

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Petro-Victory Energy Corp. (the "**Company**" or "**Petro-Victory**")  
c/o Codan Trust Company (B.V.I.) Ltd.,  
Commerce House, Wickhams Cay 1  
Road Town, Tortolla  
British Virgin Islands, VG1110

**2. Date of Material Change**

August 2, 2021

**3. News Release**

A Press Release was disseminated on August 2, 2021 via Canada Newswire.

**4. Summary of Material Change**

The Company announced a significant expansion of its portfolio and certified reserves through the acquisition of the remaining 50% working interest in the São João oil field in the Barreirinhas Basin.

**5.1 Full Description of Material Change**

The Company announced a significant expansion of its portfolio and certified reserves through the acquisition of the remaining 50% working interest in the São João oil field in the Barreirinhas Basin.

**Highlights**

- Increases the Company's pre-tax 2P Reserves PV10 value by US\$23,296,000
- Cash consideration US\$865,000 paid over 14 months
- Company total 2P Reserves now 3,561,000 BO with a PV10 valuation of US\$113,682,000 (CAD\$15.42 /share)
- Builds upon the initial 3-well work program at São João which delivered 170% ROI on its initial investment over fourteen months
- An updated development plan has been submitted to ANP that is expected to achieve >500 BOPD by re-entering and perforating multiple pay zones over 9 existing wells

**Acquisition Terms**

Petro-Victory has executed binding purchase agreements and made an initial payment to increase its working and operating interest in the São João field, in the Barreirinhas Basin onshore Brazil, to 100% for cash consideration of US\$865,000, to be paid over 14 months. In addition to cash consideration, Petro-Victory will transfer its 50% working interest in the non-strategic

Carapitanga oil field (247-acres, 1 well, 2.25 BOPD production) to the current operator EPG. The transaction is subject to approval by Agência Nacional do Petróleo (ANP) and final sale agreements will be filed with ANP within thirty days.

### **Reserves Impact**

On May 3rd, 2021, Petro-Victory announced independently certified 2P Reserves of 2.8 million BO and a 2P PV10 valuation of US\$90,386,000 which covered 3 of the Petro-Victory fields in Brazil (Andorinha, Carapitanga, and São João).

This acquisition increases Petro-Victory's ownership to one hundred percent (100%) Working Interest in the São João oil field and full operational control to efficiently execute the Company's field development plan. Further, the acquisition results in a 26% net increase in certified 2P reserves of 734,000 BO and a 2P PV10 valuation increase of US\$23,296,000. Total certified reserves after this transaction are as follows:

- Net 1P Reserves of 1,579,000 BO with a PV10 valuation of US\$49,614,000 or CAD\$6.73 /share (increase of 43%)
- Net 2P Reserves of 3,561,000 BO with a PV10 valuation of US\$113,682,000 or CAD\$15.42 /share (increase of 26%)
- Net 3P Reserves of 4,901,000 BO with a PV10 valuation of US\$155,841,000 or CAD\$21.14 /share (increase of 22%) (Possible reserves (P3) are those additional reserves that are less certain to be recovered than probable reserves (P2). There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves)

### **São João Acquisition and Development – The Petro-Victory Way**

With the São João acquisition, Petro-Victory continues to demonstrate disciplined execution of its strategy to acquire and develop under-valued assets to create significant shareholder value. On September 5, 2018 the Company purchased a 50% non-operating interest in the São João oil field for US\$135,000 and managed a work program across three wells in concert with the former field operating partner Oeste de Canoas. From May 2020 through July 2021, Petro-Victory's 50% non-operating interest in São João generated 7,742 barrels of oil, US\$390,000 revenue, and US\$232,000 operating profit at an average Brent BO price of US\$50 and average netbacks of US\$30 over the term. Petro-Victory captured a 170% ROI on its initial investment over fourteen months.

In 2020, the Company assessed, analyzed, and updated the São João geological and geophysical data which contributed certified 2P Reserves of 787,000 BO with a PV10 value of US\$25 million. Now, as outlined above, the Company has acquired the remaining 50% interest, increasing its ownership to 100% in São João for US\$865,000 plus the divestment of the non-operating Carapitanga field.

The Company's 100% working interest ownership of São João contributes 2P Reserves of 1,574,000 BO with a PV10 value of \$ 50,068,000 from an investment of approximately US\$1,000,000 which translates into a pre-tax 2P Reserve-Based Book Value return of 4,900%. The Company projects that the 2021-2022 workovers of the existing 9 wells will generate cash flow to achieve 100% payback of acquisition costs within 12 months as the Company increases BO netbacks generated by greater operating efficiencies.

## **Current São João Oil Field Operations**

Throughout 2021, the São João Oil Field has averaged production of 37 BOPD from 3 wells and has been producing as expected throughout the year. The transaction will deliver a net increase in current production of 16.5 BOPD to the Petro-Victory production portfolio.

