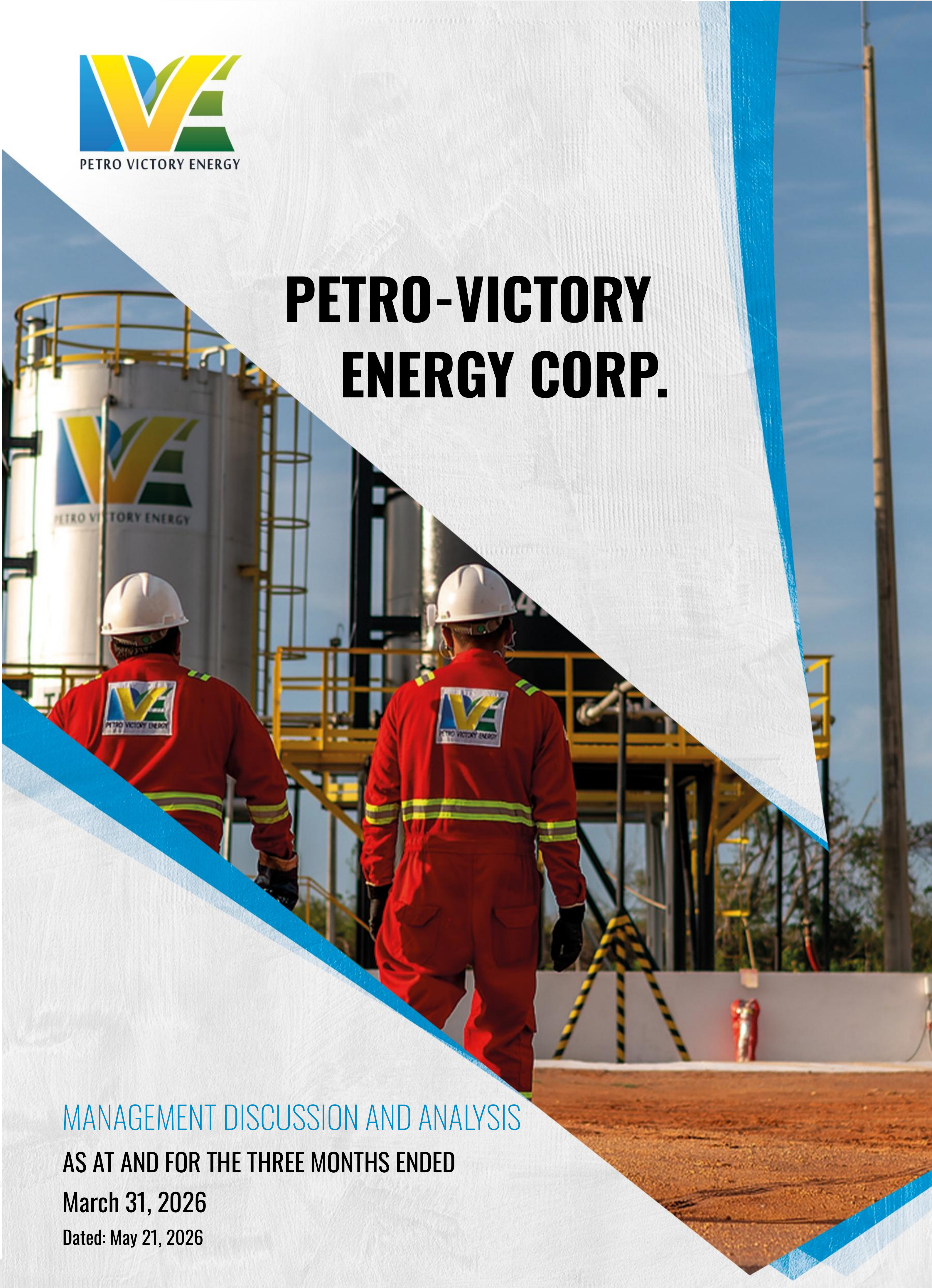
PETRO VICTORY ENERGY

PETRO-VICTORY ENERGY CORP.



MANAGEMENT DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED

March 31, 2026

Dated: May 21, 2026

OVERVIEW

Description of Business

Petro-Victory Energy Corp. ("Petro-Victory" or "the Company"), through its subsidiaries, is engaged in the acquisition and development of crude oil and natural gas resources in Latin America, primarily in Brazil. Petro-Victory's shares are traded on the TSX Venture Exchange (TSX: VRY.V).

Petro-Victory's Business Strategy

Petro-Victory's business strategy is to deliver substantial returns to its shareholders through a partnership growth model for its onshore upstream asset acquisition and development business plan that focuses on disciplined investments in high impact, low-risk assets.

Petro-Victory originates and leads the development of its asset platforms, acting as operator and strategic architect while selectively introducing partners to optimize capital efficiency, risk sharing, and execution speed. Full carry arrangements reflect deliberate capital structuring decisions that allow Petro-Victory to lead development without balance sheet dilution during early-stage value creation.

Petro-Victory builds and maximizes shareholder value through:
- Acquiring assets that are under-developed
- Assessing, analyzing, and updating geological and geophysical data
- Obtaining independent evaluated reserve reports
- Developing and executing drilling and work-over programs that maximize near and long-term production in strategic and transformational joint ventures
- Methodical growth of low-cost and high margin production
- Methodical growth of proven reserves
- Conversion of under-developed assets into high-value and high-margin production

AREAS OF OPERATION AND ASSET AQUISITIONS

Petro-Victory's Brazilian Launch and Subsequent Asset Acquisitions

Brazil has long been a major participant in the worldwide oil and gas industry. The evolution of the Brazilian energy sector, regulatory changes, and Petroleo Brasileiro, S.A. ("Petrobras") divestiture program offered unprecedented opportunities to invest in under-developed energy assets in Brazil.

