

# PetroTal Provides Q4 and Year-End 2021 Operations and Liquidity Update

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Calgary, January 17, 2022 - [PetroTal Corp.](#) (TSXV: TAL) (AIM: PTAL) (OTC Pink: PTALF) ("PetroTal" or the "Company") is pleased to provide the following updates:

## Key Highlights

- Q4 2021 production averaged 10,147 bopd, constrained by temporary oil delivery disruptions;
- Oil production for 2021 was 8,966 bopd, up 58% from 5,675 bopd for 2020;
- Wells 9H and 8H continue to perform significantly above internal expectations, with average production rates over the past five days of approximately 8,500 bopd and 6,700 bopd, respectively;
- Production at the field is now again averaging approximately 20,000 bopd since January 12, 2022 with export routes, including the Northern Peruvian Pipeline (the "ONP"), fully functional;
- Well 10H drilling operations continue according to plan with estimated completion in early February 2022;
- Q4 2021 oil deliveries for export via Brazil were approximately 300,000 barrels and are expected to increase to approximately 240,000 barrels per month; and,
- December 31, 2021 total cash of \$74.4 million, including \$29.5 million of restricted cash.

## Q4 Production Update

PetroTal's production averaged 10,147 bopd in Q4 2021, impacted by unplanned and extended downtime of the ONP from social and protest issues at pump stations 1 and 5. October was the only month in the quarter with largely unrestricted production rates, with November and December having only 16 and five producing days, respectively, where all wells were producing fully.

As a result of wells 9H and 8H generating large initial production rates in the quarter, PetroTal was still able to average over 10,000 bopd in Q4 2021 and demonstrate quarter on quarter production growth of 7% despite only producing unconstrained for approximately 57% of the period. Included in Q4 2021, were five days where PetroTal averaged above 20,000 bopd.

Current field production is again at approximately 20,000 bopd, having produced at that rate for the past five days. As announced on December 16, 2021, PetroTal had to significantly constrain production, from that date until January 9, 2022, to an average of 5,006 bopd. This allowed the Company to manage storage capacity and barge availability due to pump station 1 bottlenecks, which have now been alleviated.

## Well 10H Update

Drilling of the 10H well progressed according to plan, with its 1,200 meter horizontal section successfully reaching total depth. Well 10H is the longest horizontal well drilled to date in Peru and completion operations are now underway, with the well expected to be completed in early February 2022.

## Exports via Brazil Expected to Increase in 2022

During Q4 2021, oil deliveries to Brazil were approximately 300,000 barrels with an all-in differential, marketing and transportation cost of approximately \$21/bbl.

In December 2021, PetroTal executed a new sales contract to deliver up to 240,000 barrels per month to Brazil, and is currently working to advance the logistics to further increase export volumes by 50%. Including

the current Iquitos Refinery point of sale, the expanded Brazil export route would allow PetroTal to market approximately 13,300 bopd without dependence on the ONP.

#### Strong Liquidity Management in Q4 2021

PetroTal continues to manage liquidity exceptionally well despite the route to market headwinds. PetroTal ended Q4 2021 with \$74.4 million in total cash, of which \$29.5 million was restricted, including \$20 million dedicated to accretive acquisitions. Ending Q4 2021 cash was higher compared to internal forecast as a result of receiving a \$15.8 million revenue true up payment for exported oil at Bayovar. Accounts receivable and accounts payable at year-end were approximately \$0.5 and \$54.0 million (11% due after Q1 2022), respectively. Accounts receivable balances were substantially lower in Q4 2021 due to December 2021 ONP sales disruptions caused by nearby protests.

#### CPF-2 Commissioned

PetroTal is pleased to announce that CPF-2 has been fully commissioned and is operational, thereby allowing field production capacity of 24,000 bopd, water disposal capacity of 100,000 barrels of water per day and oil storage of 90,000 barrels at the field.

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

"We are excited to start the new year with record production of 20,000 bopd, a solid base for ongoing growth. PetroTal will continue to manage our business to maximize cash flow and support stable operations for shareholders while always placing safety above all else.

"The Company is very supportive of community efforts and the active dialogue engagement that led to the reopening of pump stations 1 and 5. Our team has been working hard to find creative sales business solutions so 2022 can be a record year for the Company from cash flow and production perspectives."

#### ABOUT PETROTAL

PetroTal is a publicly traded, tri-quoted (TSXV: TAL) (AIM: PTAL) (OTC Pink: 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 Bretana oil field in Peru's Block 95 where oil production was initiated in June 2018. In early 2020, PetroTal became the second 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 Bretana oil field. It is actively building new initiatives to champion community sensitive energy production, benefiting all stakeholders.

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

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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, 2020 and management's discussion and analysis for the three and nine months ended September 30, 2021 which are available on SEDAR at [www.sedar.com](http://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.

**OIL AND GAS INFORMATION:** References in this press release to 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 for PetroTal. The Company cautions that such results should be considered to be preliminary.

**OIL REFERENCES:** All references to "oil" or "crude oil" production, revenue or sales in this press release mean "heavy crude oil" as defined in NI 51-101. All references to Brent indicate Intercontinental Exchange ("ICE") Brent.

**NON-GAAP MEASURES:** This press release contains financial terms that are not considered measures under generally accepted accounting principles ("GAAP") such as netback 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. Netback is calculated by dividing net operating income by barrels sold in the corresponding period.

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