PetroTal Announces 2022 Year-End Financial and Operating Results

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Delivered annual average production of 12,200 bopd representing a 36% growth rate over 2021
Increased 2022 2P reserves to 97 million barrels (24%) and after tax NPV-10 to US$1.75/share (46%)
Established a new record production level of over 26,000 bopd
Generated 2022 free funds flow of $162 million (~38% of exit 2022 market capitalization)
Brought four highly productive horizontal oil wells online in 2022 to exit the year with 20,000 bopd
Bonds now fully repaid and return of capital program announced subsequent to 2022 year-end

Calgary, March 30, 2023 - PetroTal Corp. (TSX: TAL) (AIM: PTAL) (OTCQX: PTALF) ("PetroTal" or the "Company") is pleased to report its operating and audited financial results for the three months ("Q4") and year ended December 31, 2022.

Select financial, reserves and operational information is outlined below and should be read in conjunction with the Company's audited consolidated financial statements ("Financial Statements"), management's discussion and analysis ("MD&A") and annual information form ("AIF") for the year ended December 31, 2022, which are available on SEDAR at www.sedar.com and on the Company's website at www.PetroTal‐Corp.com. Reserves numbers presented herein were derived from an independent reserves report ("NSAI Report") prepared by Netherland, Sewell & Associates, Inc. ("NSAI") effective December 31, 2022. All amounts herein are in United States dollars ("USD") unless otherwise stated.

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

"I am proud of our performance in 2022, a year in which the Company was resilient despite facing a number of challenges. We are pleased with 2022's operational and financial results, having significantly improved the operating stability of the Company in recent months from both a sales and balance sheet perspective. In addition, it was equally important that we fulfilled our promise to investors to fully repay our bonds and initiating a return of capital program to our patient and deserving shareholder group.

"In closing, I would like to thank our shareholders for their continued support, the PetroTal team for their considerable contributions to the Company, and our Board for strategic guidance."

2022 Key Milestones and Highlights

- Achieved average annual production and sales of 12,200 and 13,168 barrels of oil per day ("bopd") respectively, up 36% and 56% from 2021;
- Delivered a 46% increase in 2P reserves value per share (NPV-10, after tax) to US$1.75/share (CAD$2.29 and GBP1.45), and a 24% increase in 2P reserves to 96.8 million barrels;
- Provided strong 2022 year-end 1P and 2P reserve replacement ratios of 179% and 418%, respectively;
- Set a record for daily production of over 26,000 bopd on June 30, 2022 confirming the current facility oil handling capacity;
- Drilled and completed four highly productive horizontal oil wells in 2022, with wells 10H and 11H delivering initial production rates in excess of 10,000 bopd;
- During well 13H's drilling operation the technical team encountered the target producing formation approximately three meters higher than prognosis which contributed to oil-in-place and reserves upgrades in the 2022 year-end reserve report;

- Generated record annual net operating income ("NOI") of $274 million ($56.90/bbl) and adjusted EBITDA inclusive of realized derivative impacts, of $256 million ($53.28/bbl);
- 2022 free funds flow totalled $161.9 million, prior to working capital adjustments and debt service, and after $94.2 million in total capital expenditures. This equates to a 38% free funds flow yield using the December 31, 2022 market capitalization and was approximately $33.66/bbl;
- Announced in September 2022, Messrs. Luis Carranza and Jon Harris were elected as directors for the Company following the retirement of Messrs. Gary Guidry and Ryan Ellson; and,
- Exited 2022 with approximately $120 million in cash ($15.6 million restricted) and a $74 million net surplus on the balance sheet allowing for full bond repayment subsequent to December 31, 2022.

