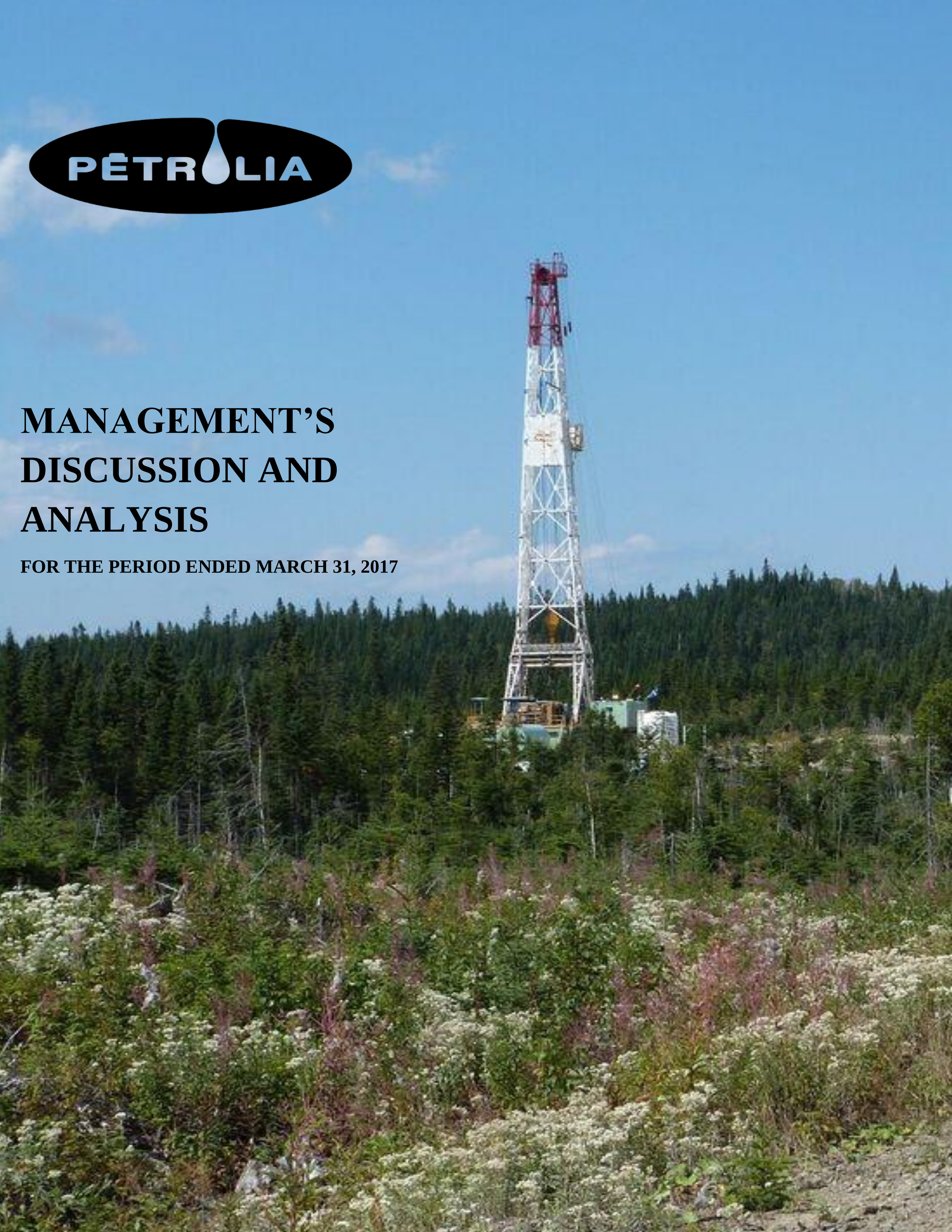


MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2017

This management's discussion and analysis ("MD&A") provides a review by management of the financial position and consolidated results of Pétrolia Inc. ("Pétrolia" or the "Company") for the three-month period ended March 31, 2017 compared with the three-month period ended March 31, 2016. This MD&A is dated July 5, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2017 well as the audited annual financial statements and the MD&A for the year ended December 31, 2016 available on the Company's website, www.petrolia-inc.com or on SEDAR, www.sedar.com. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar (C$) and all amounts are presented in Canadian dollars.

Subsequent to the initial approval on May 29, 2017 of the condensed interim consolidated financial statements and management's discussion and analysis for the three-month periods ended March 31, 2017 and 2016, management reviewed a number of its judgments and estimates relating to the determination of indicators of impairment of exploration and evaluation assets and property, plant and equipment and to the going concern assumption. To take into account these changes and for the sake of transparency toward the users of the Company's financial statements and management's discussion and analysis, the condensed interim consolidated financial statements and management's discussion and analysis for the three-month periods ended March 31, 2017 and 2016 were restated, reapproved by the Board of Directors and refiled on SEDAR on July 5, 2017. The changes to the financial statements are explained in detail in notes 1, 3 and 10 to the condensed interim consolidated financial statements for the three-month periods ended March 31, 2017 and 2016.

1. COMPANY'S INCORPORATION AND MISSION

Incorporated under Part IA of the Québec *Companies Act* and governed by the provisions of the Québec *Business Corporations Act*, Pétrolia is an oil and gas exploration company. It has been listed on the TSX Venture Exchange since February 16, 2005, under the symbol PEA.

The Company's oil and gas properties are in the exploration stage, and the Company's long-term profitability depends in part on the costs and success of the exploration programs and subsequent development. The Company has yet to determine whether its properties contain economically feasible reserves. The Company is primarily engaged in exploration and development under oil and gas exploration licences it owns and in which it has an interest. In pursuing its objectives, the Company is required to enter into partnership agreements specific to the oil and gas industry.

2. STRATEGIC OBJECTIVES AND PLANS

The Company aims to discover marketable oil resources and put them into production as quickly as possible, with a view to ensuring profitability. The Company pursues this objective while ensuring its operations meet personal safety standards and factor in environmental and social impacts.

Pétrolia achieves this objective by securing promising licences and associating with partners with the necessary technical and financial expertise. The Company drills wells on the basis of scientific expertise and employs leading drilling techniques in accordance with industry best practices. Occupational and community health and safety are key concerns for the Company in the planning and performance of exploration work. Special attention is also paid to local community and business relationships, as well as environmental protection.

Pétrolia is a responsible Québec oil and gas company with the goal of producing oil and natural gas in Québec.

3. HIGHLIGHTS AND RECENT DEVELOPMENTS

Amalgamation with Pieridae Energy

Arrangement

The Company announced on May 15, 2017 that it has entered into a definitive agreement with Pieridae Energy Limited (“Pieridae”), a private Canadian corporation, providing for an amalgamation by way of plan of arrangement (the “Arrangement”) pursuant to which Pétrolia and Pieridae will amalgamate to form a new entity to be named Pieridae Energy Limited (the amalgamated entity). The completion of the Arrangement will result in a reverse takeover of the Company as defined in the policies of the TSX Venture Exchange. Completion of the Arrangement is, in particular, subject to the closing of a $50,000,000 private placement, approval of the Exchange, final court approval and Pétrolia and Pieridae shareholder approval.