In 2015, the national oil company of Brazil, Petrobras, began divesting assets including large non-core, developed, onshore assets and shallow water offshore assets to redirect their investments to develop their pre-salt deep-water assets.

From the time of the Company's IPO in 2014 until 2016, the Company pursued an exploration and development program in Paraguay. The Company eventually discovered hydrocarbons in two separate reservoirs; however, such discoveries were not deemed to be commercially viable given the economic environment at the time. The Company eventually sold its 36% working interest in October 2015. During 2016, the Company sought to minimize cash outlays in Paraguay and evaluate new business opportunities for the Company which led it to enter Brazil. Of the Company's $107.1 million accumulated deficit at March 31, 2026, $69.5 million related to Paraguayan investments and its start-up expenses.

Since 2017, the Company has raised $24.7 million in share capital equity financing primarily from non-brokered private placements and an additional $15 million in debt financing between 2021 and 2025 for which US$6.2 million is expected to be converted through the recently announced debt for shares private placement in April 2026. Furthermore, the Company has entered into strategic partnerships via joint venture and private equity capital partnerships with full-carry financing mechanisms for acquisitions and capital expenditures which are expected to total more than $30 million to be realized between 2025 and 2028 across three onshore basins in Brazil.

The Company focused its efforts on a disciplined investment strategy by acquiring Exploration and Production ("E&P") assets in Brazil primarily by participating in the ongoing Petrobras onshore E&P divestment program and The Brazilian National Agency of Petroleum, Natural Gas and Biofuels ("ANP") Permanent Offer auction rounds and subsequently in building strategic capital partnerships and joint ventures for the development of acquired assets.

At present, assets under management include four (4) distinct asset groupings:

<u>Barreirinhas Basin Production Concession and Eneva Partnership:</u> 100% working interest in the São João production concession with 1,420 acres, net to Petro-Victory in the Barreirinhas Basin in Maranhão, Brazil and a partnership with Eneva *(BVMF: ENEV3)* in which Eneva will pay 100% of the direct and indirect costs (full carry) for one (1) well and a full 3D Seismic acquisition over the entire field. Upon completion of the well commitment and the seismic commitment, Eneva has the option to establish a joint venture (JV) with Petro-Victory, with Eneva holding a 72% interest and Petro-Victory retaining 28%. Petro-Victory will continue to receive 100% of revenues from oil production within the field.

<u>Espirito Santo Basin BlueOak Strategic Partnership in Capixaba Energy:</u> Four (4) concessions and 11,413 acres jointly owned with BlueOak Investments ("BlueOak") in Capixaba Energia, Ltda ("Capixaba"). Under the terms of the joint-venture agreement, Petro-Victory will initially hold a nominal equity position in the new holding company; BlueOil, increasing to 20% and then 50% upon achieving key asset performance milestones. The Company will also serve as the operator, ensuring expert management of the assets. This joint acquisition serves as a launchpad for further expansion, leveraging Petro-Victory's deep technical expertise, particularly from its previous successful involvement in the Lagoa Parda Cluster, now a part of Capixaba, and BlueOak's investment strength to create a high-growth, high-value energy platform in Brazil.

<u>Potiguar Basin Exploration and Production Concessions:</u> 100% working interest in 28 exploration concession contracts and 2 production concessions with 209,163 acres, net to Petro-Victory in the Potiguar Basin in Rio Grande de Norte, Brazil.

<u>10.25% stake in Azevedo & Travassos Energia *(BVMF: AZTE3)*:</u> As announced on March 27, 2026, the Company will contribute the Andorinha field concession, a portfolio of six exploration concessions, and the Company's option to acquire a 50% interest in certain oil and gas assets that are the subject of a separate acquisition process currently being pursued and previously disclosed on February 10, 2025 with Brava Energia S.A. *(BVMF: BRAV3)* ("Brava Option").

2026 Execution Emphasis – Partner Capital, Disciplined Sequencing, and De-risking

In 2026, Petro-Victory expects to prioritize near-term catalysts across its portfolio in Brazil through a combination of (i) partner-funded development activities, (ii) disciplined production optimization and growth initiatives, and (iii) strategic transactions intended to enhance portfolio value while maintaining exposure to upside through retained interests and equity holdings.

São João Field (Barreirinhas Basin) – Eneva-Funded Gas Advancement Pathway

The Company's near-term priorities at the São João Field include execution of the previously disclosed Eneva development framework. Eneva will perform and fund activities related to the drilling, logging, completion and testing of one non-associated gas well (the "Well Commitment"), and, following completion of that Well Commitment, Eneva has an option to perform and fund a 3D seismic data acquisition, processing and interpretation program covering the entire São João Field (the "Seismic Commitment").

The Company announced the commencement of drilling on the SJ-12 well at the São João Field in March 2026 as part of the Well Commitment. The Company noted that completion of drilling and testing at SJ-12 is expected to support evaluation of deliverability needed to advance initial gas commercialization initiatives, subject to applicable regulatory approvals.

As previously disclosed and upon completion of the Seismic Commitment (if elected), Eneva will have the option to establish a joint venture structure with Petro-Victory to develop the non-associated gas, with Eneva retaining a participation interest of 72% and Petro-Victory retaining a 28% interest. Petro-Victory retains 100% of revenues from the oil production.

Espirito Santo Basin – Capixaba Energy (BlueOak Partnership)

In 2026, the Company expects to continue advancing the partnership-driven operating model established through the Capixaba Energia acquisition completed with BlueOak. Since Petro-Victory assumed operations of Capixaba in May 2025, production has increased from approximately 231 bopd to approximately 543 bopd. As production increases, management expects to benefit from lower unit operating costs and improved field-level results.

