



PETRO-VICTORY ENERGY CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2020

The following Management's Discussion and Analysis ("MD&A") is dated April 30, 2021 and should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes as of December 31, 2020 of Petro-Victory Energy Corp. ("Petro-Victory" or the "Company") for the years ended December 31, 2020 and 2019. The audited Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information for the Company can be found on SEDAR at **Error! Hyperlink reference not valid.** or at www.petrovictoryenergy.com.

The Company's business is conducted principally in Latin America and the Company's revenue and expenses are principally denominated, earned and incurred in United States dollars. **In this MD&A, unless otherwise indicated, all "dollar" amounts or references to "US\$" or "\$" or "USDS" refer to United States dollars.** References to "CDN \$" are to Canadian dollars. A glossary of other terms is included at the end of this report.

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DESCRIPTION OF BUSINESS

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 and Paraguay. Petro-Victory holds working interests in twenty (20) licenses totaling 129,771 acres in three (3) oil producing basins in Brazil. Petro-Victory's strategy is to produce substantial returns to our shareholders by building an on-shore upstream asset acquisition and development company focused on disciplined investment in high potential, low-risk assets.

Petro-Victory Energy Corp. was incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) on May 20, 2014. The British Virgin Islands were selected for the Company's domicile based on favorable business laws, tax laws, and relationships with Canada, the United States and most Latin American countries.

SIGNIFICANT HISTORICAL EVENTS

Summarizing the Company's 2019 and prior significant events:

- November 25, 2019 – In partnership with Imetame Energia, the Company announced the acquisition of a 50% working interest in 3 onshore oil fields (the “Lagoa Parda” fields) in the Espírito Santo Basin, Brazil. On October 26, 2018, the Company had announced a farm-in with Imetame to five (5) other exploration concessions in the same Basin. All of the Espírito Santo Basin concessions were sold late in 2020.
- November 19, 2019 – Petro-Victory closed a secured debt financing totaling \$2,000,000 with 579 Max Ltd. under terms virtually identical to the August, 2018 financing with PPF9, LLC.
- October 16, 2019 – Brazil's ANP approves Petro-Victory's first acquisition, the ENGEPEP properties.
- September 11, 2019 - The Company announced that it had been awarded 16 new oil concessions in the Potiguar Basin of Brazil. The announcement came following Petro-Victory's successful participation and bidding in the ANP's new auction process.
- October 25, 2018 – The Company acquired funds for general corporate purposes via a non-brokered private placement of 9,114,000 common shares at a price of CDN \$0.05 for gross proceeds of CDN \$455,700. The shares were issued October 25, 2018, subject to a four month hold period.
- September 4, 2018 – Petro-Victory announced a USD \$1.6 million acquisition of production and working interests in 4 oil fields in Brazil, comprised of 12,850 gross acres, which was subject to ANP approval at year end. Funds for the initial payment of approximately USD \$375,000 were obtained from the Senior Secured Debt financing.
- August 28, 2018 – Company finalizes a USD \$10 million Senior Secured Debt financing with PPF9, LLC to be comprised of two or more loans. The initial loan of \$4,000,000 is to be advanced in two tranches, with the initial draw of \$1.4 million advanced on August 29.
- July and August, 2017 – Company announced a proposed acquisition of producing assets in Brazil, the initiation of a related private placement, and the addition of two new executive team members.
- October 7, 2015 – Company completes sale/exchange of its 36% Paraguay working interest for 3% Net Profits Interest (“NPI”) plus other monetary consideration and debt deferral. Simultaneously, the Company signed an amendment to the debenture outstanding with a major creditor, Canacol Energy, limiting its liability and providing flexibility to focus on new opportunities.
- December 29, 2014 – Subsequent to drilling two wells in Paraguay, the Company announced an end to the 2014 drilling campaign having encountered hydrocarbons in two separate reservoirs but with no commercial discovery.
- July 22, 2014 – The Company became a reporting issuer in Canada on July 11, 2014 and completed its IPO on July 22, 2014.

SUBSEQUENT EVENTS

In preparing the financial statements and the MD&A, Management has evaluated all subsequent events and transactions for potential recognition or disclosure through April 30, 2021, the date the financial statements were available for issuance. Following is the only significant subsequent event that has occurred since December 31, 2020.