This agreement will enable the amalgamated entity to strategically position itself in the North American equity markets as a developing fully integrated energy company, from upstream production to the sale of liquefied natural gas (LNG). Pieridae’s Goldboro LNG facility project, combined with the resource potential held by Pétrolia, constitutes an opportunity for investors to participate in the growth and development of Canada’s only integrated LNG facility holding key permits and approvals for its current stage of development. It is expected that the combined expertise and diversification of the two companies will provide the new entity with the potential of an effective and sustainable long-term growth plan.

The Arrangement will also allow Pétrolia shareholders an opportunity to participate in the LNG industry through the development of an integrated energy company and provide the means for an accelerated exploration of Pétrolia's properties while offering a long-term market for any natural gas production. Pétrolia’s shareholders will receive an immediate premium and considerable potential upside when correlated against similar corporate situations in the North America equity markets this past year.

The amalgamated entity will maintain offices in Calgary, Québec City and Halifax. The Boards of Directors of each of Pieridae and Pétrolia have unanimously approved the Arrangement and determined it to be in the best interests of their respective shareholders.

In financial terms, under the agreement:

- The value of each Pétrolia share will be set at $0.38, which amounts to a 230% premium over the closing share price on May 12, 2017.
- Each Pétrolia shareholder will receive, for each share held, one non-transferable, non-voting preferred share. The preferred shares are being issued for the purpose of allowing Pétrolia shareholders to receive their pro rata share based on shareholdings, of an amount equal to fifty percent (50%) of any cash amount that may be received by the amalgamated entity further to or arising from an agreement or undertaking by the Government of Québec no later than December 31, 2018, net of any taxes payable by the Company pursuant thereto, in connection with the termination of oil and natural gas exploration on Anticosti Island.
- Pieridae shareholders will receive, for each of their shares in Pieridae, 2.74 shares of the amalgamated entity.

Subsequently, the common shares and preferred shares will be consolidated on a twelve for one basis. Upon completion of the Arrangement, it is expected that Pétrolia shareholders will hold 14.75% of the outstanding common shares of the amalgamated entity and Pieridae shareholders will hold 85.25%.

Subject to the closing of the transaction, Mr. Alfred Sorensen will serve as Chief Executive Officer of the amalgamated entity while Mr. Thomas Dawson will serve as President of LNG. Mr. Martin Belanger, currently the Interim CEO of Pétrolia, will assume the role of Director, Production, and Mr. Mario Racicot, the current Chief Financial Officer and Corporate Secretary of Pétrolia will assume the role of Chief Financial Officer of the amalgamated entity.

Private placement

Pursuant to the agreement, Pieridae has agreed to use reasonable commercial efforts to complete, on or before closing of the Arrangement, a private placement (the "Private Placement") of Pieridae subscription receipts at a price of $12.50 per Pieridae subscription receipt for minimum gross proceeds of $50,000,000, of which approximately $43,000,000 to be paid in cash and $7,000,000 in consideration for the conversion of the Pieridae debenture, subject to any over-allotment. Each subscription receipt will be automatically converted into one Pieridae share immediately prior to the completion of the Arrangement. These Pieridae shares will be exchanged for common shares of the amalgamated entity when the arrangement is completed.

The net proceeds of the private placement will be used to fund certain activities to allow the amalgamated entity to reach the final investment decision with respect to the development of an integrated LNG project on Canada’s East Coast as well as operational needs, its exploration work and its working capital.

Pieridae has engaged a syndicate of agents, to be co-led by Laurentian Bank Securities and National Bank Financial Inc. (“NBF”), and including Desjardins Capital Markets Canada for the private placement. Pieridae intends to pay the agents a cash commission equal to 5% of the gross proceeds of the private placement.

About Pieridae

Pieridae is a privately held Canadian corporation based in Calgary, Alberta. Focused on the development of the Goldboro LNG Project, Pieridae has embarked on a strategy to consolidate natural gas reserves in key natural gas basins to develop new international markets for Canadian and U.S. natural gas. With its first acquisition of resources in New Brunswick through to this merger with Pétrolia, Pieridae seeks to build a long-term portfolio of natural gas to supply the Goldboro LNG Project. Pieridae is on the leading edge of the re-integration of the LNG value chain in North America. The development of its own natural gas potential allows for a comprehensive risk management strategy. Pieridae is targeting the next wave of worldwide LNG production, post 2020, and has sold 50% of the initial capacity of the Goldboro LNG Project pursuant to a 20-year, take-or-pay contract with Uniper Global Commodities SE, a wholly owned subsidiary of Uniper SE, one of Europe’s largest gas companies. Pieridae forecasts continuing significant growth in international and domestic markets for liquefied natural gas as consumers look to replace oil with cleaner burning natural gas in the electricity and transportation sectors.

The key principals of Pieridae were the founders of Galveston LNG, which created the Kitimat LNG project in British Columbia that was the first new liquefaction facility permitted in North America in 40 years and which is now owned by Chevron and Woodside Petroleum. Following the sale of Galveston LNG, Pieridae was incorporated under the *Canada Business Corporations Act* on May 29, 2012 to invest in the Goldboro LNG Project, which is wholly owned by it. In addition, Pieridae is establishing a fully integrated LNG business by acquiring assets that will supply the Goldboro LNG Project. On March 4, 2013, Pieridae entered into a partnership agreement to create Pieridae Production Limited Partnership and Pieridae Production GP Ltd. in order to develop natural gas resources in New Brunswick, Nova Scotia and the Northeast United States. Pieridae had a 16.98% interest in the Partnership as at January 1, 2014, and made no further contributions to the Partnership during the year. During 2015, Pieridae invested an additional $750,000 in the Partnership, increasing its ownership interest to 20%. Pieridae is entitled to contribute an additional $14,125,000 to the Partnership prior to any further funding by the other partner, and thereby increase its ownership in the Partnership to 50%.

On December 3, 2015, Pieridae completed the purchase of approximately 107.5 hectares (265.5 acres) of land located in the Goldboro Industrial Park, Nova Scotia for a consideration of $3,200,000. The Goldboro Property is the site for the proposed Goldboro LNG Project.

The Goldboro LNG Project

The Goldboro LNG Project is located on the Atlantic Ocean coast, approximately two kilometres from the communities of Goldboro in the west and Drum Head in the east, in Goldboro, Guysborough County, Nova Scotia. The Goldboro LNG Project being developed by Pieridae will include storage tanks, marine structures and gas processing equipment. Initial permits allow for up to 10 million metric tons per annum (MMTPA) of LNG production capacity and the facility will be equipped to handle LNG carriers of up to 250,000 m^3. The Goldboro LNG Project has obtained its Environment Assessment Approval, National Energy Board of Canada LNG export licence, United States Department of Energy LNG Free Trade Agreement and Non-Free Trade Agreement licences and United States Department of Energy Statement on Energy in Transit between Canada and the United States.

The Goldboro LNG Project is the only project on the East Coast of Canada that has both key permits for its current stage of development and a creditworthy offtake customer. Pieridae, along with its strategic partners, namely General Electric, CB&I and ORLEN Upstream Canada, a wholly owned subsidiary of Poland's PKN ORLEN S.A., is well positioned to become the first LNG liquefaction project to be constructed in Canada.

Anticosti Project

During the quarter, the Québec government confirmed its support for Anticosti's designation as a UNESCO World Heritage Site. Following this announcement, the Québec government initiated negotiations with Pétrolia and its partners in Anticosti Hydrocarbons L.P. ("AHLP") with the aim of ending oil and natural gas exploration on Anticosti Island. Negotiations are still underway, however, and as at the date of this MD&A, no agreement has been reached between the Company and the Québec government.

