

PetroTal Announces Q3 2024 Financial and Operating Results

Q3 2024 average sales and production of 14,760 bopd and 15,203 bopd, respectively

Generated Q3 2024 EBITDA of \$47.5 million

Exited the quarter with \$133 million in total cash

Declaring dividend of \$0.015/share payable December 13, 2024

Calgary, Alberta and Houston, Texas--(Newsfile Corp. - November 14, 2024) - PetroTal Corp. (TSX: TAL) (AIM: PTAL) (OTCQX: PTALF) ("PetroTal" or the "Company") is pleased to report its operating and financial results for the three and nine months ended September 30, 2024.

Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited consolidated financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2024, which are available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.PetroTal-Corp.com. All amounts herein are in United States dollars unless otherwise stated.

Selected Q3 2024 Highlights

- Average Q3 2024 sales and production of 14,760 and 15,203 barrels ("bbls") of oil per day ("bopd"), respectively;
- Despite record low river levels on PetroTal's primary export route, production volumes were 39% higher than the same period last year (10,909 bopd) and 17% ahead of previous Q3 guidance (13,000 bopd);
- Generated Q3 2024 EBITDA⁽¹⁾ and free funds flow⁽¹⁾ of \$47.5 million (\$35.00/bbl) and \$6.5 million (\$4.82/bbl), respectively;
- Capital expenditures ("Capex") totaled \$43.0 million in Q3 2024, primarily associated with the drilling of wells 5WD and 20H;
- Exited Q3 2024 with \$133 million in total cash (\$121 million unrestricted), an increase of \$20 million compared to the same period last year;
- Ended the quarter with a net surplus of \$10.1 million, compared to \$50.3 million at the end of the prior quarter, and \$86.5 million at the end of Q3 2023. The decline in net surplus is mainly due to the impact of falling oil prices on a long-term, unrealized derivative liability, as well as to working capital adjustments associated with the Company's ongoing capital program;
- Successfully drilled two new wells in the quarter, including one water disposal well and one production well. The 20H well has produced an average of 4,209 bopd over the last 14 days, as Bretaña field production and exports have returned to capacity;
- For the first time at Bretaña, PetroTal drilled and tested a lateral into the Upper Vivian sandstone (VS1). The brief production test of this zone in the 20H well flowed 320 bopd, potentially setting the stage for incremental reserve additions at year-end 2024;
- Q3 2024 net income totaled \$7.2 million (\$0.01/share), representing the 19th straight quarter in which PetroTal has returned net income profits; and,
- Paid total dividends of \$0.015/share and repurchased 1.0 million common shares in Q3 2024, representing approximately \$14.3 million of total capital returned to shareholders (approximately

3.5% of September 30, 2024 market capitalization).

(1) Non-GAAP (defined below) measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures presented by other entities. See "Selected Financial Measures" section.

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

"The third quarter is typically the most challenging period of the year for PetroTal, due to seasonal declines in river levels which impact our ability to export crude oil from the Bretaña field. With that in mind, I am proud of the results our team has delivered this quarter. Although production declined relative to the prior quarter, we increased output by 39% compared to the same period last year and our YTD production is now tracking 23% higher than the first nine months of 2023, all while the Company is building cash and returning more than \$51 million to shareholders through dividends and buybacks.

"Looking ahead to 2025, PetroTal is well prepared to handle a period of lower oil prices. We have no debt and a stable, high-margin production base. As planned, our drilling program at Bretaña is pausing in Q1 2025, while we import a new, modern drilling rig to Peru. The new drilling rig is expected to drive material cost savings, while allowing us to control the pace of development, giving us a higher degree of flexibility to respond to changes in oil pricing as necessary. We look forward to providing detailed guidance on our 2025 budget and operational program in January."