Selected Q4 2022 and 2022 Financial and Operational Highlights

(in thousands USD)		Three Months Ended		Twelve Months Ended	
		Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Average Production	Bopd	10,374	10,147	12,200	8,966
Average Sales	"	10,420	7,242	13,168	8,449
Average Brent ICE Price	$/bbl	$88.61	$79.79	$98.92	$70.82
Contracted Sales Price(1)	"	$88.22	$77.46	$96.67	$68.22
Tariffs, fees, and differentials	"	($21.71)	($18.56)	($21.96)	($16.60)
Realized Sales Price	"	$66.51	$58.90	$74.71	$51.62
Royalties(2)	"	($6.08)	($3.46)	($6.66)	($2.91)
Lifting	"	($7.42)	($7.60)	($6.86)	($6.99)
Direct Transportation	"	($2.50)	($9.23)	($4.29)	($7.69)
Netback(3)	"	$50.51	$38.61	$56.90	$34.03
Net Operating Income		$48,422	$25,727	$273,539	$104,960
Adjusted EBITDA(4)		$36,338	$11,887	$256,069	$101,974
Net Income		$37,176	$6,844	$188,527	$63,972
Basic Shares Outstanding	000's	862,209	828,197	862,209	828,197
Market Capitalization(5)		$431,104	$273,305	$431,104	$273,305
Net Income/share	$/share	$0.04	$0.01	$0.22	$0.08
Capex		$32,024	$26,601	$94,202	$82,191
Free funds Flow(6)		$4,314	($14,714)	$161,867	$19,783
% of Market Capitalization		0.1%	(5.4%)	37.5%	7.2%
Total Cash(7)		$119,969	$74,459	$119,969	$74,459
Net Surplus (Debt)(8)		$74,225	($56,076)	$74,225	($56,076)

1. Approximately 71% of sales in 2022 were through the Brazilian route vs 27% in 2021.
2. Royalties in Q3 and Q4 2022 include the impact of the 2.5% community social trust retroactive to the beginning of 2022.
3. Netback per barrel ("bbl") does not have standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities. See "Selected Financial Measures" section.
4. Adjusted EBITDA is Net Operating Income less G&A and plus/minus realized derivative impacts. See "Selected Financial Measures" section.
5. Market capitalization for 2022 and 2021 assume share prices of $0.50 and $0.33, respectively.
6. Free funds flow is defined as adjusted EBITDA less capital expenditures.
7. Includes restricted cash balances.
8. Net Surplus/Debt = Total cash + all trade and VAT receivables + short and long term net derivative balances - total current liabilities - long term debt - non current lease liabilities - deferred tax - other long term obligations.

Selected Q4 2022 and FY 2022 Financial and Operating Highlights

Production and sales. Production and sales for the quarter averaged 10,374 and 10,420 bopd respectively. Production was significantly constrained during October and November 2022 due to low river levels and a river blockade, however, the Company was able to produce an average of 20,766 bopd during the last two weeks in December once these two issues were resolved which allowed quarterly production to average above 10,000 bopd.

Net Revenue profile. Oil revenue in Q4 2022, net of tariffs, fees, and differentials was $63.8 million ($66.51/bbl) compared to Q3 2022 of $84.2 million ($75.07/bbl) and Q4 2021 of $39.2 million ($58.9/bbl).

High margin operational cash flow. Generated Q4 2022 NOI and Adjusted EBITDA of $48.4 million ($50.51/bbl) and $36.3 million ($37.87/bbl), respectively, compared to $62.3 million ($55.58/bbl) and $84.2 million ($75.10/bbl), respectively, in Q3 2022 and $25.7 million ($38.61/bbl) and $11.9 million ($17.84/bbl), respectively, in Q4 2021. Net operating income for 2022 represents a 57% margin on contracted gross sales revenue allowing sufficient margin to fund CAPEX, G&A and debt service.

Capital expenditures. Capital deployed in Q4 2022 totalled $32.0 million, of which approximately 65% was allocated to drilling and completing wells 12H and 13H and commencing drilling on the Company's next water disposal well, 4WD. For the year ended December 31, 2022, the Company invested a total of $94.2 million in capital expenditures, a $12.1 million (15%) increase from 2021, driving a 36% increase in year-over-year production.

Substantial Net income. PetroTal posted Q4 2022 net income of $37.2 million, making Q4 2022 the 12th quarter in a row with positive net income. Net income for the year ended 2022 was $188.5 million ($0.22/share) and approximately 44% of PetroTal's exit 2022 market capitalization.

Solid balance sheet metrics allowing flexible capital allocation. Year-end 2022 short and long term debt was $81.4 million including accrued interest payable generating an exit debt to 2022 adjusted EBITDA ratio of 0.3x. Including working capital and cash, the Company exited 2022 with a net surplus of $74.2 million or approximately 17% of the Company's market capitalization at year-end 2022.

Net derivative asset balance. The total net derivative asset on the balance sheet as at December 31, 2022 was $20.4 million, an increase of $16.8 million from Q3 2022, driven by mark-to-market changes in the value of oil in the Northern Peruvian Oil Pipeline ("ONP"). As at December 31, 2022 approximately 2.4 million barrels remained in the ONP with an average cost base of approximately $70/bbl.