- On November 24, 2020, the Company announced that it had signed a term sheet to enter into a series of transactions expected to increase capitalization, align with an investment fund, and obtain \$5 million of working capital through a secured debt issuance. The complexity of the transactions and multiple approvals required have delayed the closing, but the Company does still expect to close the transaction.

DISCUSSION OF 2020 OPERATIONS

2020 Fourth Quarter Activities

The fourth quarter of 2020 resulted in a loss from operations of (\$638,814) but a net comprehensive gain of \$1,809,012 after recognizing a substantial \$2.4 million gain on the sale of assets and lesser amounts on several other non-operating items. The operating loss increased from the 2019 fourth quarter operating loss of (\$421,987), with half of the \$216,827 increase resulting from the additional \$108,573 charge to payroll for the share-based compensation expense related to the new 2020 stock options. Local taxes and fees from increased production, use of consultants for financial and geological assistance, and higher legal fees comprised the balance of the increase, partially offset by reduced Brazil travel fees as the Company curtailed travel as a result of the Covid-19 pandemic.

2020 Activities For the Year

The full year 2020 resulted in a loss from operations of (\$2,067,723), but net comprehensive income of \$187,579 after recording the substantial gain from the sale of assets. The 2020 operating loss exceeds the 2019 operating loss of (\$1,486,091) by \$581,000 due primarily to an increase of \$560,000 in payroll and related charges. Payroll costs increased as a result of \$320,000 compensation expense recognized in connection with stock options granted early in 2020, by \$100,000 for compensation paid to a new vice-president finance, and with the balance due to increases in compensation rates and related payroll taxes.

SELECTED QUARTERLY RESULTS

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

Financial Measures	2020				2019			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Total Revenue	181,079	72,342	43,644	-	-	-	-	-
Net Income (loss)	1,809,061	(524,196)	(553,062)	(544,174)	(710,236)	(454,123)	190,996	(339,597)
Income (loss) per Share	.20	(.06)	(.06)	(.06)	(.08)	(.05)	.02	(.05)
Capital Expenditures	16,488	-	-	-	-	-	-	-
Total Assets	4,686,764	2,931,154	2,741,148	2,736,493	2,956,895	752,870	824,486	659,812
Total Current Liabilities	4,952,147	3,636,814	3,017,386	2,584,145	2,272,205	1,717,508	1,870,872	2,408,740
Total Long-term Liabilities	2,277,615	3,749,003	3,762,801	3,746,897	3,760,065	1,375,385	1,364,143	1,352,886

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company recorded its first revenues during the quarter ended June 30, 2020. Below is a breakdown of the capitalized and expensed oil and gas expenditures for 2020.

	Year Ended Dec. 31, 2020
Payments for Plant, Property and Equipment and Deposits	\$16,488
Capitalized Deposits and Expenditures on E&E assets	\$931,671
Expensed Research and Development Costs	Nil
Intangible Assets Arising from Development	Nil
General and Administrative Expenditures	\$2,333,222
Any other Material Costs, whether expensed or Recognized as Assets	Nil

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 to issue options for up to 20% of the outstanding Common Shares. The incentive stock option plan document can be found on SEDAR (www.sedar.com).

The Company has the following amounts of securities outstanding as of December 31, 2020:

	Number of:
Common Shares	6,825,643
Restricted Voting Shares	2,388,375
Issued Warrants to Debt Holders	762,500
Issued and Outstanding Options	1,739,156

AREAS OF OPERATION AND ASSET ACQUISITIONS

Brazil

Brazil has long been a major participant in the worldwide oil and gas industry and the Company believes that recent developments offer unprecedented opportunities to invest in energy assets in Brazil. In 2015, Petrobras, the national oil company of Brazil, began divesting assets, including large non-core developed onshore assets and shallow water offshore assets to redirect their investment focus to deep-water assets. On October 28, 2018, Jair Bolsonaro was elected President of Brazil running his campaign on a platform and plan to drive an economic recovery by reducing corruption, overhauling Brazil's entitlement programs, embracing international business efforts, and continuing the Petrobras asset divestiture plan. In April of 2020 the Company realized its first revenues from the sale of oil.