Selected Financial Highlights

	Three Months Ended				Nine Months Ended			
	Q3-2024		Q2-2024		Q3-2024		Q3-2023	
	\$/bbl	\$ 000	\$/bbl	\$ 000	\$/bbl	\$ 000	\$/bbl	\$ 000
Average Production (bopd)		15,203		18,290		17,329		14,040
Average sales (bopd)		14,760		18,050		17,044		14,214
Total sales (bbls) ⁽¹⁾		1,357,961		1,642,578		4,670,076		3,880,424
Average Brent price	\$77.74		\$83.87		\$80.85		\$81.88	
Contracted sales price, gross	\$78.58		\$83.92		\$81.37		\$80.35	
Tariffs, fees and differentials	(\$20.52)		(\$21.15)		(\$20.87)		(\$20.34)	
Realized sales price, net	\$58.06		\$62.76		\$60.50		\$60.01	
Oil revenue ⁽¹⁾	\$58.06	\$78,850	\$62.76	\$103,086	\$60.50	\$282,519	\$60.01	\$232,865
Royalties ⁽²⁾	\$5.47	\$7,433	\$6.08	\$9,991	\$5.77	\$26,924	\$5.40	\$20,972
Opex (excl. Erosion Control)	\$8.23	\$11,176	\$6.10	\$10,023	\$6.53	\$30,477	\$5.78	\$22,436
Opex (Erosion Control)	\$0.40	\$548			\$0.12	\$548		
Direct Transportation:								
Diluent	\$0.90	\$1,218	\$1.16	\$1,898	\$1.00	\$4,684	\$1.25	\$4,838
Barging	\$0.68	\$927	\$0.58	\$951	\$0.62	\$2,883	\$0.68	\$2,647
Diesel	\$0.13	\$173	\$0.11	\$186	\$0.09	\$439	\$0.10	\$374
Storage	\$0.51	\$690	\$0.01	\$12	\$0.05	\$245	\$0.54	\$2,114
Total Transportation	\$2.22	\$3,008	\$1.86	\$3,047	\$1.76	\$8,251	\$2.57	\$9,973
Net Operating Income ^(3,4)	\$41.74	\$56,685	\$48.72	\$80,025	\$46.32	\$216,319	\$46.26	\$179,484
G&A	\$6.75	\$9,160	\$6.41	\$10,528	\$5.94	\$27,757	\$5.02	\$19,462
EBITDA ⁽³⁾	\$35.00	\$47,526	\$42.31	\$69,499	\$40.38	\$188,562	\$41.24	\$160,021
Adjusted EBITDA ^(3,5)	\$36.49	\$49,556	\$45.78	\$75,201	\$42.14	\$196,805	\$42.19	\$163,721
Net Income	\$5.29	\$7,179	\$21.56	\$35,406	\$19.32	\$90,208	\$22.93	\$88,975
Basic Shares Outstanding (000)		913,259		914,196		913,259		917,454
Market Capitalization ⁽⁶⁾		\$429,231		\$504,152		\$429,231		\$522,519
Net Income/Share (\$/share)		\$0.01		\$0.04		\$0.10		\$0.10
Capex		\$43,019		\$38,867		\$112,238		\$76,296
Free Funds Flow ^{(3) (7)}	\$4.81	\$6,537	\$22.12	\$36,334	\$18.11	\$84,567	\$22.53	\$87,424
% of Market Capitalization ⁽⁶⁾		1.5%		7.2%		19.7%		15.8%
Total Cash ⁽⁸⁾		\$133,072		\$95,859		\$133,072		\$112,827
Net Surplus (Debt) ^{(3) (9)}		\$10,124		\$50,324		\$10,124		\$86,545

1. Approximately 89% of Q3 2024 sales were through the Brazilian route vs 87% in Q2 2024.

2. Royalties include the impact of the 2.5% community social trust.

3. Non-GAAP (defined below) measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures presented by other entities. See "Selected Financial Measures" section.

4. Net operating income represents revenues less royalties, operating expenses, and direct transportation.
5. Adjusted EBITDA is net operating income less general and administrative ("G&A") and plus/minus realized derivative impacts.
6. Market capitalization for Q3 2024, Q2 2024 and Q3 2023 assume share prices of \$0.53, \$0.56, and \$0.45 respectively on the last trading day of the quarter.
7. Free funds flow is defined as adjusted EBITDA less capital expenditures. See "Selected Financial Measures" section.
8. Includes restricted cash balances.
9. Net Surplus (Debt) = Total cash + all trade and net VAT receivables + short and long term net derivative balances - total current liabilities - long term debt - non current lease liabilities - net deferred tax - other long term obligations.

Q3 2024 Financial Variance Summary

US\$/bbl Variance Summary	Three months ended			Nine months ended		
	Q3 2024	Q2 2024	Variance	Q3 2024	Q3 2023	Variance
Oil Sales (bopd)	14,760	18,050	(3,290)	17,044	14,214	2,830
Average Brent Price	\$77.74	\$83.87	(\$6.13)	\$80.85	\$81.88	(\$1.03)
Realized Sales Price	\$58.06	\$62.76	(\$4.70)	\$60.50	\$60.01	\$0.49
Royalties	\$5.47	\$6.08	(\$0.61)	\$5.77	\$5.40	\$0.37
Total OPEX and Transportation	\$10.85	\$7.96	\$2.89	\$8.41	\$8.35	\$0.06
Net Operating Income ^(1,2)	\$41.74	\$48.72	(\$6.98)	\$46.32	\$46.26	\$0.06
G&A	\$6.75	\$6.41	\$0.34	\$5.94	\$5.02	\$0.92
EBITDA	\$35.00	\$42.31	(\$7.31)	\$40.38	\$41.24	(\$0.86)
Net Income	\$5.29	\$21.56	(\$16.27)	\$19.32	\$22.93	(\$3.61)
Free Funds Flow ^(1,3)	\$4.81	\$22.12	(\$17.31)	\$18.11	\$22.53	(\$4.42)