Petroperu payment schedule finalized to reduce receivable balances. During Q4 2022, PetroTal and Petroperu finalized a repayment agreement for the $64 million in true-up revenue owed to the Company by Petroperu from a July 2022 oil export of 720,000 barrels. As at March 1, 2023 the Company has received nearly $27 million (40%) in accordance with the scheduled payments.

Robust production from wells 13H and 12H. Well 13H was drilled and completed in late Q3/early Q4 2022 and generated an initial peak production rate of 8,000 bopd during its first week of production. The drilling team encountered the target formation approximately three meters higher than prognosis which positively impacted 2022 year-end reserves and oil-in-place estimates. Well 12H was completed and tested around December 16, 2022, however due to export constraints the well's pump was not activated to constrain higher production rates until mid Q1 2023.

Financial and Operating Highlights Subsequent to December 31, 2022

Continuous development to increase production. Drilling commencement of drilling 14H began on February 8, 2023 following the successful drilling and coring of the Company's third water disposal well on January 29, 2023. Well 14H will be the longest horizontal well ever drilled in Peru with a total measured depth of around 5,135 meters. The well took 38 days to drill and encountered excellent Vivian sands with over 840 meters of net pay. Available production capacity is essential for allowing the Company to ramp up production quickly when additional sales capacity become available.

Full repayment of bonds. On February 15, 2023, the Company made the regularly scheduled payment to bondholders totaling $25 million, plus accrued interest. In addition, on March 24, 2023, PetroTal fulfilled its promise to shareholders and repaid the remaining $55 million of bonds, plus $3 million of accrued interest and prepayment fees, thereby allowing for shareholder return commencement.

Production resumes at over 20,000 bopd from barge travel normalization. Low river levels late in 2022 caused an overweighting of available barges to the field in late December 2022 and early 2023. During January and February 2023, the Company was only able to produce approximately 7,600 bopd and 8,000 bopd, respectively. Late in February 2023, the Company was able to ramp up production and will now produce and sell into an evenly distributed and expanded barge fleet chain for the remainder of the year. Production from March 1, 2023 until March 29, 2023 has averaged approximately 20,500 bopd.

Well 12H on pump and producing at strong rates. During Q1 2023, well 12H was put on pump and has averaged approximately 5,200 bopd since it was put on pump the last week of February, following the field's type curve for horizontal wells. This drilling location has increased the probability for additional drilling locations to the south of well 12H and 13H.

Return of capital focused 2023 budget. On January 16, 2023, PetroTal announced a $125 million fully funded capital program that targets average production between 14,000 and 15,000 bopd in 2023 with possible river level upside allowing 17,000 bopd in the second half 2023. Under base case production guidance, EBITDA is projected to be $220 million using an $84/bbl average 2022 Brent oil price. This generates after-tax free funds flow of $55 million, strengthening total accessible cash in 2023 to $241 million prior to debt service.

TSX-V award winner and TSX graduation. PetroTal was recognized as a top TSX Venture exchange performer for 2022 ranking 4th in share performance and market capitalization size in the energy sector. On February 16, 2023, PetroTal graduated to the TSX under the same trading symbol "TAL".

2.5% community social trust approved into Supreme Decree. On March 9, 2023, the Company announced the publication of the Supreme Decree signed by Peru's President authorizing Perupetro to execute the amendment incorporating the 2.5% Community Social Trust Fund into the Block 95 License Contract. Bylaw approvals for the trust are expected to occur by the end of April 2023, at which time the amendment to the License Contract shall be executed.

Barging fleet expanded. The Company has expanded its gross contracted barging fleet by over 25% to 1.5 million barrels from the previous capacity of 1.2 million. By increasing the fleet export capacity, the Company will be better able to mitigate situations where barge carrying capacity is limited and/or slow moving. The Company anticipates selling approximately 640,000 barrels of oil in March 2023, mostly through the Brazil export route, and expects deliveries of 550,000 barrels in April 2023, under normalized river conditions. March would then be the first month in PetroTal's history that 600,000 barrels of oil are sold via Brazil, which was an initial goal when the first 140,000 barrel Brazilian export was completed in December 2020. Now the Company is committed to replicating this on a consistent basis.