ENGEPET Acquisition

In July of 2017, the Company announced a proposed acquisition of producing and development assets in Brazil. On September 4, 2018, the Company executed a contract for the \$1.6 million acquisition of production and working interests in four (4) oil fields, and stated its commitment of capital to materially expand production. The Company acquired the assets from ENGEPET, and has an operating partnership with ENGEPET to optimize field production for Carapitanga and Sao Joao fields. The Company is considering options for the operations and development of the Andorinha and the Alto Alegre fields.

The four fields are comprised of 12,850 gross acres located within three developed onshore basins in Brazil. The initial payment of approximately \$0.375 million was paid at signing using the Company's 2018 credit facility, and additional payments since that date result in a balance due of \$590,317. On October 16, 2019, the transaction was approved by the ANP, and in April of 2020 the Company realized its first revenue from the sale of oil.

The acquisition consists of the following:

- 100% operating interest in the Andorinha onshore producing oil field in the Potiguar Basin
- 100% operating interest in the Alto Alegre onshore oil field in the Potiguar Basin
- 50% non-operating interest in the Carapitanga producing onshore oil field in the Sergipe-Alagoas Basin
- 50% non-operating interest in the São João onshore oil field in the Barreirinhas Basin

The acquired assets include existing infrastructure consisting of 21 drilled wells, pipelines, power generation and electrical lines, pumping units, paved roads, storage tanks, and 3D and 2D seismic with a combined estimated original cost in excess of \$50 million. Existing and new seismic and well data will be used to construct a 24 to 36-month development and work plan. The total current production of approximately 43 barrels of oil equivalent per day is from several wells in the producing fields of Andorinha, São João and Carapitanga.

Petro-Victory recorded its first oil sale from the São João field in 2020, and from all of its operating wells sold a total of 6,422 barrels in 2020. The Company took over its first field operations at the Andorinha field on November 1, 2020. The field is producing 14 barrels of oil per day. In October and November, Petro-Victory conducted production tests at two São João wells that led to the successful installation of progressive cavity pumps and stabilized production, presently at 25 barrels of oil per day.

Permanent Offer Round 1 Acquisitions

On September 11, 2019, the Company announced that it had been awarded 16 new oil concessions in the Potiguar Basin of Brazil. The announcement came following Petro-Victory's successful participation and bidding in the ANP's new auction process. The 16 concessions represent 116,904 acres located adjacent to the Company's operating infrastructure at the Andorinha and Alto Alegre oil fields. As of the date of this MD&A, the Company has completed the purchase of six (6) of the onshore concessions representing 40,563 acres. While not currently in production, the concessions add a diversified mix of oil field development, gas field development, appraisal, and exploration opportunities to the Petro-Victory portfolio in Brazil.

Fifteen of the sixteen concessions have a 5-year evaluation phase that convert to long-term production licenses after declaring commerciality, with the final concession providing a 3-year evaluation phase. 28 wells have been drilled across the 16 concessions, where 60% of the drilled wells encountered oil shows or actually resulted in commercial production. The concessions have 3D seismic coverage, and the immediate work program is expected to consist of a re-evaluation of the drilled wells, reprocessing and mapping of seismic data, followed by ranking the numerous oil and gas targets across the portfolio to solidify the drilling and workover program.

Imetame Energia Acquisitions and Sale

On October 26, 2018, the Company announced the acquisition from Imetame Energia of a 50% working interest in five (5) exploration concessions located in the Espirito Santo Basin onshore Brazil. Subsequently, on November 25, 2019, The Company announced a further acquisition from Imetame of a 50% working interest in three (3) onshore oil fields in the same Basin.

On November 11, 2020, the Company announced the sale of the Santo Basin assets. The sale closed on December 1, 2020, at a price of \$5 million and resulted in a profit after costs and taxes of \$2,408,824.

