Venture Exchange
United States or US	the United States of America, its territories and possessions, any state of the United States of America, Puerto Rico, the District of Columbia and all other areas subject to its jurisdiction
£ or Sterling	pounds sterling, the basic currency of the United Kingdom
US\$	United States dollar, the legal currency of the United States
Warrants	warrants to subscribe for new Common Shares

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: PetroTal's business strategy, objectives, strength and focus; the Company's ability to resume operations in accordance with developing public health efforts to contain COVID-19; the financial arrangement with Petroperu relating to certain contingent liabilities; and the Placing, including with respect to size, timing and use of proceeds. 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" and similar expressions. The forward-looking statements are based on certain key expectations and assumptions made by the Company. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), commodity price

volatility, price differentials and the actual prices received for products, exchange rate fluctuations, legal, political and economic instability in Peru, access to transportation routes and markets for the Company's production, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the Company's annual information form for the year ended December 31, 2018 and management's discussion and analysis for the nine months ended September 30, 2019 which are available on SEDAR at www.sedar.com. 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.

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