New working capital credit line secured. PetroTal has successfully secured a revolving working capital line of credit for approximately $20 million with a Peruvian bank. The working capital line will allow the Company to better manage a stable return of capital program, in conjunction with ensuring cash liquidity. The revolving working capital line can be drawn and repaid at any time.

Return of Capital Update

PetroTal is now long-term debt free and is excited to announce Board approval of a normal course issuer bid ("NCIB") share buyback program. Subject to approval by the Toronto Stock Exchange, the NCIB will allow the Company to purchase up to 10% of PetroTal's public float, over a period of twelve months, commencing in Q2 2023. Under the NCIB, common shares may be repurchased on the open market through the facilities of both the TSX and AIM exchanges, in accordance with TSX and AIM regulations.

In addition, PetroTal is pleased to reinstate a US$0.015 per share quarterly eligible dividend(1) with expected record and payment dates in June 2023. On an annualized basis, this represents US$0.06/share and an approximate yield of 13.9% based on a trading price of US$0.45/share. This quarterly cash dividend will be designated as an "eligible dividend" for Canadian income tax purposes.

(1) See reader advisories.

Updated Corporate Presentation and Investor Webcast

PetroTal will host a virtual investor webcast meeting on March 30, 2023, following the release of these 2022 results. See the link below to join the webcast beginning at 9am Central Time and 3pm London time. The Company has also provided an updated corporate presentation with the 2022 results, on its website.

https://stream.brrmedia.co.uk/broadcast/63ff1852d684866e54345b62

ABOUT PETROTAL

PetroTal is a publicly traded, tri‐quoted (TSX: TAL) (AIM: PTAL) (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 Bretana 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 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, the Company's filed documents at www.sedar.com, or below:

Douglas Urch
Executive Vice President and Chief Financial Officer
Durch@PetroTal-Corp.com
T: (713) 609-9101

Manolo Zuniga
President and Chief Executive Officer
Mzuniga@PetroTal-Corp.com
T: (713) 609-9101

PetroTal Investor Relations
InvestorRelations@PetroTal-Corp.com

Celicourt Communications
Mark Antelme / Jimmy Lea
petrotal@celicourt.uk
T : 44 (0) 208 434 2643

Strand Hanson Limited (Nominated & Financial Adviser)
Ritchie Balmer / James Spinney / Robert Collins
T: 44 (0) 207 409 3494

Stifel Nicolaus Europe Limited (Joint Broker)
Callum Stewart / Simon Mensley / Ashton Clanfield
Tel: +44 (0) 20 7710 7600

Auctus Advisors LLP (Joint Broker)
Jonathan Wright
T: +44 (0) 7711 627449

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; drilling, completions, workovers and other activities and the anticipated costs and results of such activities; PetroTal's anticipated capital program and operational results for 2023 including, but not limited to, estimated or anticipated production levels, capital expenditures and drilling plans; plans to deliver strong operational performance and to generate free funds flow and growth; capital requirements; the ability of the Company to achieve drilling success consistent with management's expectations; anticipated future production and revenue; drilling plans including the timing of drilling, commissioning, and startup and the impact of delays thereon; oil production levels; and the Company's return of capital strategy including regular dividends and share buybacks under an NCIB. All statements other than statements of historical fact may be forward-looking statements. In addition, statements relating to expected production, reserves, recovery, replacement, costs and valuation are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective" and similar expressions. More particularly, this press release contains statements concerning the future declaration and payment of dividends and the timing and amount thereof. Future dividend payments, if any, and the level thereof, is uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, free funds flow financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of PetroTal to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness. 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 of the Ministry of Energy to effectively achieve its 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. 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; changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system; and wars (including Russia's war in Ukraine). In addition, the Company cautions that current global uncertainty with respect to the spread and evolution 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, increased operating and capital costs due to inflationary pressures, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the Company's AIF and MD&A 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.

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. Recovery factor percentages include historical production.

RESERVES DISCLOSURE: All reserves values, future net revenue and ancillary information contained in this press release are derived from the NSAI Report unless otherwise noted. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to the effect of aggregation. There is no assurance that the forecast price and cost assumptions applied by NSAI in evaluating PetroTal's reserves will be attained and variances could be material. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. The recovery and reserve estimates of PetroTal's oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil reserves may be greater than or less than the estimates provided herein. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Proved developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. Possible reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned. Certain terms used in this press release but not defined are defined in NI 51-101, CSA Staff Notice 51-324 - Revised Glossary to NI 51-101, Revised Glossary to NI 51-101, Standards of Disclosure for Oil and Gas Activities ("CSA Staff Notice 51-324") and/or the COGEH and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGEH, as the case may be.