- Sales volumes declined by 18% QoQ, due to seasonal patterns in river levels which constrain PetroTal's ability to export crude oil from the Bretaña field. However, on a YTD basis, sales volumes are tracking 20% above prior year levels;
- Brent oil prices declined by \$6.13/bbl in Q3, compared to Q2 2024. However, PetroTal's realized sale price only declined by \$4.70/bbl. Relative to 2023, Brent oil and PetroTal's realized sale price are essentially unchanged on a YTD basis;
- Operating and transportation expenses increased by \$2.89/bbl in Q3 2024, mainly due to barging and logistics costs associated with the pilot shipment of Bretaña crude to the OCP in Ecuador. However, on a YTD basis, operating and transportation costs are essentially unchanged relative to last year;
- Net operating income and EBITDA both fell by approximately \$7.00/bbl relative to the prior quarter, due in approximately equal parts to a decline in realized pricing and higher operating costs.
- Net income fell by \$16.27/bbl in Q3 2024, mainly due to a large unrealized derivative loss (\$21.5 million, or \$15.82/bbl) related to the Company's historical crude oil sales with PetroPeru.

1. See "Selected Financial Measures".
2. Net operating income represents revenues less royalties, operating expenses, and direct transportation.
3. Free funds flow is defined as adjusted EBITDA less capital expenditures.
4. Net Surplus (Debt) = Total cash + all trade and net VAT receivables + short and long term net derivative balances - total current liabilities - long term debt - non current lease liabilities - net deferred tax - other long term obligations.

Additional Financial and Operating Updates during, and subsequent to September 30, 2024

Current Production

Bretaña field production has averaged 21,136 bopd in the first ten days of November, and 16,400 bopd on a Q4 2024 to-date basis. Supported by the results of its ongoing drilling program, PetroTal was able to respond quickly to rising river levels in mid-October and returned field production to capacity within a matter of days. The Company continues to observe strong production response from recently-drilled wells; the 20H well averaged 4,086 bopd over the last week of October, while wells 18H and 19H averaged 2,589 bopd and 2,774 bopd, respectively. PetroTal is reiterating previous guidance for Q4 2024 production to average approximately 18,500 bopd, on capital spending of \$41-\$53 million.

2024 Guidance

PetroTal reaffirms guidance for corporate production to average 16,500 to 17,500 bopd in 2024, on total capital spending of \$150-175 million. With Brent oil prices averaging approximately \$78.00/bbl YTD

through October, in-line with the Company's original budget assumption of \$77.00/bbl, 2024 annual EBITDA is still expected to fall within a range of \$200-\$240 million.

Drilling Update

As disclosed previously, PetroTal commenced drilling well 21H at Bretaña on September 25, 2024. The well reached Total Depth in early November, and was brought onstream on November 9. The Company will provide an update on initial flow rates once the well has been onstream for at least 30 days. PetroTal will now drill the 22H and 23H locations, before pausing the Bretaña drilling program in Q1/25. Well 21H was drilled on-time and on-budget, at a cost of approximately \$14.4 million.

Drilling Rig Acquisition

On October 11, 2024, PetroTal executed an agreement to acquire a drilling rig from a Houston-based equipment company. The purchase of the rig was financed through a lease agreement with a Peruvian bank, for a term of 36 months at a payment of approximately \$0.5 million per month. PetroTal intends to import the rig to Peru in Q1 2025, and expects to bear approximately \$3.0 million in one-time costs associated with the transportation and commissioning of the rig. The new drilling rig is expected to drive several key benefits for PetroTal, including immediate savings on day rates and improved uptime, while retaining more flexibility over its drilling program.

Erosion Control Project

Preparation for the erosion control project is ongoing. On October 10, 2024, PetroTal agreed to contract terms with its construction consortium, which were subsequently approved by the Company's Board of Directors on October 25. The key details of the project are consistent with PetroTal's existing public disclosure; the Company intends to invest \$65-\$75 million in erosion control over the next 18 months, with most of the cash impact to be felt in 2025. In total, it is expected that approximately 60-65% of the project costs will be allocated to opex, while 35-40% will be allocated to capex. PetroTal completed the advance purchase of steel components for the erosion control project in Q3 2024, at a cost of \$7.3 million; these components have been included in inventory as of September 30, 2024.