Importantly for 2026 planning and capital allocation, Petro-Victory's interest in the Capixaba structure begins as a nominal equity position and is designed to become a more meaningful equity participation (including 20% and then 50%) upon reaching certain thresholds, with no additional capital required to be contributed by the Company to attain that relevant equity position, and with Petro-Victory being paid to operate the assets.

Potiguar Basin – Strategic Transactions, Partner-backed Programs, and Portfolio Positioning

In March 2026, Petro-Victory announced a definitive association agreement with Azevedo & Travassos Energia S.A. ("ATE") pursuant to which Petro-Victory would contribute certain assets in the Potiguar Basin into a structure to be incorporated into ATE, in exchange for an equity position representing 10.25% ownership of ATE following issuance at the initial closing. The transaction is structured to be completed in stages, with shares issued at the initial closing and asset transfers completed as regulatory approvals are received. The ATE shares issued to Petro-Victory will be freely tradeable at initial closing, subject to the approvals and conditions described.

The assets included in the announced ATE transaction consist of: (i) the Andorinha field concession, (ii) a portfolio of six Potiguar Basin exploration blocks, and (iii) the Brava Option.

As announced, the Brava Option includes (i) an exclusivity agreement signed in December 2024 for the potential acquisition of two producing asset clusters in the Potiguar Basin (Porto Carão and Barrinha), and (ii) the signing of a sale and purchase agreement in February 2025 (in a 50/50 partnership structure with Azevedo & Travassos Petróleo) for the acquisition of 13 oil fields in the Potiguar Basin. The Brava Option will now be assigned to ATE and combined with adjacent assets in the Potiguar Basin. The production at the time of announcement was approximately 250 barrels of oil per day on 38,301 acres and the acquisition includes a multi-tranche payment structure. The transaction continues to progress in line with management's expectations, and closing remains anticipated in the second quarter of 2026, subject to customary closing conditions and required approvals.

Petro-Victory previously disclosed the commencement of a drilling campaign at the Andorinha Field (Potiguar Basin) in June 2025 and subsequently disclosed the conclusion of drilling operations for the AND-5 well in July 2025. As previously outlined, the next phase of activities includes completion rig mobilization, additional logging, testing, completion and tie-in work. These activities remain part of the planned development program for the asset and are expected to advance in coordination with the closing of the ATE Transaction and the broader development of the Brava Option, related assets and other existing ATE assets in the Potiguar Basin.

ACTUAL AND PRO-FORMA AVERAGE PRODUCTION (BOPD)

Actual Average Production	**Q1 2026**	**Q4 2025**	**Q3 2025**	**Q2 2025**	**Q1 2025**	**Q4 2024**
Andorinha	-	-	3.2	4.6	5.8	7.2
Trapia	2.42	4.12	1.2	1.7	1.7	1.8
Alto Alegre	-	0.03	0.1	-	-	-
Sao Joao	10.22	18.43	18.1	21.6	24.5	27.1
Total for Petro-Victory	**12.64**	**22.58**	**22.6**	**27.9**	**32.0**	**36.2**
Capixaba Energia, gross	402	278	310	339	323	**-**
Total, gross	**414.6**	**300.6**	**332.6**	**366.9**	**355**	**36.2**

Capixaba Energia gross production increased to approximately 402 bopd in the first quarter of 2026, compared to 278 bopd in the fourth quarter of 2025, reflecting the positive impact of the well intervention and workover program initiated in last quarter of 2025. Production further increased to approximately 543 bopd through the date of this release in May 2026, demonstrating continued operational progress and the early benefits of field optimization activities.

Management also monitors field-level operating netback performance at Capixaba Energia. Operating netback was approximately US$34/bbl for the three months ended March 31, 2026 and approximately US$48/bbl for the month ended April 30, 2026, reflecting the benefit of improved production levels and field performance.

With strategic partnerships in place, the Company is poised to unlock significant value across the portfolio and deliver meaningful growth for shareholders. Looking ahead, the Company's focus remains on disciplined execution, scaling production, and optimizing its assets to drive long-term value.

Financing Updates – Short-Term Debt

In the three months ended March 31, 2026, the Company completed borrowing transactions with a third-party lender, 579 Max, Ltd., for aggregate gross proceeds of US$590 thousand and issued bonus common share purchase warrants to the lenders with exercise prices ranging from C$0.55 to C$0.60 per share and expiry dates extending to January and February 2027. Additionally, on March 4, 2026, the Company drew US$100 thousand under its previously established line of credit with PVE Bridge, LLC and, in connection therewith, issued 224,000 common share purchase warrants exercisable at C$0.61 per share and expiring on July 21, 2026. Subsequent to March 31, 2026, the Company received $150,000 from the PVE Bridge, LLC line of credit, and issued 336,550 common share purchase warrants in connection with this short-term debt exercisable at C$0.61 per share expiring on July 21, 2026.

Financing Updates – Debt and Equity

On March 23, 2026, the Company announced an extension of its US$1.7 million secured loan with 579 Max Ltd., extending the maturity date from March 31, 2026 to March 31, 2028 and continuing to bear interest at 14% per annum, payable quarterly. In connection with the extension, 600,000 previously issued bonus warrants expired and the Company granted 600,000 common share purchase warrants exercisable at C$0.68 per share and expiring on March 31, 2028.

On March 13, 2026, the Company announced an amendment to the terms of certain outstanding common share purchase warrants originally issued in connection with private placements completed in March 2023 and February 2024. The amendments relate to 1,205,350 warrants issued on February 27, 2024 and 1,851,960 warrants issued on March 28, 2023, which were originally exercisable at CAD $4.00 per common share. The Company reduced the exercise price of the February warrants to CAD $0.60 per share and extended their expiry date to March 29, 2026, and reduced the exercise price of 1,577,156 of the March warrants to CAD $0.60 per share and extended their expiry date to April 27, 2026.