DRILLING LOCATIONS: This press release discloses drilling inventory in three categories: (a) proved locations; (b) probable locations; and (c) possible locations, all of which are derived from the NSAI Report and account for drilling locations that have associated proved, probable and/or possible reserves, as applicable. There is no certainty that PetroTal will drill all booked drilling locations and if drilled there is no certainty that such locations will result in additional oil reserves or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the possible drilling locations have been de-risked by drilling existing wells in relative close proximity to such drilling locations, other possible drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil reserves or production.

SHORT-TERM PRODUCTION RATES: References in this press release to the peak rates and other short term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rate 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.

SPECIFIED FINANCIAL MEASURES: This press release includes various specified financial measures, including non-GAAP financial measures, non-GAAP financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP") and, therefore, may not be comparable with the calculation of similar measures 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" (non-GAAP financial ratio) equals total petroleum sales less quality discount, lifting costs, transportation costs and royalty payments calculated on a bbl basis. The Company considers netbacks to be a key measure as they demonstrate Company's profitability relative to current commodity prices. "Funds flow provided by operations" (non-GAAP financial measure) includes all cash generated from operating activities and is calculated before changes in non-cash working capital. "Adjusted EBITDA" (non-GAAP financial measure) is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization and adjusted for G&A impacts and certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses, including derivative true-up settlements. PetroTal utilizes adjusted EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA impacts the level and extent of funding for capital projects investments. Reference to EBITDA is calculated as net operating income less G&A. "Free funds flow" (non-GAAP financial measure) is calculated as net operating income less G&A less exploration and development capital expenditures less realized derivative gains/losses and is calculated prior to all debt service, taxes, lease payments, hedge costs, factoring, and lease payments. Management uses free cash flow to determine the amount of funds available to the Company for future capital allocation decisions. Please refer to the MD&A for additional information relating to specified financial measures.

OIL AND GAS MEASURES: This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "OOIP", "development capital", "F&D costs", "net asset value" and "reserves life index". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. "OOIP" is equivalent to total petroleum initially-in-place ("TPIIP"). TPIIP, as defined in the COGEH, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered. "Development capital" means the aggregate exploration and development costs incurred in the financial year on reserves that are categorized as development. Development capital excludes capitalized administration costs. "Finding and development costs" or "F&D costs" are calculated as the sum of field capital plus the change in future development costs for the period divided by the change in reserves that are characterized as development for the period. Finding and development costs take into account reserves revisions during the year on a per bbl basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. "Net asset value" is based on present value of future net revenues discounted at 10% before tax on reserves, net of estimated net debt at year-end divided by the basic shares outstanding at year-end. "Reserve life index" is calculated as total Company interest reserves divided by annual production. These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare PetroTal's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

ELIGIBLE DIVIDEND: An eligible dividend is one which is characterized as such by the dividend-paying corporation for Canadian residents. The primary benefit of an eligible dividend is that it benefits from an enhanced gross-up and credit regime at the shareholder level (i.e., the shareholder pays less tax on eligible dividends than non-eligible dividends). This is meant to compensate for the higher general corporate tax rate paid by non-CCPC's on their income and generally preserve integration of Canada's tax rates. As an example, for federal income tax purposes the gross-up rate for eligible dividends is 38% (as compared to 15% for non-eligible dividends) such that the amount of the dividend is multiplied by 1.38 to determine the taxable income to the shareholder. The dividend tax credit for eligible dividends is additionally increased to 6/11 (or 15.02%), as compared to 9/13 (9%) for non-eligible dividends, to offset the greater income inclusion to the taxpayer. Each province provides similar relief on the tax they would otherwise levy on the dividends, although the effective gross-up and credit differs by province.

FOFI DISCLOSURE: This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NPV-10, future development and abandonment costs, prospective results of operations, production and production capacity, free funds flow, revenue, margins, NOI, shareholder returns and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was included for the purpose of providing further information about PetroTal's anticipated future business operations. PetroTal and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. PetroTal disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press release complies with the requirements of Canadian securities legislation, including NI 51-101. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in PetroTal's guidance. The Company's actual results may differ materially from these estimates.

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