Summary of Brazil Assets

Acquired From	Field / Block	Basin	Acquisition Cost	Working Interest	Acres	Status	Current Production (BOPD, net to PVE)
ENGEPET	Andorinha	Potiguar	\$1,600,000	100%	9,884	Developed Producing	14
	Alto Alegre	Potiguar		100%	1,315	Developed Non-producing	0
	Sao Joao	Barreirinhas		50%	1,421	Developed Producing	25
	Carapitanga	Sergipe		50%	247	Developed Producing	4
ANP	Trapia	Potiguar	\$105,261	100%	6,178	Developed Non-producing	0
ANP	POT-T-392*	Potiguar	\$53,586	100%	7,933	Exploration	0
ANP	POT-T-432*	Potiguar	\$53,586	100%	7,244	Exploration	0
ANP	POT-T-433*	Potiguar	\$53,586	100%	7,846	Exploration	0
ANP	POT-T-434*	Potiguar	\$53,586	100%	7,889	Exploration	0
ANP	POT-T-476*	Potiguar	\$53,586	100%	10,339	Exploration	0
ANP	POT-T-477*	Potiguar	\$53,586	100%	7,887	Exploration	0
ANP	POT-T-478*	Potiguar	\$53,586	100%	3,521	Exploration	0
ANP	POT-T-519	Potiguar	\$53,586	100%	6,995	Exploration	0
ANP	POT-T-521	Potiguar	\$53,586	100%	5,605	Exploration	0
ANP	POT-T-564	Potiguar	\$53,586	100%	7,950	Exploration	0
ANP	POT-T-566	Potiguar	\$53,586	100%	5,949	Exploration	0
ANP	POT-T-606*	Potiguar	\$53,586	100%	7,909	Exploration	0
ANP	POT-T-650	Potiguar	\$53,586	100%	7,887	Exploration	0
ANP	POT-T-651*	Potiguar	\$53,586	100%	7,887	Exploration	0
ANP	POT-T-652*	Potiguar	\$53,586	100%	7,887	Exploration	0
Total	20	3	\$2,509,051	50 – 100%	129,771		43

*Subject to final ANP approval.

Paraguay

Paraguay is a landlocked country between Argentina, Brazil and Bolivia, home to large swaths of agricultural land, swampland, subtropical forest, chaco (wildernesses comprising savanna and scrubland), and the world's largest hydro-electric dam. The capital is Asunción and the country has a population of 7.05 million (2019) with 2019 GDP of USD \$38 billion (Ranked 92 of 196 countries). The country does not have a mature oil and gas industry but E&E investments are increasing.

Management has been active since 2006 in Paraguay and believes that certain events and measures taken since that time ameliorate the operating environment and mitigate the risks. Together with President Energy, the Company's original farm-in partner, two exploratory wells were drilled in the Pirity Concession of Paraguay in 2014. The wells were not commercial, and in 2015 the Company exchanged its 36 percent working interest for a 3% Net Profits Interest ("NPI"), which was sold for a nominal amount in 2020.

CAPITAL RESOURCES

The Company has and will continue to rely upon the sale of additional equity interests and/or issuance of debt securities for additional capital required for acquisition, exploration and development purposes. The Company plans and must be able to generate oil and gas revenues in order to continue its growth plans.

Credit Facilities

On August 28, 2018, the Company entered into a credit facility with PPF9, LLC (“PPF”) providing for up to \$10 million of loans to be collateralized by oil and gas properties. The initial Loan Agreement (the “Loan”) provides for a \$4 million loan consisting of two advances: 1) the sum of USD \$1,400,000 which was advanced on August 29, 2018, and 2) the remaining USD \$2,600,000 to be advanced at a mutually agreeable date thereafter. The USD \$4,000,000 loan is collateralized by the stock of the Brazilian subsidiary, which includes the four Brazilian oil fields discussed herein acquired from ENGEPEP. The Loan was signed with Petro-Victory, LLC (a Texas LLC), as borrower, as the Texas LLC owns the Brazilian subsidiary. The Company, as corporate parent, also guaranteed the Loan.

The Loan terms provide for interest at an annual rate of 9% payable quarterly with maturity dates 36 months after each tranche is closed. The Loan also provides bonus Warrants that permit the holder to purchase up to 750,000 common shares (pro-rata at 3 Warrants per US dollar drawn on the loans) of the Company at a price of CDN \$2.00 per share for a period of three years. Warrants to purchase 105,000 shares fully vested with the funding of the initial \$1,400,000 draw.

On November 19, 2019, the Company entered into a loan with a different lender, 579 Max, LLC, that is pari passu to the PPF loan above. The new loan for \$2,000,000 was used to pay for some working interest acquisitions and to provide general working capital. 579 Max received warrants to purchase 657,500 shares, also at a price equal to CDN \$2.00 for a period of three years.