During the three months ended March 31, 2026, a total of 1,120,180 of these private placement warrants were exercised for the issuance of an equal number of common shares. A total of 697,154 warrants expired on March 29, 2026. Of the remaining 1,239,976 incentive warrants, 672,796 warrants were exercised and 567,180 warrants expired on April 27, 2026.

Management and existing shareholders have invested $10.5 million in equity financing into the Company since March 28, 2023 at CAD $3.00 (at an average of 35% premium to the share price at the time of closings). The Company has significant board and management ownership, a supportive shareholder base, and a strong focus on capital efficiency and portfolio management. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments and planning for future development programs.

Additional capital will be required in the near term and is expected to come in the form of equity investments from existing shareholders, public offerings of free-trading shares, strategic partnerships, and/or debt facilities.

INDEPENDENT RESERVES AND RESOURCES ASSESSMENT AND EVALUATION

As of December 31, 2025, the Company's independently certified reserves consist of 2P reserves of 3.9 million barrels of oil equivalent ("boe") and a before-tax value discounted at 10% ("NPV_{10}") of $128.9 million for six of its thirty-eight blocks. GLJ Ltd. evaluated and assessed the reserves. The 1P reserves amounted to 1.9 million boe with a NPV_{10} valuation before tax of $62.6 million. The related 3P reserves totaled 5.8 million boe with a NPV_{10} valuation before tax of approximately $185.5 million.

The GLJ Reserves Report includes an evaluation of the São João Field's deep non-associated natural gas as Contingent Resources, in addition to the oil reserves assigned to the field. GLJ estimated a Chance of Development of 77%, reflecting the pending execution of a binding midstream MOU and off-take agreement. Upon execution of a binding agreement (development Eneva Partnership), the Chance of Development would increase to 100% and the development pending contingent resources would be reclassified as reserves. As there is no discovery risk, the Chance of Commerciality is also 77%, which has been applied to the Development Pending risked company gross contingent resources and the related before-tax NPV_{10} figures as of December 31, 2025. On this basis, the development pending contingent resources are estimated at 4.5 million boe (low case) with a before-tax NPV_{10} of $55.2 million, 8.4 million boe (best estimate) with a before-tax NPV_{10} of approximately $96.1 million, and 20.5 million boe (high case) with a before-tax NPV_{10} of $188.8 million.

FINANCIAL & OPERATING SUMMARY

	As at and for the Three Months Ended March 31,		
(In United States dollars)	**2026**	2025	Change (%)
Financial			
Oil sales	**78**	200	(61)
Net profit (loss)	**(1,197)**	(2,848)	58
Per share – basic ($) and diluted ($)	**(0.04)**	(0.11)	64
Cash provided by (used in) operating activities	**(1,046)**	(1,289)	(19)
Capital Expenditures	**161**	26	519
Total Assets	**11,958**	13,435	(11)
Cash and cash equivalents	**241**	37	551
Net working capital excess (deficiency)	**(17,691)**	(13,651)	30
Weighted average shares outstanding			
Basic	**23,564**	20,800	13
Operations			
Oil sales:			
Oil (bopd, net)	**15**	36	(58)
Average realized prices, gross:			
Oil ($/bbl)	**72.30**	69.18	5
Operating netback ($/bbl)			
Realized sales price, net of sales tax	**58.08**	62.46	(7)
Royalties	**(1.66)**	(3.18)	(48)
Production expenses	**(63.22)**	(55.06)	15
Operating netback	**(6.80)**	4.22	(261)
Operating netback margin	**(12%)**	7%	(271)

DISCUSSION OF 2025 OPERATIONS

The first quarter 2026 activities resulted in a loss of $1.2 million, as compared with a loss in the same period in 2025 of $2.8 million.

Revenues from oil sales decreased by 61% year-over-year, primarily reflecting a 58% decline in sales volumes, which was driven by lower production and fewer lifting periods at São João, including temporary well shut-ins, workovers and other field intervention activities during the period, together with the absence of production from the Andorinha field, which was classified as assets held for sale as of March 31, 2026 and are not producing.

Operating netback per unit decreased year-over-year, reflecting lower realized sales prices net of sales tax and lower sales volumes. At the Company's current production scale, certain operating and field-level costs remain relatively fixed, which can result in higher unit costs during periods of lower production and fewer offtakes. Management's near-term focus is to improve production uptime through workovers and operational optimization and to pursue partner-funded development activity, with the objective of increasing volumes faster than operating costs over time and improving unit economics and operating netback. Actual results will continue to be influenced by commodity prices, foreign exchange and operational performance.

FINANCIAL & OPERATING REVIEW

Sales Volumes

	As at and Three Months Ended March 31,		
	2026	2025	Change (%)
Total Oil sales (bbls)	**1,335**	3,199	(58)
Average daily oil sales (boepd)	**15**	36	(58)

Sales volumes decreased by 1,865 bbls (58%) for the three months ended March 31, 2026 compared to 2025. The decrease was primarily driven by lower production and fewer lifting periods at São João, including the shut-in of certain wells (such as SJ-01) due to higher water production, as well as downtime associated with maintenance, workovers and field interventions. Management expects volumes to improve as interventions are completed and wells return to service; however, the timing and magnitude of any increase will depend on operational results, partner execution and funding availability.

Average Realized Prices

	As at and Three Months Ended March 31,		
	2026	2025	Change (%)
Average realized prices, gross:			
Oil ($/bbl)	**72.30**	69.18	5
Average benchmark prices:			
Brent Oil ($/bbl)	**80.21**	75.81	6
Average Foreign Exchange Rate:			
(1 BRL = $)	**0.19**	0.17	12

Sales are priced on a discount to Brent Oil and sold in local currency (BRL). Sales are conducted on site and the Company only incurs transportation/delivery costs when sales are direct to refineries. For the three months ended March 31, 2026, 36% of total sales were to intermediary clients who took possession at the well-head with the Company incurring no transportation/delivery costs. Average realized prices per bbl increased with Brent Oil market price increases. See the considerations for commodity pricing herein.