Management would like to point out that the Québec government had determined the value of this project at $200 million when the deal was announced in February 2014 and that, in the economic survey by the Ministère des Finances prepared within the framework of the Strategic Environmental Assessments ("SEA"), the government anticipated major economic gains. It is also relevant to note that Pétrolia holds 21.7% of AHLP and that it is also the project operator and that the results of exploration work carried out on Anticosti Island from 2014 to date have been positive. Nevertheless, in the event that the government is determined to put an end to this project, Pétrolia is open to negotiating a fair settlement. In the event that there is no settlement, we expect the government to respect the agreements signed in good faith and allow AHLP to carry out the planned work for which it had been mandated in the signed agreements.

Hearings took place in April and May 2017 in relation to the injunction filed by the Band Council of Innus of Ekuanitshit against, *inter alia*, AHLP, seeking to have the certificates of authorization for fracturing issued by MDDELCC in 2016 declared null and void. The judgment is expected during the third quarter of 2017.

Lastly, on June 14, 2017, the Company reached an agreement with its partners relating to safeguard measures for maintaining the status quo with respect to the project. This safeguard order acknowledges the obligation to cover certain financial expenses of the operator and, in particular, orders Ressources Québec to advance sufficient funds on a monthly basis to cover the essential needs of AHLP until September 1, 2017. The partners of AHLP also agreed to postpone the work planned for Anticosti Island this summer pending the result of the ongoing negotiations with the Québec government. In connection with the order, Pétrolia has committed to perform essential work only until the resumption of work.

Bourque Project

On June 22, 2017, the Company issued a press release to provide an update on the results of two horizontal wells drilled on the Bourque property.

The operations on these two wells have established the presence of oil and gas in the reservoir, but have also revealed that the reservoir is tight and will require some additional work to allow commercial production. To continue the assessment of the Bourque project, Pétrolia as the operator will propose to its partners (Ressources Québec and TUGLIQ Energy Corp.) the following exploration program in chronological order:

- Resume the production test on the Bourque HZ No. 1 R1 well by using a swabbing unit to better quantify reservoir productivity, take a depth sample (PVT) and check the pressure regime.
- Resume the production test on the Bourque HZ No. 3 well by using a swabbing unit.
- Re-evaluate project resources by integrating the data of these two wells and 3D seismic data (reprocessed after Sproule's initial evaluation).
- Study the best options for stimulation and completion.

Financing

On March 17, 2017, the Company issued 5,222,223 flow-through shares at $0.18 per share for gross proceeds of $940,000. The proceeds of this private placement will be used by the Company to incur Canadian exploration expenses on various properties and such exploration expenses will be fully incurred on or before December 31, 2018 in accordance with the Company's undertakings to the subscribers of this private placement.

4. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A are forward-looking statements regarding in particular future events or anticipated economic results or outlooks or future business opportunities of the Company. All statements other than statements of historical fact may be considered forward-looking statements. Forward-looking statements often, but not always, contain words such as "seek," "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "predict," "potential," "target," "intend," "understand," "could," "might", "should", "believe" and similar expressions.

The Company is of the view that the expectations set out in these forward-looking statements are reasonable but makes no warranties that they will materialize. These statements have been made as at the date of this MD&A and are based on a certain number of assumptions that might prove to be inaccurate, particularly those relating to:

- Completion of the Arrangement with Pieridae Energy Limited;
- The completion and results of the Company's future exploration work, including those of AHLP;
- The Company's capacity to secure financing;
- The scale of discoveries or production of hydrocarbons;
- The estimate of resources in place and/or reserves;
- The Company's capacity to sign new partnerships;
- The schedule and costs of the work planned by the Company and its partners;
- Oil and natural gas prices; and
- Regulatory impacts.

These forward-looking statements involve risks and uncertainties relating in particular to the Company's activities. Actual results may differ materially from those stated or implied in these forward-looking statements. The factors that may cause actual results to differ materially include, but are not limited to, the risk factors described under the Risk factors section in this MD&A, and which represent, according to the Company's knowledge, the risks known and unknown as well as the uncertainties facing us as at March 31, 2017.

Investors should not place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will materialize. Readers are cautioned that the foregoing list of important factors is not exhaustive. Investors who base their opinion on the Company's forward looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Readers are cautioned not to place undue reliance on the Company's forward-looking statements. Last, the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable law.

5. TERRITORIES UNDER LICENCE AND PARTNERSHIPS

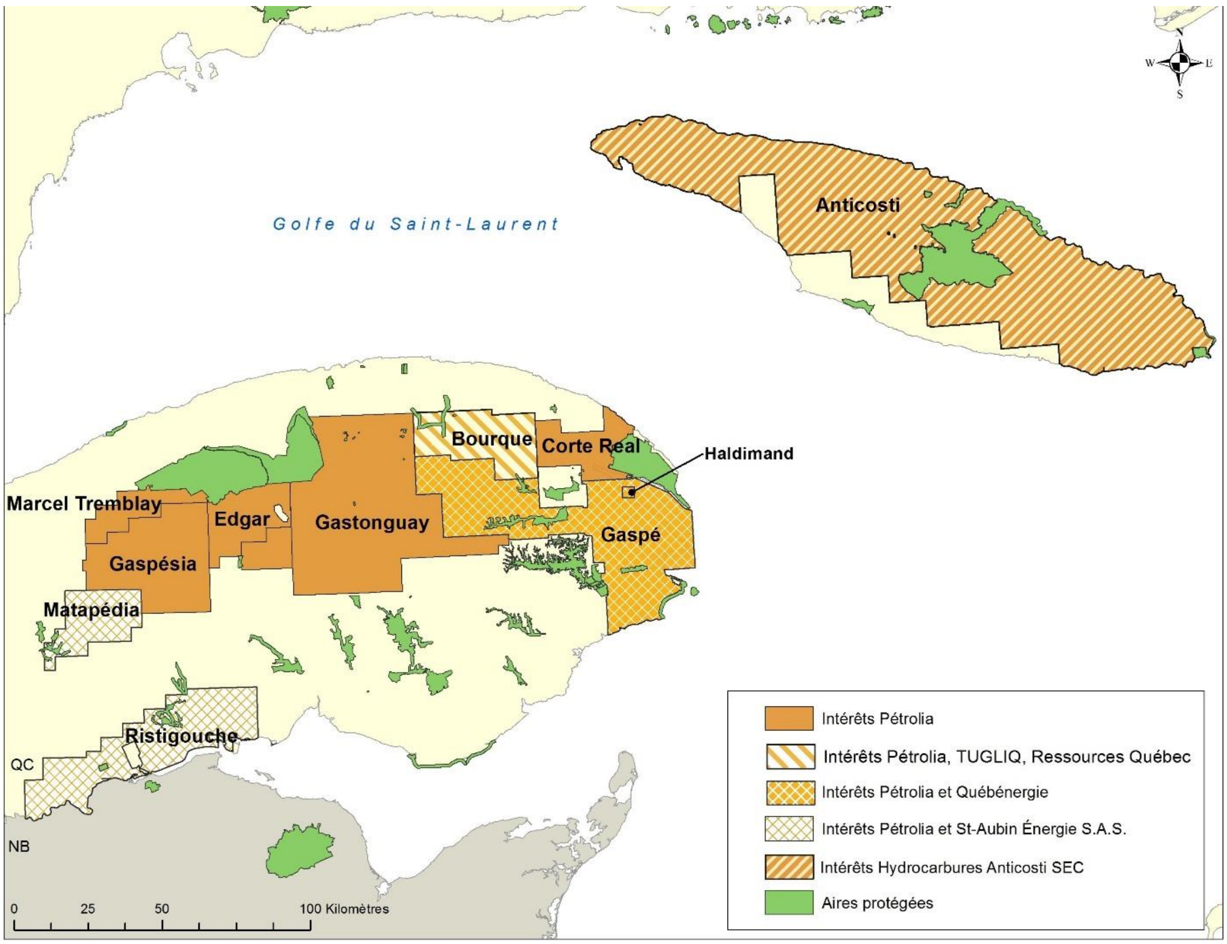
Pétrolia holds licences for and interests in an area of over 16,314.39 square kilometres (km²), amounting to nearly 23% of Québec's territory under licence. Located in Eastern Québec, these areas are largely known for their oil potential. Pétrolia's territories under licence also offer the potential of discovering natural gas possibly containing liquid natural gas.