In April of 2020, Petro-Victory Energy Service Company (the US administrative subsidiary) applied for and received a \$28,900 loan from the US Small Business Administration (SBA) in connection with its payroll protection program. The loan was to be used primarily for payroll, and the Company may be eligible for forgiveness of the loan in 2021.

LIQUIDITY

The Company recently generated its first revenues since inception, but insufficient to cover all of its costs. To fund its operations and recent acquisitions, the Company has entered into the credit facilities discussed above and issued common stock for cash as well as for the settlement of liabilities.

Management and the Board realize that additional liquidity will be required to fund future new purchases of the Brazilian assets and to successfully complete workplans related to those concessions. Management has initiated discussions with international financing and industry parties that are interested in Brazil and the oil and gas sector in particular. As discussed in the Risk Factors outlined herein, there can be no assurance that any of the corporate liquidity options discussed above will provide sufficient funds to continue operations for the next twelve months.

Unrestricted cash available at December 31, 2020 consisted of the following:

	Total US Equivalent \$	US Dollar	Paraguay Guarani	Brazil Real
Cash held in United States	3,857	3,857		
Cash held in Paraguay	427		2,945,299	
Cash held in Brazil	829,673			4,306,004
Totals	833,957	2,472	2,945,249	4,306,004

Liquidity Improvements Initiated by Management

The Company's balance sheet and future liquidity impact items have been improved by virtue of recent efforts by Management. The following liquidity improvements helped reduce the drain on the Company's cash requirements.

- In December of 2020, the Company completed the sale of non-operating assets in Brazil. The sale generated \$3,326,645 of cash in Brazil that will allow the Company to focus on its core assets and use some of the sale proceeds to execute the working plan on such other Brazilian assets.
- The Company acquired funds for general corporate purposes via non-brokered private placements for USD \$25,000 in March of 2020, \$525,000 in August of 2019, \$497,350 in the second quarter of 2019 and \$350,000 in the fourth quarter of 2018. These private placements have allowed the Company to continue to operate in the development stage and to begin to acquire assets that Management believe will start producing revenue.
- The Company carried a \$2.7 million liability to Canacol as a result of the October 7, 2015 amendment to the related debenture. All payments of the liability to Canacol shall be made out of the Company's 3% NPI whereby Canacol shall receive the first 33% of the NPI. As such, the Canacol liability shall not have any impact on the Company's liquidity or consume any capital raised by the Company.
- The Company has consummated two "stock-for-debt" transactions in the last several years, allowing the Company to minimize the use of limited cash in exchange for common stock.

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 12 to the Consolidated Financial Statements for a discussion of related party transactions.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements have been prepared using the accrual basis of accounting, and in accordance with IFRS. The Company has only been and intends to stay involved in one business segment, that being the exploration for crude oil and natural gas reserves and the related production thereof. The Company may expand into more than one geographical segment. As such, the most critical accounting estimates necessary to properly record transactions with exploration and evaluation ("E&E") expenditures and with the accounting for property and equipment.

E&E and Property and Equipment

Pre-license expenditures, including geographical and geophysical exploration cost, are expensed in the period in which they are incurred. All costs directly associated with the exploration and evaluation of crude oil and natural gas resources are initially capitalized as an intangible asset on a Prospect-by-Prospect basis. E&E costs are those expenditures for a Prospect where technical feasibility and commercial viability has not yet been determined. All carried costs are subject to technical, commercial and Management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery.

In the future, when a Prospect is determined to be technically feasible and commercially viable, the accumulated costs will be assessed for impairment and then transferred to property and equipment. When a field is determined not to be technically feasible and commercially viable or when the Company decides not to continue with its activity, the unrecoverable costs will be charged to earnings as E&E expense. If sold, proceeds from conveyances of E&E assets representing unproven crude oil and natural gas properties will be applied against the Company's basis in the E&E assets and a gain will only be recognized when the proceeds received exceed the Company's basis in the E&E assets conveyed.

When the Company pursues exploration activities, all costs directly associated with the development of crude oil and natural gas reserves will be capitalized on a field-by-field basis IFRS requirements. The resulting asset will include expenditures for areas where technical feasibility and commercial viability have been determined. These costs could include proved property acquisitions, development drilling, well completion costs, gathering and infrastructure, asset retirement costs and transfers from E&E assets. The costs so accumulated will be depleted using the unit-of-production method based on proved plus probable reserves and using estimated future prices and costs. Costs of major development projects will be excluded from the costs subject to depletion until they are available for use. For divestitures of property, a gain or loss will be recognized in earnings.