Royalties

	Three Months Ended March 31,		
	2026	2025	Change (%)
Royalties	**2**	10	(80)
Royalties ($ per boe)	**1.66**	3.18	(48)
Royalties as a percentage of sales (%)	**3%**	5%	(40)

Three months ended March 31, 2026 royalties decreased year-over year by 80% coinciding with the overall oil revenue decrease between years. Minor differences between periods of the actual royalty rates incurred and the statutory rates in effect are caused by the differences in market pricing realized price and the statutory index used in the calculation of royalties by ANP and also the timing of sales relative to the actual payment of the royalties.

Operating Netback

	Three Months Ended March 31,		
	2026	2025	Change (%)
Operating netback			
Oil sales	**78**	200	(61)
Royalties	**(2)**	(10)	(80)
Production expenses	**(84)**	(176)	(52)
Operating netback	**(8)**	14	(157)
Operating netback per boe ($)	**(6.80)**	4.22	(261)

Operating netback is calculated on a per-unit basis (barrel of oil equivalent, or "boe"). Operating netback is a non-IFRS financial measure that does not have a standardized meaning under IFRS and may not be comparable to similar measures disclosed by other issuers. The measure is intended to provide additional insight into the cash margin generated by producing assets after royalties and operating costs. Operating netback is calculated as oil and condensate sales (after sales taxes) less royalties, and production and transportation costs, on a per-unit basis. In 2026, operating netback per boe decreased year-over-year, primarily due to lower realized prices and lower sales volumes, which reduced revenue per boe while certain operating costs remained relatively stable as the fixed-costs basis, resulting in higher unit costs. The Operating netback reflects sub-scale residual production, not the go-forward economic model. Management expects operating netback metrics to improve as production volumes increase and unit operating costs decline.

General & Administrative

	Three Months Ended March 31,		
G&A Expenses, by type:	**2026**	2025	Change (%)
Payroll and related	**$ 473**	$ 685	(31)
Professional fees	**184**	221	(17)
Office expense and other	**11**	80	(86)
Travel and related	**37**	83	(55)
Insurance	**19**	29	(34)
Director fees	**62**	75	(17)
Consulting	**60**	58	3
Gross G&A	**$ 846**	$ 1,231	(31)

As operations and production continue to expand, the Company remains focused on building an efficient organization in Brazil. For the three months ended March 31, 2026, G&A decreased primarily due to efficiency improvements and cost reductions implemented through the Company's 2026 cost-reduction plan, as well as the Company's strategic focus on joint development initiatives. Certain costs associated with joint ventures are reimbursed through ongoing partnership agreements. The G&A expenses decreased, reflecting disciplined cost management and the Company's commitment to maintaining a lean and focused organizational structure.

Financing expenses (income)

	Three Months Ended March 31,		
	2026	2025	Change ($)
Accretion on decommissioning liabilities	**$ 12**	$ 1	11
Fair value change in warrant liability	**(961)**	716	(1,677)
Amortization of deferred financing costs	**753**	299	454
Other financing costs	**287**	308	(21)
Other non-operating gain/loss	**3**	18	(15)
	$ 94	$ 1,342	(1,248)

Total financing costs decreased in the period, primarily reflecting the change in the fair value of the warrant liability, which had a positive non-cash impact as a result of the lower share price. This benefit was partially offset by higher amortization of deferred financing costs associated with the Company's debt and financing activities.

Share Based Compensation

	Three Months Ended March 31,		
	2026	2025	Change (%)
Share based compensation	**99**	161	(39)

Share-based compensation expense is a non-cash expense based on the fair value of stock options granted and amortized over the respective vesting periods. As of March 31, 2026, 3.8 million stock options were outstanding and $0.3 million of unamortized share-based compensation costs remain.

Depletion and Depreciation

	Three Months Ended March 31,		
	2026	2025	Change (%)
Depletion and depreciation	**139**	121	15

Depletion is calculated using the unit-of-production method across all upstream PP&E assets. The high depletion rate reflects increased capital expenditures and adjustments to the reserve estimates, primarily related to the São João workover program. Management reviews the depletion rate assumptions each year and makes adjustments annually to the depletion rates.

SELECTED ANNUAL INFORMATION

The selected information below has been prepared in accordance with IFRS and is expressed in U.S. dollars.

Financial	As of March 31,		
	2026	2025	2024
Total Revenue	**$ 78**	$ 200	$ 213
Net Income (loss)	**(1,197)**	(2,848)	(1,450)
Income (loss) per Share	**(0.04)**	(0.11)	(0.09)
Capital Expenditures	**161**	26	2,059
Total Assets	**11,958**	13,435	14,723
Total Current Liabilities	**18,585**	14,021	7,931
Total Long-term Liabilities	**3,478**	6,078	4,878

SUMMARY OF QUARTERLY RESULTS

The selected information below has been prepared in accordance with IFRS and is expressed in U.S. dollars.

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Financial								
Total Revenue	**$ 78**	$ 105	$ 146	$ 146	$ 200	$ 188	$ 296	$ 432
Net Income (loss)	**(1,197)**	(4,716)	(1,683)	34	(2,848)	(2,149)	(1,513)	(2,239)
Income (loss) per Share	**(0.04)**	(0.21)	(0.07)	0.02	(0.11)	(0.17)	(0.07)	(0.15)
Capital Expenditures	**161**	776	1,190	760	26	18	49	438
Total Assets	**11,958**	13,592	16,291	12,929	13,435	12,851	14,163	13,344
Total Current Liabilities	**18,585**	20,859	19,285	15,935	14,021	12,973	11,211	9,199
Total Long-term Liabilities	**3,478**	2,501	2,052	3,033	6,078	4,777	4,645	4,610

During the three months ended March 31, 2026, the Company generated $78 thousand in sales revenue. This follows total revenues of $105 thousand in Q4 2025 and $200 thousand in Q1 2025.