There are four partnership agreements covering portions of the Company's territories under licence:

- A partnership agreement in respect of 38 exploration licences (6,195 km²) on Anticosti Island was entered into on March 31, 2014 between Ressources Québec (35%), Pétrolia Inc. (21.7%), Saint-Aubin E&P (Québec) inc. (21.7%) and Corridor Resources Inc. (21.7%). The limited partnership so created by the four partners is named Anticosti Hydrocarbons L.P.
- For the Gaspé licences, Pétrolia and Québénergie each hold a 50% interest in each of the 13 licences, covering a total area of approximately 2,500 km².
- For the Baie-des-Chaleurs–Matapédia and Restigouche licences, Pétrolia and Saint-Aubin Énergie S.A.S. (a subsidiary of Maurel & Prom and Maurel & Prom International), each hold a 50% interest in 13 licences covering an area of over 1,800 km².

- As of July 15, 2016, the interests in the four Bourque property licences were as follows: Pétrolia – 51.03%; TUGLIQ Energy Corp. – 3.97%; and Ressources Québec inc. – 45%.
- The remaining licence blocks are wholly owned by Pétrolia.

The following map plots the locations of the licences held by Pétrolia and its partners.



6. PROJECTS, WORK PROGRAMS AND OUTLOOK

Haldimand project (Gaspé block)

Project background and potential

Discovered in 2006, Haldimand is a conventional deposit located in the York River Formation, which consists of naturally fractured sandstone. It is located on the Haldimand Peninsula outside the Town of Gaspé, in a forest in the Sandy Beach area. Pétrolia's interest in this project currently amounts to 50% with Québénergie inc. holding the other 50%.

Over the years, a series of exploration work has been carried out on the property, including the drilling of Haldimand 1, 2 and 4, three-dimensional seismic, surface geochemical and magnetotelluric surveys, reprocessing of data as well as well cleaning operations. As at March 31, 2017, Pétrolia and its partners had invested a total amount of over $29 million in the property. Following the work carried out, Pétrolia confirmed the existence of a functional oil reservoir comprising natural fractures on the Haldimand property. The production test carried out in 2016 on Haldimand 4 allowed the natural production, without artificial aid, of high quality oil (API 53). During this test program, which included periods of production and stoppage, the well produced nearly 1,200 barrels of light oil without a pump. This test also allowed the collection of important data on the permeability and porosity of the reservoir.

As shown in the following table, an independent assessment by Sproule Associates Limited ("Sproule"), an oil industry consulting firm, calculated the best estimate of the oil initially in place, unadjusted for risk, at 69.7 million barrels and the contingent portion of that volume at 7.7 million barrels.

	Crude (100%) (millions of barrels)			Pétrolia's share (50%) (millions of barrels)		
	Low estimate	Best estimate	High estimate	Low estimate	Best estimate	High estimate
Discovered oil resources (oil initially in place)	21.9	69.7	198.1	11.0	34.9	99.1
Contingent oil resources	1.9	7.7	28.4	1.0	3.9	14.2

Planned work for 2017

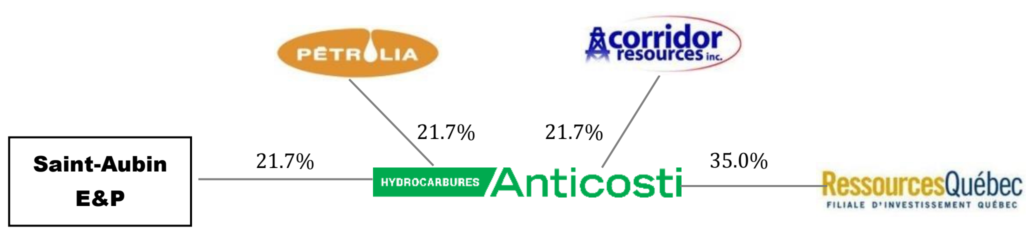
Pétrolia and its partner Québénergie Inc. are working on developing a stimulation program that would allow for optimal production of the Haldimand reservoir. Once the results of studies, analyses and programs are available, we will be in a position to deploy our resources to file the applications and obtain all the permits and authorizations necessary to carry out any stimulation programs.

Anticosti Project

Project background and potential

Anticosti Island is located in the Gulf of St. Lawrence 75 km from the Gaspé Peninsula coast. It is 220 km long and 48 km wide and covers a square area of approximately 8,000 km^2 (3,000 square miles). A total of 38 exploration licences for underground reservoirs on the Anticosti Island are held by Anticosti Hydrocarbons L.P. (in which Pétrolia holds an interest of 21.7%, indirectly, via its wholly owned subsidiary, Investissements PEA Inc.), covering a territory of 619,564 hectares.

On April 1, 2014, the Company announced the creation of Anticosti Hydrocarbons L.P., which holds and operates the interests in the Anticosti Island held by Corridor Resources Inc. and Pétrolia Inc. Pétrolia Anticosti Inc. is the operator for Anticosti Hydrocarbons L.P.'s activities. The limited partners and their percentage holdings are shown below:



Under the agreements signed in 2014, Saint-Aubin E&P and Ressources Québec undertook to assume the cost of the first two exploration program phases up to a maximum of $100 million. The cost of the initial phase, which consists of a stratigraphic survey campaign as well as three horizontal exploration wells with fracturing, are expected to total between $55 million and $60 million, of which 56.7% will be borne by Ressources Québec and 43.3% by Saint-Aubin E&P. Once the results of the initial phase are available, a second phase of work is scheduled, comprising the drilling of additional horizontal oil wells. Under the agreements, the first $40 million–$45 million of this second phase will be borne by Ressources Québec (56.7%) and Saint-Aubin E&P. After having incurred $100 million in exploration expenses, subsequent costs will be assumed according to the four limited partners' proportionate interests. As at March 31, 2017, exploration expenses incurred on the property amounted to over $27 million.

