

PetroTal Q4 2020 Operations Update

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Current Oil Production at 9,500 bopd with the ONP pipeline fully operational and Brazil export viability confirmed

Calgary, January 7, 2021 - [PetroTal Corp.](#) (TSXV: TAL) (AIM: PTAL) ("PetroTal" or the "Company") is pleased to announce that following the recommencement of operations of Petroperu's Northern Oil Pipeline ("ONP"), oil production at the Bretana oil field is currently at 9,500 barrels per day ("bopd") and expected to reach 10,000 bopd in the next few days. Total oil production for 2020 was 2.08 million barrels (5,675 bopd), as compared to 1.5 million barrels (4,131 bopd) in 2019. All amounts herein are in United States dollars ("US\$") unless otherwise stated.

Highlights

- Total oil produced in 2020 was 2.08 million barrels (5,675 bopd), significantly impacted by the Covid-19 pandemic and ensuing social unrest;
- 59% of the 2020 oil production was produced during the first four months of the year, before the pandemic forced Petroperu to shut down the ONP in early May 2020;
- In December 2020, the Company successfully completed a 106,000 barrel FOB Bretana pilot oil export via Brazil, and is preparing for a second pilot of 200,000 barrels during February 2021;
- The successful initial Brazil export pilot, as well as the storage of produced oil in contracted barges, allowed the Company to produce 590,000 barrels in the fourth quarter ("Q4") of 2020, even with the ONP shut down during the entire quarter;
- With the ONP now fully operational, production from the Bretana oil field is currently 9,500 bopd and is expected to reach 10,000 bopd in the next few days;
- As a result of higher oil prices, the Company's contingent derivative liability was reduced to \$2.7 million at December 31, 2020; and,
- At year-end 2020, the Company had cash resources of approximately \$9.6 million.

Petroperu Pipeline Operations

Petroperu announced on January 3, 2021 that they had completed their assessment of the pump stations and the ONP, including the area of the ONP that required an inspection, and that the ONP is now fully operational. Pump Station No.1, at Saramuro, started pumping oil towards Pump Station No.5 on December 28, 2020 allowing the Company to unload, before the end of the 2020, 38,000 barrels of the 131,300 barrels of oil stored in six contracted barges at Saramuro, with the remaining 93,300 barrels unloaded during the first week of January. All oil unloaded at Pump Station No.1 is invoiced to Petroperu at the beginning of each following month. The Petroperu announcement can be found at:

(<https://www.petroperu.com.pe/petroperu-reinicia-operacion-del-oleoducto-norperuano?pdf=1>).

2020 Oil Production

The Company achieved annual oil production for 2020 of 2.08 million barrels (5,675 bopd), as compared to annual oil production in 2019 of 1.5 million barrels (4,131 bopd). The Bretana oil field was shut in for a total of 121 days as a result of the Peruvian government health department-directed Covid-19 related shut in (71 days) and subsequent social disruption (50 days). Considering the need to also constrain production during

this period, PetroTal had to shut in or constrain production for approximately 47% of 2020.

For Q4 2020, PetroTal produced throughout the quarter, although at constrained rates in order to manage market availability to deliver oil to the Iquitos refinery, the ONP, the successful 106,000 barrel pilot Brazilian export, and ultimately store oil in the Company's tanks and contracted barges prior to delivery. Average oil production from the Bretana oil field in Q4 2020 was 6,413 bopd, compared to 2,444 bopd for Q3 2020, and 7,757 bopd for Q4 2019.

At December 31, 2020, PetroTal held 29,700 barrels of oil in its tank inventory and 133,300 barrels of oil in contracted barges, comprising 93,300 barrels awaiting delivery into the ONP at Saramuro and 40,000 barrels on their way to the Iquitos Refinery. The barges have now completed delivery of this oil to the ONP and Iquitos.

Contingent Derivative Liability

At November 30, 2020, the contingent liability was \$16.6 million and, upon imminent document approval by Petroperu, will be structured into a three-year payment arrangement. Additional amendments to the sales agreements will, among other things, result in placement of hedges for the 1.8 million barrels of oil in the pipeline network to ensure that the realized price is based on the respective forecasted Brent oil prices to protect from any oil price downside until the barrels are ultimately sold.

As a result of higher oil prices, the Company's contingent derivative liability relating to oil sold to Petroperu was reduced to \$2.7 million at December 31, 2020. The contingent liability relates to the timing difference between when Petroperu provides an initial payment for the oil and when the final settlement price is calculated. The amount of the ultimate liability will be crystallized when the oil is sold by Petroperu, which is expected to commence in February 2021, with further cargos until the end of Q2 2021.

Liquidity Update

At December 31, 2020, PetroTal had cash resources of approximately \$9.6 million, with accounts payable and accrued liabilities of approximately \$44.3 million, an increase of \$4.0 million from September 30, 2020. Ongoing payments will be managed from expected oil field revenues and internal cash resources. Pursuant to contractual terms with our suppliers, approximately \$12.6 million, (28%) are not due until after Q1 2021.

The Company continues to work towards finalizing a significant credit facility to support the planned capital program and a return to development drilling at the Bretana oil field.

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

"We are pleased to have returned to normalized Bretana oil field operations and reliable pipeline operations. We are also pleased that the initial Brazil export pilot was a success, and we are already preparing for a second pilot of 200,000 barrels during February 2021. This will ultimately benefit all parties and help to encourage continued investment in Peruvian oil field developments. On behalf of PetroTal, I would like to recognize the support of the indigenous communities, Petroperu and the Peruvian government, to ensure that a solid investment proposition exists in Peru and the ongoing investment that benefits Peru. Additionally, I would like to thank our shareholders for their continued support, along with the dedication of the PetroTal team."

ABOUT PETROTAL

PetroTal is a publicly traded, dual quoted (TSXV: TAL) (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 Bretana oil field in Peru's Block 95 where oil production was initiated in June 2018, and in early 2020 became the second largest crude oil producer in Peru with more than 10,000 bopd of production. 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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nine months ended September 30, 2020 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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