First quarter revenue decreased versus the prior-year quarter, primarily reflecting lower sales volumes at São João due to temporary well downtime associated with workovers and field interventions, together with the absence of production from Andorinha, which was classified as assets held for sale as of March 31, 2026. While these factors reduced near-term revenue, management views the impact as transitional in nature, as the Company continues to prioritize production optimization at its producing assets and the strategic repositioning of Andorinha in connection with the broader ATE partnership and related development initiatives in the Potiguar Basin.

In Q1 2026, sales volumes totaled 1,335 bbls, a 58% decrease from Q1 2025, mainly due to wells being temporarily offline for workovers. For the three months ended March 31, 2026, sales volumes declined by 534 bbls (29%), compared to the previous quarter.

The reduction in sales volumes continued to pressure the Company's operating netback per boe, as fixed costs remained relatively stable while production volumes declined. Variable costs adjusted in line with activity levels. The Company reported a net loss of $1.2 million in Q1 2026, compared to a net loss of $4.7 million in Q4 2025. The lower loss in Q1 2026 was due in part to the absence of the impairment charge recognized in Q4 2025. More broadly, when compared with earlier periods such as Q3 2025, Q1 2025, and quarters in 2024, the Company's results reflect a lower loss profile driven by cost reduction initiatives, disciplined capital allocation and the continued execution of its partnership-led development strategy, which is intended to support field development and production recovery while limiting balance sheet strain.

Additionally, in Q1 2026, the Company recognized a higher non-cash gain from the remeasurement of warrants liabilities. This was largely due to the lower share price and the progressive maturity of warrants, which contributed positively to the period's financial results.

Total assets experienced a decrease to $12 million as of Q1 2026, compared to $13.6 million at the end of 2025. This change reflects the Company's disciplined approach to capital allocation, combined with the impact of depreciation and exploration expense adjustments and foreign exchange fluctuations during the period.

Current liabilities decreased to $18.6 million in Q1 2026, reflecting balance sheet actions taken by the Company to address near-term liquidity and support its developing plan. The decrease was due in part to the planned transfer of certain liabilities associated with the Andorinha field, including contingent liabilities expected to be assumed under the ATE transaction structure, as well as debt reduction initiatives undertaken through warrant exercises and the announced debt-for-shares settlement. These actions are consistent with the Company's broader strategy of improving liquidity, reducing near-term balance sheet pressure and advancing development through strategic partnerships and other capital-efficient structures.

DISCLOSURE OF OUTSTANDING SECURITIES DATA

The Company has authorized an unlimited number of Common and Restricted Shares. Additionally, the Company has an incentive stock option plan that enables the Board of Directors, at its discretion, to grant options for up to 20% of the outstanding Common Shares. The option plan requires approval each year by shareholders at the AGM. The incentive stock option plan document can be found on SEDAR + (www.sedarplus.com).

The Company has the following amounts of securities outstanding as of March 31, 2026:

	Number of Shares as of,	
	March 31, 2026	December 31, 2025
Common Shares	**20,191**	19,071
Restricted Voting Shares	**4,333**	4,333
Total Shares Outstanding	**24,524**	23,404
Issued Warrants to Debt Holders	**12,383**	10,856
Issued and Outstanding Options	**3,819**	3,819
Issued Warrants to Shareholders	**1,240**	3,057
Total Issued Warrants and Options	**17,442**	17,732
Total Outstanding Securities	**41,966**	41,136

Subsequent to March 31, 2026 through the date of this release 567,180 equity warrants expired and 672,796 equity warrants were exercised as a result of the Incentive Program. In addition, 1,062,123 warrants were exercised from existing debt holders.

CAPITAL RESOURCES AND LIQUIDITY

The Company generated its first revenues in 2020, with revenue totaling $872 thousand in fiscal year 2021, $1.5 million in 2022, $1.8 million in 2023, $1.1 million in 2024, and $0.6 million in 2025. While revenue levels have varied year-over-year, they continue to reflect the early-stage nature of the Company's production profile and capital deployment strategy. Revenues to date remain below the level required to fully fund operating expenses and working capital requirements. To support operations, capital expenditures and the Company's portfolio of acquisition and development initiatives, the Company has historically relied on a combination of equity financings, short-term debt and strategic partnerships, as discussed in this MD&A.

As of March 31, 2026, the Company had a working capital deficit of $17.7 million and cash of $241 thousand. As a result, the Company's ability to meet obligations as they come due is dependent on additional financing and/or asset-level arrangements. Management continues to pursue a range of funding alternatives, including equity financings, debt solutions, strategic partnerships and joint venture structures that can fund activity at the asset level. Liquidity is sensitive to commodity prices, foreign exchange, access to capital markets and the Company's operating results, including production uptime and realized pricing. Management and the Board monitor these factors closely and continue to prioritize capital discipline and balance sheet flexibility.

The Company also has capital commitments related to exploration and development activities under its concession agreements. In particular, the Company is subject to Minimum Exploratory Program (PEM) commitments regulated by ANP. As disclosed in the Company's audited financial statements, total committed PEM expenditures are approximately BRL 44.9 million (approximately US$9.0 million), with obligations extending through 2027 and 2028 across 34 exploration blocks, and the Company had approximately US$2.7 million on deposit as collateral for related work program guarantees at March 31, 2026. These commitments are required to maintain the Company's exploration rights and to progress the portfolio; however, the timing and method of satisfying these obligations may be adjusted through work program execution, relinquishments, farm-outs or other strategic arrangements, subject to applicable approvals.