The main goal of the Anticosti Project is to develop the hydrocarbon source rock contained in the Macasty Formation and determine whether this type of deposit can be developed economically. The first phase of operations on Anticosti Island having begun in July 2014, a total of 12 stratigraphic surveys were completed in summer 2014 and 2015. The results of these stratigraphic surveys provided a better understanding and a geological characterization of the Macasty Formation, and also helped determine the best drilling sites for the three horizontal oil wells with fracturing scheduled to finalize the initial phase. In 2016, following delays caused by the late issuance of certificates of authorization and disagreements between partners, certain subsidiaries of the Company, namely Investissements PEA inc. and Pétrolia Anticosti inc. have filed for an injunction with the Superior Court to require their partners, Ressources Québec and Saint-Aubin E&P (Québec) inc. (Saint-Aubin), to fulfil their contractual engagements relating to Anticosti Hydrocarbons L.P. In his judgment on the interim motions for a safeguard order, Justice Castonguay acknowledged the clear obligation of Ressources Québec and Saint-Aubin to finance the exploration program and issued orders to that effect. The judgment recognized the financial needs of the operator Pétrolia Anticosti Inc. and specifically ordered Ressources Québec and Saint-Aubin to fund the administrative and day-to-day expenses of the operator on a monthly basis until May 2017. In addition to these orders, the Court also acknowledged the commitment by Ressources Québec and Saint-Aubin to finance the construction of the drilling platforms. Accordingly, in fall 2016, Pétrolia Anticosti, the project operator, prepared the well drilling platforms in anticipation of the exploration work scheduled for 2017. It should also be noted that the MDDELCC had issued all the necessary certificates of authorization, including that for hydraulic fracturing, making it possible to proceed with the exploration program set out in agreements between the partners.

According to Sproule, the best estimate of the total petroleum initially-in-place, unadjusted for risk, amounts to 30.7 billion barrels of oil within the perimeter of the permits held by Anticosti Hydrocarbons L.P. on Anticosti Island. The update indicates a 90% probability of a volume of 20.9 million barrels and 10% probability of the volume equalling or exceeding 45.2 billion barrels.

Work completed and status update - 2017

The personnel are still working on planning for the drilling of three horizontal wells with fracturing expected to take place this summer in the event no settlement is reached with the Québec government. If the negotiations between the Company and the Couillard government are deadlocked, the Company intends to enforce the contract and carry out the drilling and fracturing program in the shortest time period possible.

The Band Council of the Innus of Ekuanitshit have filed for an injunction, challenging the certificates of authorization for fracturing issued by MDDELCC in 2016. The matter was heard by the Court in April and May 2017, and judgment is expected during the third quarter of 2017.

As disclosed in the “Highlights and recent developments” section, the Québec government confirmed its support for Anticosti’s designation as a UNESCO World Heritage Site and initiated negotiations with Pétrolia and its partners in Anticosti Hydrocarbons L.P. with the aim of ending oil and natural gas exploration on Anticosti Island. In addition, on June 14, 2017, the Company reached an agreement with its partners relating to safeguard measures for maintaining the status quo with respect to the project and postponement until September 1, 2017 of the work planned for Anticosti Island this summer pending the result of the ongoing negotiations with the Québec government and the resolution of certain other issues.

Bourque project

Project background and potential

The Bourque project, which was launched in 2007, is located on the northwestern part of the Gaspé property, 30 km east of Murdochville and 50 km west of the Town of Gaspé. There are four licences related to this property. The Company’s interest in this project currently amounts to 51.03%, with the interests of Ressources Québec Inc. and TUGLIQ Energy Corp. in the licences amounting to 45% and 3.97%, respectively.

A number of exploration programs have been carried out in the property in recent years, including a three-dimensional seismic survey in 2008, the drilling of Bourque 1 and Bourque 2 in 2012 as well as the re-entry of Bourque 1 and the drilling of Bourque 3 in 2016. As at March 31, 2017, Pétrolia and its partners had invested a total amount of nearly $30 million in the property. During the drilling, samples of wet natural gas (containing up to 20% natural gas liquids and condensates) were taken from the Forillon Formation. The presence of gas liquids and condensates adds significant commercial value to the Bourque discovery. The discovery of this type of deposit adds value to Pétrolia’s licences in the Gaspé Peninsula where similar geological conditions exist and are conducive to new discoveries.

The work also made it possible to identify four geological prospects in the Forillon Formation for which Sproule estimated the average volume of undiscovered natural gas initially in place, unadjusted for risk, at 1 trillion cubic feet (1 Tcf) of wet natural gas.

	Crude (100%) (trillion of cubic feet)				**Pétrolia’s share (51.03%)** (trillion of cubic feet)
	Low estimate	**Best estimate**	**High estimate**	**Mean estimate**	**Mean estimate**
Bourque North	125	367	1,099	524	262
Bourque Central	33	118	433	194	97
Bourque South	63	165	452	221	110,5
Bourque 2 Area	26	75	207	102	51
Total				**1,041**	**520.5**

Work completed and status update - 2017

Following the re-entry of Bourque 1 and the drilling of Bourque 3 carried out in fall 2016, the technical team analyzed the information collected during drilling and completed the end of well drilling reports during the quarter. The pressure data recorders installed in two wells in December 2016 were recovered on May 17, 2017 and the data were transmitted to Petro Management, which issued its final report on June 19, 2017.

The results from Bourque No. 1 well reveal the presence of an oil column that shows that the Forillon formation from that well is a reservoir containing light oil and associated gas. A specific depth sampling procedure will be required to determine whether it is light oil or gas condensate. The analyses of the pressure buildup data reveal that the initial reservoir pressure was 9,065 kPa and at the end of the closure period was 8,823 kPa. A diagnostic derivative analysis was performed on the pressure buildup data, and a good match was obtained by applying a horizontal well in a dual porosity reservoir model. The shape of the derivative suggests that the Bourque No. 1 well reservoir is mainly formed of carbonate in a naturally fractured formation and consists of matrix blocks feeding open fissures.

The results from Bourque No. 3 well show that the production tubing is filled with water up to the measured depth of 536 m, which corresponds to a water vertical column of 762 m. This water column is surmounted with non-pressurized gas. The analysis of pressure buildup data reveals that the initial reservoir pressure of the well is around 8,234 kPa.

As disclosed in the “Highlights and recent developments” section, the operations on these two wells have established the presence of oil and gas in the reservoir, but have also revealed that the reservoir is tight and will require some additional work to allow commercial production. To continue the assessment of the Bourque project, Pétrolia as the operator will propose to its partners (Ressources Québec and TUGLIQ Energy Corp.) the following exploration program in chronological order:

- Resume the production test on the Bourque HZ No. 1 R1 well by using a swabbing unit to better quantify reservoir productivity, take a depth sample (PVT) and check the pressure regime.
- Resume the production test on the Bourque HZ No. 3 well by using a swabbing unit.
- Re-evaluate project resources by integrating the data of these two wells and 3D seismic data (reprocessed after Sproule’s initial evaluation).
- Study the best options for stimulation and completion.

As at March 31, 2017, of the $8.5 million obtained from Ressources Québec in July 2016 for the program for confirming property resources, a balance of $1.9 million remains for the next stages.

Moreover, in recent months, meetings were held with players in political and economic circles in the Cote-Nord region to gauge the political and social support for the next phases of the contemplated exploration program for the property. The Citizens Committee will meet in 2017 when the next steps of the program are determined by Pétrolia and its partners.

Other properties

Pétrolia reviewed all of its data from its other properties in the Gaspé Peninsula to pinpoint areas with characteristics similar to those found in the Bourque Project and identify high-potential development properties.

7. COMPANY EXPERTISE

Pétrolia has a dynamic, motivated team, with highly skilled technical personnel, making the Company a major player in hydrocarbon exploration in Quebec.

All Company worksites employ industry best practices. As a result, every effort is made to reduce environmental and social risks as much as possible. On that front, an emergency measures plan tailored to the reality of each region is prepared to prevent and react effectively to emergency situations.