As previously announced, on November 19th, 2020, Petro-Victory conducted production tests at the SJ-11 well. The first production test was completed over 47 days during late October to early December 2020, where the well produced 1,308 BO without any artificial lift. SJ-11 was brought online again in February 2021 and produced 372 BO over 21 days, again without any artificial lift. The decision was made to suspend the well and start the workover process to install a progressive cavity pump (PCP) system to provide artificial lift for the SJ-11 well. This work is now complete, and the well is currently producing, for the long term, at a rate of 10 BOPD.

Production at the SJ-06 well (where a PCP system was successfully installed in October 2020) has been consistent and producing as expected. From January-May 2021 it averaged a rate of 26 BOPD.

## **São João Oil Field Development Plan**

An updated development plan for the São João field has been submitted to ANP that will achieve >500 BOPD by re-entering and perforating multiple pay zones over 9 existing wells. Petro-Victory will update the market on the progress of the upcoming workover at SJ-01 as well as its other work program items in the near future.

## **About Petro-Victory Energy Corp.**

Petro-Victory Energy Corp. is engaged in the acquisition, development, and production of crude oil and natural gas resources in Brazil. The company holds operating and working interests in nineteen (19) licenses totaling 129,524 acres in two (2) different producing basins in Brazil. Petro-Victory generates accretive shareholder value through disciplined investments in high impact, low risk assets. The Company's Common Shares trade on the TSX Venture Exchange under the ticker symbol VRY.V.

## **Advisory Regarding Forward-Looking Statements**

In the interest of providing Petro-Victory's shareholders and potential investors with information regarding Petro-Victory's future plans and operations, certain statements in this material change report are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this material change report speak only as of the date thereof and are expressly qualified by this cautionary statement.

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably

produced in the future.

Specifically, this material change report contains forward-looking statements relating to but not limited to: the Company offerings, our business strategies, plans and objectives, and drilling, testing and exploration expectations. These forward-looking statements are based on certain key assumptions regarding, among other things: our ability to add production and reserves through our exploration activities; the receipt, in a timely manner, of regulatory and other required approvals for our operating activities; the availability and cost of labor and other industry services; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; and current industry conditions, laws and regulations continuing in effect (or, where changes are proposed, such changes being adopted as anticipated). Readers are cautioned that such assumptions, although considered reasonable by Petro-Victory at the time of preparation, may prove to be incorrect.

Actual results achieved will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. These and additional risk factors are discussed in our Final Prospectus dated July 11, 2014, as filed with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com).

In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.

The above summary of assumptions and risks related to forward-looking statements in this material change report has been provided in order to provide shareholders and potential investors with a more complete perspective on Petro-Victory's current and future operations and such information may not be appropriate for other purposes. There is no representation by Petro-Victory that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Petro-Victory does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

## **Oil & Gas Advisories**

### ***Reserves Disclosure***

All reserve references in this material change report are to gross reserves as at the effective date of the applicable evaluation. Gross reserves are Petro-Victory's total working interest reserves before the deduction of any royalties and including any royalty interests of Petro-Victory. The recovery and reserve estimates of Petro-Victory's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. All estimates of reserves and future net revenue contained herein were derived from a reserves assessment and evaluation prepared by GLJ Ltd. ("GLJ"), a qualified independent reserves evaluator, with an effective date of December 31, 2020 (the "**GLJ Evaluation**"), prepared in accordance with National Instrument 51-101 ("**NI 51-101**")

and the Canadian Oil and Gas Evaluations Handbook (the "**COGE Handbook**"), adjusted for change of working interests and sale of interests as a result of the Company's asset transactions, as reconciled on the reserves reconciliation slide. It should not be assumed that the present worth of estimated future cash flow presented herein represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Petro-Victory's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. **Reserves are classified according to the degree of certainty associated with the estimates being "proved reserves", "probable reserves" and "possible reserves".**

In this material change report "**1P**" means "proved reserves", 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.

In this material change report "**2P**" means "proved plus probable reserves", probable reserves being 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.

In this material change report "**3P**" means "proved plus probable plus possible reserves", possible reserves being those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

### ***Barrels of Oil Equivalent***

Natural gas volumes have been converted to barrels of oil equivalent ("boe") on the basis of six thousand cubic feet to one barrel ("bbl"). Boe may be misleading, particularly if used in isolation. A conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil compared with natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is not an accurate reflection of value.

## **5.2 Disclosure for Restructuring Transactions**

Not Applicable.

6. **Reliance on Section 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

None

8. **Executive Officer**

The name of the executive officer of the Company who is knowledgeable about the material change and this report is:

J. Mark Bronson, CFO

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9. **Date of Report**

October 18, 2021