To fund its commitments and ongoing development activities, the Company expects to require additional financing and/or asset-level arrangements beyond cash on hand. Management continues to evaluate funding alternatives, including strategic partnerships, credit facilities, capital market transactions and other balance sheet initiatives, with the objective of improving liquidity while advancing the Company's development plan. The Company's capital resources may fluctuate based on commodity prices, foreign exchange, access to capital markets, the cost of capital and the timing of development activity. Management continues to assess its capital structure to optimize the mix and relative cost of debt and equity financing and to maintain financial flexibility to support exploration and production activities.

Additionally, the Company's production assets - Andorinha, Alto Alegre, Trapiá, and São João fields—remain in operational phases, with additional work program commitments from strategic partners, contributing to cash flow from operations. The Company remains committed to executing its work program efficiently while strategically managing its capital resources to maximize shareholder value.

Credit Facilities

On October 6, 2022, the Company closed a $1.7 million secured financing agreement with 579 Max Ltd. This financing has an interest rate of 14% per annum, payable quarterly, with principal payment due at maturity on March 31, 2028. As of March 31, 2026, the entire principal balance is included in long-term debt.

During 2024, the Company closed short-term unsecured promissory notes totaling $1.7 million from 579 Max Ltd., whose principal is a director and significant shareholder in the Company. During 2024 the Company closed short-term unsecured promissory notes totaling $2 million from existing shareholders and directors of the Company. The Corporation paid down debt of $0.5 million from existing shareholders.

During 2025, the Company closed short-term unsecured promissory notes totaling $3.3 million from existing shareholders of the company. The Corporation paid down debt of $700 thousand, $500 thousand to PPF, and $200 thousand to existing shareholders of the Company.

During the first quarter of 2026 the Company closed short-term unsecured promissory notes totaling $732 thousand from existing shareholders of the company. Additionally, the Company announced its intention to enter into shares for debt settlement agreements to extinguish outstanding indebtedness of up to approximately US$6.2 million owing to certain directors and arm's length creditors. The indebtedness is proposed to be settled through the issuance of up to 10,804,434 common shares at a deemed price of C$0.68 per share, subject to customary closing conditions, including approval of the TSX Venture Exchange. The common shares to be issued will be subject to a statutory hold period.

Subsequent to March 31, 2026, the Company received an additional US$150,000 from a previously established line of credit with PVE Bridge, LLC, and an additional 336,550 warrants were issued at an exercise price of C$0.60 per share that expire July 21, 2026.

Private Placements of Stock

On March 28, 2023, the Company closed a $4 million private placement to thirteen investors. 1.9 million units were issued at a price of CAD $3.00. Each unit was comprised of one common share of the Company and one share purchase warrant entitling the holder thereof to acquire one common share at a price of CAD $4.00 per share within twelve months following the closing date.

On October 31, 2023, the Company closed a $1.1 million private placement to eleven investors. The offering resulted in the issuance of 495,767 units at a price of CAD $3.00 per unit, generating gross proceeds of CAD $1.5 million (USD $1.1 million). Each unit is composed of one common share (Common Share) in the capital of the Company and one transferable share purchase warrant (Warrant).

Funds raised in the private placement were used for general working capital and for paying down short-term debt. Immediately following the private placement closing, short term debt of $200 thousand was repaid in November 2023.

In 2024 the Company concluded a private placement offering that commenced February 27, 2024. The offering resulted in the issuance of 1.2 million units at a price of CAD $3.00 per Unit, generating gross proceeds of CAD $3.6 million (US $2.7 million). Each unit is composed of one common share (Common Share) in the capital of the Company and one transferable share purchase warrant (Warrant). Funds raised in the private placement were used for general working capital, paying down short-term debt, and the São João workover program.

In 2025 the Company concluded two private placement offerings that commenced in September and November 2025. The offering resulted in the issuance of 2.2 million shares at a price of CAD $1.50 per share, generating gross proceeds of CAD $3.3 million (US $2.4 million).

As discussed in the section Financing Updates – Debt and Equity, on March 13, 2026 the Company announced an incentive program amending certain warrants issued in connection with its March 2023 and February 2024 private placements, including reducing the exercise price to C$0.60 per share for certain warrants and extending the expiry dates to March 29, 2026 and April 27, 2026. The incentive program applied to an aggregate of 2,782,506 warrants. As of March 31, 2026, 1,120,180 warrants (approximately 40%) were exercised for the issuance of an equal number of common shares, 697,154 warrants expired on March 29, 2026, and 1,239,976 warrants remained outstanding and exercisable until April 27, 2026. As of April 27, 2026, an additional 672,796 warrants were exercised, and the remaining 567,180 private placement warrants expired. Proceeds from the warrant exercises were used to pay down existing promissory notes and working capital needs.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date hereof, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Company including, without limitation, such considerations as liquidity and capital resources.

TRANSACTIONS WITH RELATED PARTIES

See Note 18 to the Consolidated Financial Statements for a discussion of related party transactions.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared using the Accrual Basis of Accounting, and in accordance with IFRS. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

PRIMARY RISK FACTORS

The Company's business consists of acquiring exploration and evaluation (“E&E”) assets which focus on the exploration for, and the acquisition and development of, crude oil and natural gas resources in Latin

America, primarily Brazil. There are a number of inherent risks associated with the investment in E&E assets. Many of these risks are beyond the control of the Company.

Going Concern Issues

As of March 31, 2026, the Company had a working capital deficit of approximately $17.7 million and cash of $241 thousand, which are insufficient to fund its expected operating costs, debt service requirements and planned activities over the next twelve months without additional financing.

While the Company faces material short-term liquidity risk, management has taken actions in the first quarter of 2026 to improve the working capital deficit and expects other strategic initiatives will be realized to improve the short-term liquidity risk.