8. MANAGEMENT'S ANALYSIS OF FINANCIAL INFORMATION

Impairment of property, plant and equipment and exploration and evaluation assets

As at March 31, 2017, it is management's opinion that an indicator of impairment exists, namely the agreement with Pieridae Energy Limited, presenting a share exchange value indicating an observable value lower than the carrying amount of the Company's net assets. For more details, readers are referred to note 10 to the condensed interim consolidated financial statements for the periods ended March 31, 2017 and 2016 refiled on SEDAR on July 5, 2017. Consequently, impairment losses were recognized on property, plant and equipment and exploration and evaluation assets resulting in decreases in value amounting to $228,172 in property, plant and equipment, $19,207,595 in exploration and evaluation assets and $5,118,115 in the deferred tax liability as at March 31, 2017, as well as an increase in net loss of $14,317,652 with a corresponding decrease in retained earnings for the three-month period ended March 31, 2017. In addition, these adjustments resulted in a $0.138 increase in net loss per share and diluted net loss per share for the same period. Lastly, as a result of the impairment losses recognized on the exploration and evaluation assets, management was required to review the valuation of the deferred tax asset relating to the Company's tax loss carryforwards. As at March 31, 2017, the deferred tax liability and net loss for the period were increased by $1,832,128, with a corresponding decrease in retained earnings, whereas net loss per share increased by $0.017.

Selected annual information

	2017 [3 months] $	2016 [3 months] $
STATEMENT OF LOSS		
Revenues	12,261	16,724
Net loss	(16,475,497)	(307,835)
Basic net loss per share	(0.158)	(0.003)
STATEMENT OF FINANCIAL POSITION		
Working capital	2,376,587	2,138,620
Total assets	69,100,151	87,485,348
Total liabilities	10,080,673	13,446,222
Equity	59,019,478	74,039,126
STATEMENT OF CASH FLOWS		
Cash flows related to operating activities	520,811	(581,510)
Cash flows related to investing activities	(2,842,868)	(1,790,789)
Cash flows related to financing activities	858,618	(86,667)

Operating results and cash position

For the three-month period ended March 31, 2017, the Company's revenues consisted of project management revenues totalling $12,261 compared with $16,724 for the period ended March 31, 2016. Project management revenues comprise management fees invoiced by the Company as a project operator for exploration work.

For the first quarter of 2017, the Company recognized a net loss of $16,475,497, compared with a net loss of $307,835 for the three-month period ended March 31, 2016. The significant difference resulted from the impairment losses recognized on the exploration and evaluation assets and property, plant and equipment and their tax impacts.

As at March 31, 2017, the Company had cash and cash equivalents of $5,028,759, including $4,137,137 held for exploration purposes, and $2,376,587 in positive working capital.

Analysis of cash flows

For the three-month period ended March 31, 2017, the Company's operating activities generated cash totalling $520,811, compared with cash used amounting to $581,510 for the same period in 2016. The difference arose primarily from the net change in non-cash operating items.

Investing activities for the three-month period ended March 31, 2017 used cash totalling $2,842,868, mainly as a result of increases of $2,762,652 in exploration and evaluation costs, net of recovered amounts, $52,462 in oil and natural gas property costs, net of recovered amounts, and $26,443 in contributions made to associates. For the three-month period ended March 31, 2016, cash flows used in investing activities totalled $1,790,789, owing mainly to a $1,365,076 increase in exploration and evaluation expenses net of recovered amounts, $300,000 in security deposits paid, $90,002 in oil and gas property costs net of recovered amounts and $29,757 in contributions made to associates.

Cash flows from financing activities for the first quarter of 2017 amounted to $858,618, primarily from proceeds totalling $860,296, net of share issue expenses, from the issue of 5,222,223 shares. During the same period in 2016, financing activities used cash totalling $86,667, owing primarily to share issuance costs paid during the quarter for financing completed in November 2015.

Analysis of administrative expenses

Detail of administrative expenses:

	2017 [3 months] $	2016 [3 months] $
Salaries and employee benefits	113,295	226,573
Fees	91,650	21,450
Insurance	12,429	9,885
Maintenance and office supplies	16,497	20,400
Board of Directors fees	38,008	51,283
Shareholder reporting	15,594	6,415
Rent	2,799	14,888
Amortization of deferred lease inducements	(1,200)	(6,850)
Promotion and entertainment	—	1,559
Travel	22,491	12,272
Professional services	153,095	81,940
Telecommunications	5,797	5,920
Depreciation of property, plant and equipment	4,899	6,332
Gain on disposal of property, plant and equipment	—	(125)
Other expenses	2,091	18,704
Total administrative expenses before re-invoicing	477,445	470,646
Re-invoicing of expenses	(70,687)	(84,784)
	406,758	385,862

For the three-month period ended March 31, 2017, administrative expenses net of re-invoiced expenses were up $20,986 from the three-month period ended March 31, 2016. The key differences in administrative expenses were salaries and employee benefits, and professional fees and services. Salaries and employees benefits were down, whereas professional fees were up year-over-year due to various changes made to the Company's management team in 2016. Professional services increased in the 2017 period, owing primarily to non-recurring professional fees incurred during the quarter.

Analysis of share of associates

The Company's share in the net losses of associates for the first quarter of 2017 totalled $32,628, compared with $32,217 for the first quarter of 2016.

Key financial information for the interests held by Pétrolia in Anticosti Hydrocarbons L.P. and Anticosti Hydrocarbons General Partner Inc. [21.7% of units] through Investissements PEA inc. is as follows:

	As at March 31, 2017 $	As at March 31, 2016 $
Assets	128,578,554	124,918,405
Liabilities	712,958	714,714
Partners' equity	127,865,596	124,203,691
Revenues	—	—
Net loss and comprehensive loss	(150,590)	(148,695)
Share of Pétrolia [21.7%]	(32,628)	(32,217)

Summary of quarterly results

The Company's quarterly results may fluctuate significantly from quarter to quarter owing to various non-recurring items, but in general, management expects the quarterly loss to range from $300,000 to $500,000. As previously discussed, the significant net loss for the quarter ended March 31, 2017 resulted from the impairment losses recognized on the exploration and evaluation assets and property, plant and equipment and their tax impacts in connection with the agreement entered into with Pieridae Energy Limited on May 15, 2017. During the quarter ended September 30, 2015, the abnormally low net loss resulted from a revised deferred tax recovery calculation for the first two quarters of fiscal 2015, as shown below. The increase in net loss in December 2016 and 2015 resulted from the recognition of share-based payments and annual bonuses as well as the June 2016 increase in net loss owing in large part to $150,000 termination benefit granted during the quarter.

The information for the summary of quarterly results is based on International Financial Reporting Standards (IFRS).