As the Company's working interest and operating activities progress, they may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision will be made for the estimated cost of site restoration and capitalized in the relevant asset category. Such obligations will be measured annually at Management's best estimate of the expenditures required to settle the present obligation at the date of each consolidated statement of financial position. Each year the estimated obligation will be adjusted to reflect the passage of time and for changes in the estimated future cash flows underlying the obligation.

The foregoing procedures and IFRS regulations require Management to carefully review types and classifications of expenditures, and to make estimates of commercial viability, resources, and remediation costs. Third party reserve engineers will be relied upon to assist in the determination of resources. Should such estimates be incorrect, amounts carried on the books could be either over or understated, and the resulting recorded results of operations likewise over or understated. With the minimal activity to date, Management does not believe that any changes to historical financial results would be appropriate based on changes in estimates made.

Share-based Payments and Fair Value of Warrants

The estimate of share-based payment costs and of the fair value of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options and expected extinguishments. The Company used the Black-Scholes model for valuing both the options and the warrants.

No other accounting estimates are critical to the Company at this time, and there are no changes in accounting policies or new pronouncements that are expected to impact the Company's record-keeping or results of operations.

FINANCIAL AND OTHER SIMILAR INSTRUMENTS

The Company's financial instruments and liabilities consist of cash, accounts payable, accrued liabilities and advances from related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

The Company incurs certain of its expenditures related to its exploration properties in both U.S. dollars and local currency, as applicable, and as such, is exposed to currency risk due to fluctuations in exchange rates. The Company has not yet undertaken any hedging activities to reduce its exposure to this risk.

PRIMARY RISK FACTORS

The Company's business consists of investments in 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. 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 December 31, 2020, the Company had a working capital deficiency of (\$2,960,834) and cash (including restricted cash) of \$1,985,588, amounts insufficient to meet its expected capital needs in the next twelve months. In addition, the Company has incurred losses since inception and has limited revenues. Management and the Board realize that the Company must generate incremental revenue and additional funds must be raised in the next twelve months in order to fund future operating costs, any potential work programs and to pay general and administrative costs. Unless the Company is successful in generating revenue and raising additional capital and/or securing debt, it may not be able to continue as a going concern.

World Financial Markets

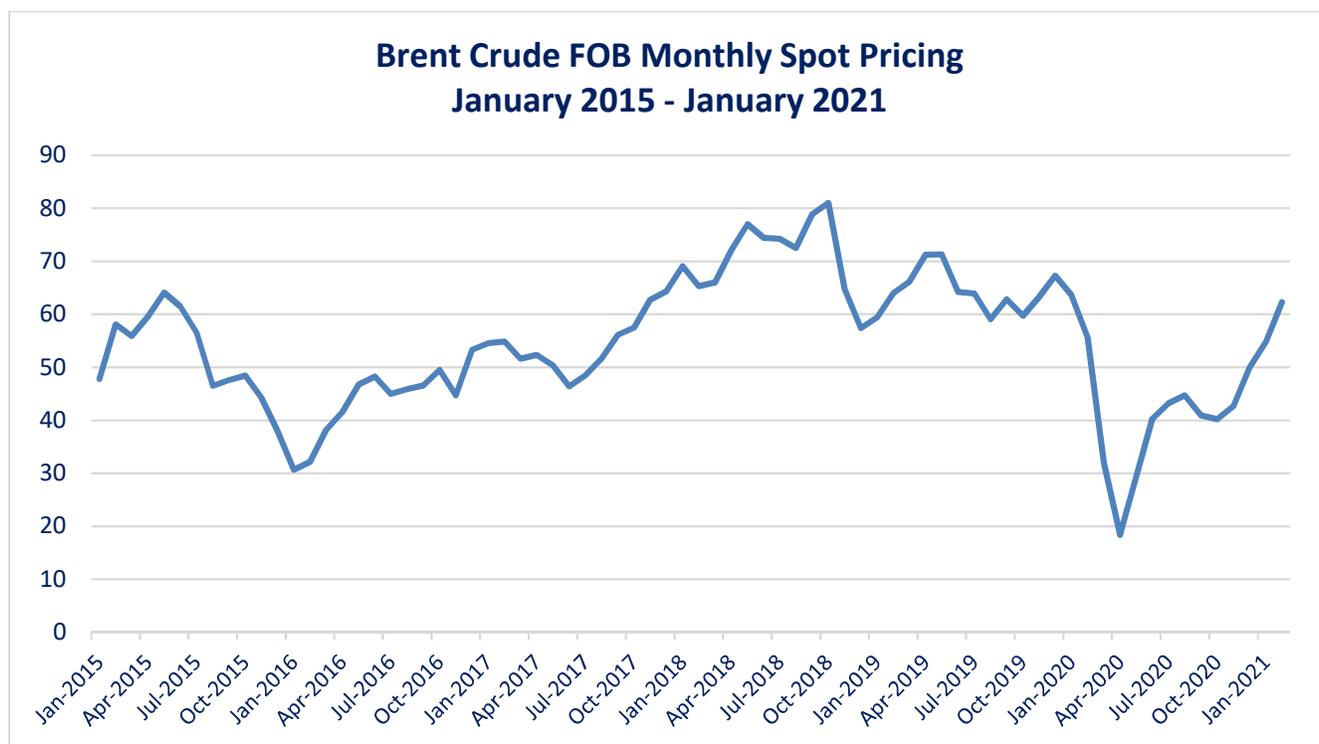
Significant changes in global financial markets may influence the Company’s ability to raise capital. Decisions made by central banks and governments impact available liquidity in markets and influence risk tolerance for investors. These factors are out of management’s control which may negatively influence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