The working capital deficit includes approximately $12.5 million of debt and $6.1 million in accounts payable and accrued liabilities. The Company continues to find solutions to improve the balance sheet and working capital deficit.

- In February and March 2026, the Company implemented an equity warrant incentive program under which proceeds of approximately US$0.8 million were received and applied toward the repayment of existing promissory notes and general working capital requirements. The program expired on April 27, 2026, at which time 64% of the equity warrants subject to the incentive program had been exercised.

- Additionally, in April, 2026, 1,062,123 warrants in connection with debt had been exercised at an exercise price of C$0.61. The US$0.5 million was applied toward the repayment of existing promissory notes.

- In April 2026, the Company announced a proposed debt for shares private placement of up to $6.2 million, intended to reduce short term obligations. The completion of this transaction remains subject to acceptance by the TSX Venture Exchange.

The initiatives above total approximately $7.5 million. The Company continues to work with lenders, capital partners, vendors, and debt holders as we capitalize the Company for successful realization of the value created in the assets within its portfolio.

The Company has incurred losses since inception and expects to continue to require external funding while it executes its development plan. Management and the Board acknowledge that the Company must generate incremental revenue and cash flow from operations and/or raise additional capital in order to fund operating costs, meet debt service requirements and satisfy work program commitments as they come due.

There can be no assurance that the Company will be successful in obtaining additional financing, or that such financing will be available on acceptable terms. Failure to secure adequate funding, or delays in doing so, may result in the Company being unable to continue as a going concern.

World Financial Markets

Significant changes in global financial markets may influence the Company's ability to raise capital. Decisions made by central banks and governments impact available liquidity in markets and influence risk tolerance for investors. These factors are out of management's control, which may negatively influence the Company's share price and the ability to raise additional capital.

Commodity Prices

Crude oil and natural gas are volatile commodities and the changes in the price levels of these commodities will impact the future revenues and profitability of the Company. Commodity price volatility is a result of the level of, and expected changes to, the supply and demand balances of these commodities. The current state of the world economies, potential supply disruptions due to wars or terrorist activity, decisions made by the Organization of Petroleum Exporting Countries (OPEC) and other large exporters of energy commodities, and the ongoing global credit and liquidity levels all impact commodity price movements and are outside of the Company's control.

The Company's production revenue is based on Brent Crude pricing. The Company's realized price per BOE is also subject to local market discounts and taxes.

Brent Crude is the world's leading price benchmark for Atlantic basin crude oils. It is used to price a substantial portion of the internationally traded crude oil supplies.

Brazil Operations

The Company is primarily focused on the oil and natural gas market in Brazil. In the past decade, Brazil has experienced political turmoil and corruption charges as well as normal business and economic cycles. In addition, future changes in the government, further charges of corruption or other negative events could adversely affect the Company's business.

Currency

Petro-Victory Energy Corp. is based in the British Virgin Islands with a listing in Canada on the Toronto Venture Stock Exchange. The Company's general and administrative staff are located in the USA and Latin America and are primarily paid in USD. Future operations will likely be based in Brazil with revenues and costs denominated in BRL. Commodity prices are typically priced in USD. Depending on currency fluctuations, revenues and costs could change outside of the Company's control and may adversely impact operations.

The Company's reporting currency is the USD and its functional currencies are the USD and the BRL. Substantially all costs incurred in Brazil are in BRLs and the Company incurs head office costs in both USD and Canadian dollars. In each reporting period, the change in the values of the BRL and the CDN relative to the Company's reporting currency are recognized.

Acquisition and Financing Risks

Delays in the Company's ability to secure equity or debt financing, or significant changes in operating conditions in Brazil, changes in the fields acquired, or changes in the price of energy commodities may influence the Company's ability to invest in proposed work plans.

Small Management Team and Board of Directors

Since inception the Company has operated with and relied upon a small Management team, its Board of Directors, and uniquely qualified business partners. As the Company grows, additional personnel will need to be added and duties assigned to other staff members. Although Management believes it is in the best interest of the Company to continue to operate very efficiently and lean, the loss of any of the management team could negatively impact the ability of the Company to continue to operate and expand.
During 2025 and thus far in 2026, the Company has continued to enhance its leadership and operations team in the US and in Brazil to effectively execute its finance, administrative and field operations capabilities.

All of these factors may impact the Company's future ability to obtain equity, debt or bank financing on terms favorable to the Company, or at all. Additionally, those factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary.

NON-IFRS TERMS

All reserve references are to gross reserves as of the effective date of the applicable evaluation. Gross reserves are Petro-Victory's total working interest reserves before the deduction of any royalties. The recovery and reserve estimates of 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.

In this document, "1P" means "proved 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 proven reserves. The term "2P" means "probable reserves" which are those additional reserves that are less certain to be recovered. 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. The term "3P" means 'possible reserves" and are 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.

"Prospect" means a geographic or stratigraphic area, in which the Company owns or intends to own one or more crude oil and natural gas interest, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir or part of a reservoir of crude oil or natural gas.

Certain financial measures referred to in this document are not prescribed by International Financial Reporting Standards ("IFRS"). Realized price is calculated by dividing gross revenue by gross production in the applicable period. Operating Netback is calculated as natural gas, oil and condensate sales (after sales taxes) less royalties, and production and transportation costs.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information as defined by Canadian securities legislation. Such forward-looking statements and information relate to possible events, conditions or financial performance of the Company based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “will likely result”, “are expected to”, “will continue”, “is anticipated”, “believes”, “estimated”, “intends”, “plans”, “projection”, “outlook” and similar expressions are intended to identify forward-looking information. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking information however, no assurance can be given that these expectations will prove to be correct, and the forward-looking information included in this MD&A should not be unduly relied upon by investors. The forward-looking information and forward-looking statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws. Readers should read this entire MD&A and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Company.