	March 2017 $	**December 2016 $**	**September 2016 $**	**June 2016 $**
Revenues (including financial income)	18,104	67,066	18,732	23,272
Net loss	(16,475,497)	(607,055)	(393,719)	(631,901)
Net loss per share				
Basic	(0.158)	(0.006)	(0.004)	(0.007)
Diluted	(0.158)	(0.006)	(0.004)	(0.007)

	March 2016 $	**December 2015 $**	**September 2015 $**	**June 2015 $**
Revenues (including financial income)	23,167	51,627	27,912	55,442
Net loss	(307,835)	(697,221)	(187,096)[1]	(362,795)[1]
Net loss per share				
Basic	(0.003)	(0.008)	(0.002)	(0.005)
Diluted	(0.003)	(0.008)	(0.002)	(0.005)

1 During the quarter ended September 30, 2015, the Company reviewed the calculation of the deferred tax recovery, adjusting it to $50,004 from $142,786 for the first quarter of 2015 and to $112,290 from $239,773 for the second quarter of 2015. These adjustments resulted in increases in the deferred tax liability by $92,782 as at March 31, 2015, and by $126, 983 as at June 30, 2015, while the net loss increased and retained earnings decreased by these same amounts for the three-month periods ended March 31, 2015, and June 30, 2015. Those adjustments also increased net loss per share and net diluted loss per share by $0.001 and $0.002, respectively, for the three-month periods ended March 31, 2015, and June 30, 2015.

Related party transactions

Related party transactions totalling $14,973 were entered into during the first quarter of 2017, consisting of $6,000 in maintenance and office supply expenses, with an entity whose majority shareholder is a director of the Company and $8,973 in project management revenues with Anticosti Hydrocarbons L.P. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial instrument disclosure

Risk management policy

The Company's financial assets and liabilities expose it to various risks. The following analysis provides an assessment of those risks as at the date of the statement of financial position, that is, March 31, 2017.

Credit risk

The assets that give rise to potential credit risk exposure for the Company consist primarily of cash and cash equivalents, receivables and security deposits. The Company's cash and cash equivalents are held with or are issued by established Canadian financial institutions, while security deposits are made directly to the Government of Québec. Receivables are mostly amounts related to commodity taxes and partners. Management considers the risk of non-recovery to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company finances its operations by issuing shares, selling interests in some of its oil and natural gas assets and by obtaining short-term loans. One of management's primary financial goals is to maintain an optimal level of liquidity through the active management of its exploration activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Company is exposed to one of those risks, namely interest rate risk.

Interest rate risk

The Company is exposed to fair value risk through interest rate risk on its fixed-rate financial instruments.

Judgments, estimates and assumptions

See note 3 to the condensed interim consolidated financial statements as at March 31, 2017 for a complete description of the judgments, estimates and assumptions made by management in the preparation of its financial statements.

Future changes in accounting policies

For a complete description of future changes in accounting policies, see note 3 to the annual consolidated financial statements as at December 31, 2016.

Capital management

For a complete description of the Company's capital management policy, see note 21 to the annual consolidated financial statements as at December 31, 2016.

9. RISK FACTORS

The Company operates in an industry exposed to a variety of risk factors and uncertainties. The risks disclosed below reflect, to its knowledge, the risks and uncertainties to which the Company is exposed as at March 31, 2017.

Risks inherent to the industry

Oil and natural gas exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that oil and gas reserves will be discovered by the Company or that, once discovered, they can be extracted at a reasonable cost.

Additional financing

The Company will require additional financing to support operations. A source of future funds available to the Company is the issuance of additional shares. The Company's operations may also be financed in whole or in part with debt, a partnership agreement or a sale of an interest in an oil or natural gas property. Debt financing may increase the Company's debt levels above industry standards. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or available on favourable terms. The level of the Company's indebtedness that may occur from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. Financing by way of a partnership or sale of an interest may reduce the interest held by the Company in the properties in respect of which the financing is obtained. There can be no assurance that such financing will be available to the Company. Furthermore, even if such financing is successfully secured, there can be no assurance it will be obtained on terms favourable to the Company or provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. If financing is obtained by issuing additional equity, control of the Company may be affected.

Competition

The oil and natural gas industry is extremely competitive. The Company competes with other companies that have greater financial resources than the Company in the context of business opportunities to participate in promising projects. Competition may affect the Company's ability to acquire properties or its future exploration plans.

Environmental issues

Oil and natural gas operations involve natural risks that could cause damage to the environment, eruptions or other unforeseen conditions that could result in damage to the properties of the Company or to properties owned by third parties which could lead to potential liability toward third parties. The oil and natural gas industry is subject to extensive environmental legislation providing restrictions and prohibitions on the emissions or release of certain substances produced in various activities within the oil and natural gas industry. In addition, the legislation requires that land, wells and facility sites that are abandoned be reclaimed to the satisfaction of government authorities at the end of the licence validity period. A breach of such legislation may result in the imposition of fines and penalties and decontamination orders.

Oil and natural gas prices

The Company's operating results and financial position are dependent on the prices obtained for its eventual oil and natural gas production. There have been significant fluctuations in oil and natural gas prices in recent years. These prices are based on international supply and demand, as well as other factors, such as climate, general economic conditions and conditions in other oil and natural gas producing regions, which are beyond the Company's control. Any change in oil and natural gas prices could have material adverse effects on the Company's business and financial position.

Development of reserves

The future success of the Company will depend on its ability to find or acquire oil and natural gas reserves that are economically recoverable. The Company will find or acquire reserves only if it conducts successful exploration or development activities and/or acquires properties containing proven reserves. There can be no assurance that the development projects and exploration activities that may be implemented in the future will result in reserves or that the Company will succeed in drilling productive wells at low exploration costs. If prevailing oil and natural gas prices were to increase significantly, the Company's exploration costs to find or acquire reserves would be expected to increase. Drilling oil wells involves a high degree of risk especially the risk of a dry hole or of a well that is not sufficiently productive to provide a return on the capital expended to drill the well.

Insurable risks

Where possible, the Company will purchase liability insurance that will insure against risks and provide coverage in accordance with industry standards. The Company or the other entities in which the Company will invest can suffer damages resulting from incidents such as fires, blowouts, eruptions, geological formation damage, oil spills as well as personal injury, against which they may not be insured or they may choose not to be insured in light of high premium costs or other reasons. In addition, indemnities could exceed the policy limits. The costs of repairing such damages or paying such indemnities could cause the ongoing operation of the Company's business to become unprofitable and/or impossible.

Conflict of interest

Certain directors of the Company serve on the boards of other corporations engaged in natural resource exploration and development operations. Such ties could give rise to conflicts of interest. In making any decisions involving the Company, these directors will satisfy their duties and obligations to deal fairly and in good faith with the Company and the other entities. In addition, these directors will disclose their interest and refrain from voting on any matter that could give rise to a conflict of interest.

Permits, licences and approvals

The Company's business requires permits and licences from government authorities. There can be no assurance that the Company will obtain all the permits and licences required to continue exploration operations. In addition, if the Company commences commercial operation of an exploration property, it must obtain and comply with all the necessary permits and licences. There can be no assurance that the Company will be able to obtain or comply with the requirements of such permits and licences.

Title to property

While the Company has taken reasonable steps to ensure it has good and valid title over its properties, there can be no assurance that title to such properties will not be disputed or challenged. Third parties may have valid claims with respect to the Company's properties.

Litigation

The Company may be held liable for pollution or for other risks for which it cannot be insured or for risks it may choose not to insure in light of high premium costs or other reasons. Payments of amounts in respect thereof may result in the loss of assets of the Company.

Regulatory impact

The oil and natural gas industry is subject to controls and regulations established by the various levels of government with respect to prices, royalties, land tenure, production quotas, imports and exports of oil and natural gas, and environmental protection.

Nothing allows us to plan with certainty the impact these control measures and regulations and their amendments will have on the Company's operations.