Cash and Liquidity Update

PetroTal ended Q3 2024 with a total cash position of approximately \$133 million, of which \$121 million was unrestricted. This compares to total cash of \$96 million at the end of Q2 2024, and \$113 million at the same time last year. Net Surplus, a non-IFRS measure which PetroTal uses to describe its liquidity position net of working capital and various non-current liabilities, declined to \$10.1 million at the end of Q3 2024 (from \$50.3 million at the end of Q2 2024). The quarter-over-quarter decline was due to an unrealized change in the value of PetroTal's embedded derivative liability, associated with the Company's historical sales agreement with PetroPeru, and to other working capital adjustments. The change in value of the derivative liability was mainly due to a decline in forward oil prices. PetroTal still has 1.9 million barrels of pending crude sales with PetroPeru, of which 0.4 million barrels are expected to occur in 2025, and the Company will continue to adjust the value of this derivative liability at the end of each fiscal quarter.

During the quarter, PetroTal obtained two lines of credit with Peruvian banks, totaling \$30 million. The interest rates are determined by the prevailing market rate at the time of borrowing, and the lines of credit have payment terms of 120-180 days. PetroTal now has total credit capacity of \$77 million, which is completely undrawn at the time of this report.

As disclosed previously, PetroTal entered into a hedge agreement during Q3 2024, for an average of 172,000 barrels per month through August 2025. The costless collars have a Brent floor price of \$65.00/bbl and a ceiling of \$84.25/bbl, with a cap of \$104.25/bbl. Subsequent to the end of the quarter, the Company executed hedges on an additional 570,000 barrels, at the same terms as the initial agreement. PetroTal is now hedged on approximately 50% of its forecast crude oil sales through

January 2025, and approximately 25% of its oil sales through August 2025.

Share Buyback Plan Update

PetroTal's updated liquidity strategy prioritizes dividend sustainability, the company's ongoing development program, and erosion control working capital requirements. In Q3 2024, the Company set additional constraints on the share buyback program that better align daily buyback execution with lower share prices. As a result, the volume of buybacks decreased compared to previous quarters. The Company will continue to monitor buyback levels and will operate in the quarterly approved bandwidths announced in May 2024.

Q3 2024 dividend declaration

A cash dividend of USD\$0.015 per common share has been declared to be paid in Q4 2024. This represents a 13% annualized yield based on the current share price. The dividend will be paid according to the following timetable:

- Ex dividend date: November 28, 2024
- Record date: November 29, 2024
- Payment date: December 13, 2024

The dividend is an eligible dividend for the purposes of the Income Tax Act (Canada) and investors should note that the excess liquidity sweep portion of all future dividends may be subject to fluctuations up or down in accordance with the Company's return of capital policy. Shareholders outside of Canada should contact their respective brokers or registrar agents for the appropriate tax election forms regarding this dividend.

Corporate Presentation Update

The Company has updated its Corporate Presentation, which is available for download or viewing at www.petrotalcorp.com.

Q3 2024 Webcast Link for November 14, 2024

PetroTal will host a webcast for its Q3 2024 results on November 14, 2024 at 9am CT (Houston) and 3pm BST (London). Please see the link below to register.

https://brrmedia.news/PTAL_Q3_24

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 the Breaña Norte 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 Breaña 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.sedarplus.ca, or below:

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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: oil production levels and production capacity; PetroTal's 2024 program for drilling, completions and other activities; plans and expectations with respect to the OCP and Ecuador export pilot (including the expectation that pilot oil will travel approximately 1,000 km by barge to Block 19); and PetroTal's expectations with respect to projects and key initiatives to be financed with contributions from the Social Trust Fund. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective", "intend" and similar expressions. The forward-looking statements provided in this press release are based on management's current belief, based on currently available information, as to the outcome and timing of future events. 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 to obtain and maintain necessary permits and licenses, the ability of government groups to effectively achieve 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. PetroTal cautions that forward-looking statements relating to PetroTal are subject to all of the risks, uncertainties and other factors, which may cause the actual results, performance, capital expenditures or achievements of the Company to differ materially from anticipated future results, performance, capital expenditures or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements 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), business performance, legal and legislative developments including changes in tax laws and 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, credit ratings and risks, fluctuations in interest rates and currency values, changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system, wars (including Russia's war in Ukraine and the Israeli-Hamas conflict), regulatory developments, 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, changes in the financial landscape both domestically and abroad (including volatility in the stock market and financial system) and the occurrence of weather-related and other natural catastrophes. Readers are cautioned that the foregoing list of factors is not exhaustive. Please refer to the annual information form for the year ended December 31, 2023 and the management's discussion and analysis for the three months ended March 31, 2024 for additional risk factors relating to PetroTal, which can be accessed either on PetroTal's website at www.petrotal-corp.com or under the Company's profile on www.sedarplus.ca. 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 National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

SHORT TERM RESULTS: References in this press release to peak rates, initial production rates, current production rates, 30-day production rates and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of PetroTal. The Company cautions that such results should be considered to be preliminary.

FOFI DISCLOSURE: This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about PetroTal's prospective results of operations and production results, 2024 drilling program and budget, well investment payback, cash position, liquidity 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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