The oil and natural gas industry is subject to environmental regulations pursuant to a variety of provincial and federal legislation. This legislation provides restrictions and prohibitions on the emission or release of various substances produced or used in association with certain production activities within the oil and natural gas industry and which affect the costs and location of wells and facilities and the extent to which exploration and development activities are authorized. In addition, the legislation requires land, wells and facility sites that are abandoned to be reclaimed to the satisfaction of provincial authorities. Any breach of such legislation may result in the imposition of fines and penalties, suspension or revocation of necessary licences, permits and authorizations to operate a business and enforcement of civil liabilities for pollution damages. In Québec, environmental issues are governed mainly by the *Environment Quality Act* (Québec). The act imposes obligations with respect to the environment, disclosure and monitoring. Furthermore, the law sets forth an impact study and broader public consultation process regarding environmental assessment and law enforcement issues.

The royalty program implemented by each province is a significant factor in the profitability of oil and natural gas production. Royalties payable on output are determined by government regulation; they are calculated as a percentage of the gross value of output and, typically, the rate of royalties payable depends in part on the prescribed benchmark price, well productivity, geographical location, field discovery date and the type or quality of the resource produced.

Hydraulic fracturing

The hydraulic fracturing process gives rise to concerns in communities particularly with respect to the drilling fluids used in the fracturing process and their effects on the aquifer, water use in connection with operations, the capability to recycle such water and the seismic effects associated with the process. A number of Canadian provincial governments are currently reviewing aspects of the scientific, regulatory and political framework in which the hydraulic fracturing operations are carried out. At present, most of these governments are taking part in the collection, review and assessment of technical information regarding the hydraulic fracturing process. Pursuant to the new hydrocarbon legislative framework adopted in December 2016, Québec legislation requires that wells and facility sites be built, operated, maintained, abandoned and restored to the satisfaction of the applicable regulatory authorities. The Ministère de l'Énergie et des Ressources naturelles will shortly be issuing regulations governing how hydraulic fracturing is to be carried out under the new legislation.

Although the Company has no way of predicting the impact of any potential regulations on its business, the implementation of new laws, regulations, permits or licences regarding the use or disposal of water, or hydraulic fracturing in general, could increase the Company's compliance costs and the operating and exploration costs of its properties, the litigation risk and environmental liability of the Company and, in turn, adversely impact the future prospects of the Company and its financial position.

Political and social risk

Oil and natural gas exploration and development activities in the Province of Québec may be subject to opposition from ecologist, environmentalist, aboriginal and even political groups. Demonstrations or acts of civil disobedience could have an impact on the Company's business. There can be no assurance that such activities will not target projects in which the Company holds an interest. Similarly, there can be no assurance as to any attitude or behaviour of a political party or a political group (whether municipal, provincial or federal) that could have an impact on the Company's business.

Anticosti Project

As discussed in section 6, "Anticosti Project," if negotiations with the Government of Québec fail, the Company intends to enforce the agreements entered into with its partners when the project was set up. However, there can be no assurance as to partner compliance with these agreements. In addition, there can be no assurance that any legal outcome would be favourable to the Company.

Land claims

Some properties may be subject to land claims by First Nations. There can be no assurance that such land claims will not be made against properties in which the Company holds an interest.

Availability of drilling equipment and access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment, more specifically in the areas in which such activities are carried out. Demand for such equipment or access restrictions may affect the Company's ability to procure such equipment and may delay any exploration and development activities.

Growth management

The Company may be subject to growth risks including limitations and pressure on its internal control systems and measures. The Company's ability to manage growth effectively will require it to continuously implement and improve its operating and financial systems and expand, train and manage its core workforce. The Company's inability to support such growth could have a material adverse impact on its business, operations and prospects.

International protocols

Canada has signed international protocols and conventions setting forth certain environment requirements that may adversely affect the Company's business.

Share price volatility

The price of common shares is subject to changes owing to numerous factors beyond the Company's control, including reports pertaining to new information, changes in the Company's financial position, sales of the Company's shares in the market, Company announcements or oil and natural gas prices. There can be no assurance that the market price of the Company's shares will be protected from such fluctuations in the future.

10. OTHER INFORMATION

Supplemental documents

Certain supplemental documents, including prior management's discussion and analysis and press releases, are available online at www.sedar.com in the documents section or on Pétrolia's website at www.petrolia-inc.com.

Regulation 51-102 Section 5.3

Exploration expenses for the period ended March 31, 2017 were as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti	-	-	-	-	-	784	-	-	-	784
Gastonguay	-	-	-	-	-	-	-	-	-	-
Gaspésia Marcel-Tremblay Edgar	-	-	-	-	-	-	-	-	-	-
Gaspé	1,609	-	-	-	-	665	-	-	1,349	3,623
Bourque	4,874	568	263,223	-	-	1,571	-	-	8,054	278,290
Haldimand	1,136	284	499	3,534	1,934	784	-	-	18,206	26,377
Tar Point	-	-	-	-	-	261	-	-	713	974
Matapédia	-	-	-	-	-	-	-	-	-	-
	7,619	**852**	**263,722**	**3,534**	**1,934**	**4,065**	-	-	**28,322**	**310,048**

Exploration expenses for the period ended March 31, 2016 were as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti	-	-	-	-	-	436	-	-	-	436
Gastonguay	-	-	-	-	-	-	-	-	-	-
Gaspésia Marcel-Tremblay Edgar	-	-	-	-	-	-	-	-	-	-
Gaspé	15,440	1,139	2,652	-	-	11,578	-	-	640	31,449
Bourque	1,823	-	17,258	-	-	1,017	-	-	1,210	21,308
Haldimand	4,043	-	294,194	656	-	37,704	-	-	22,955	359,552
Tar Point	-	-	-	-	-	157	-	-	686	843
Matapédia	-	-	-	-	-	-	-	-	-	-
	21,306	**1,139**	**314,104**	**656**	**-**	**50,892**	**-**	**-**	**25,491**	**413,588**

Regulation 51-102 Section 5.4

Information regarding shares issued, stock options and warrants as at July 5, 2017:

Common shares: 108,399,683 shares are issued and outstanding.

Stock options outstanding: the stock options granted to directors, members of senior management, employees and service providers are as follows:

Number	Exercise price	Expiry date
1,635,000	$1.02	December 10, 2017
150,000	$1.14	February 28, 2018
400,000	$0.98	September 14, 2018
415,000	$0.67	December 5, 2018
405,000	$0.67	May 27, 2019
770,000	$0.49	November 25, 2019
75,000	$0.57	March 25, 2020
75,000	$0.55	May 27, 2020
1,735,000	$0.34	November 24, 2020
225,000	$0.22	May 25, 2021
450,000	$0.21	August 25, 2021
1,787,500	$0.165	November 16, 2021
8,122,500		

Warrants outstanding: 4,125,000 warrants exercisable at a price of $0.54 per share until November 6, 2018. Each warrant entitles the holder to purchase one common share of the Company at the stipulated exercise price until the expiry date.

11. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for Pétrolia's financial statements, which have been approved by the Board of Directors on recommendation of the Audit Committee. The financial statements have been prepared by management in accordance with International Financial Reporting Standards. The condensed interim consolidated financial statements of Pétrolia Inc. for the periods ended March 31, 2017 and 2016 have not been audited by the Company's independent auditors. The financial statements include certain amounts that are based on the use of estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Québec City, July 5, 2017

On behalf of the Board of Directors,

(signed) Martin Bélanger
Martin Bélanger
Interim President and Chief Executive Officer

(signed) Mario Racicot
Mario Racicot
Chief Financial Officer and Corporate Secretary