For both Brazil and Paraguay, 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 prior to lift costs.

Brent Crude is the world's leading price benchmark for Atlantic basin crude oils. It is used to price two thirds of the internationally traded crude oil supplies. Below is a chart of monthly Brent Crude FOB Spot pricing at the end of each month from January 2015 through January 2021.



(Source: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RB RTE&f=M>)

Latin American Operations

The Company is focused on the oil and gas market in Latin America, primarily Brazil and Paraguay. Both countries have generally looked favorably on foreign investments and offer a favorable business climate for foreigners. In the past decade, both countries have experienced political turmoil and corruption charges as well as normal business and economic cycles. In addition, changes in the governments, further charges of corruption or other negative events could adversely affect our business in these countries.

Currency

Petro-Victory Energy Corp. is based in the British Virgin Islands with a listing in Canada on the Toronto Venture Stock Exchange. Our general and administrative staff are located in the USA, United Kingdom and Latin America and are primarily paid in US dollars. Our future operations will likely be based in Brazil and Paraguay with revenues and costs denominated in Brazilian real or Paraguayan guarani. Commodity prices are typically priced in US dollars. Depending on currency fluctuations, our revenues and costs will change outside of the Company's control and may adversely impact our 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

To date, the Company has signed acquisition agreements with two Brazil operating partners, and submitted bids on an additional fifteen exploration blocks that were won directly from ANP in the formal bid process. Final purchase negotiations continue. Delays in our 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 our ability to close on the acquisitions and 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.

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.

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.

GLOSSARY

In this MD&A, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Certain other terms used in this MD&A but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

- "2D" means two-dimensional geophysical data;
- "3D" means three-dimensional geophysical data;
- "ANP" is the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis, the governing body for oil and gas in Brazil;
- "Board" or "Board of Directors" means the Petro-Victory formal Board of Directors

- “BOE” means Barrel of Oil Equivalent;
- “Common Shares” means the authorized shares of the Company that are entitled to one vote for each share on all matters to be voted on by shareholders at meetings of the Company’s shareholders.
- “Company” means Petro-Victory Energy Corp., a company incorporated pursuant to the laws of the BVI, and where the context so requires, includes the Company’s direct and indirect subsidiaries, PHSRL, Petro Victory Energy Service Company, Petro-Victory, LLC and any subsidiaries holding the assets acquired in the Asset Acquisitions;
- “ENGEPET” stands for Empresa de Engenharia de Petroleo Ltda., a private oil and gas company in Brazil
- “Imetame” means Imetame Energia, a private oil and gas company in Brazil and a subsidiary of Imetame Group
- “IPO” means the Company’s initial public offering;
- “IPO Prospectus” means the Company’s final, long-form prospectus dated July 11, 2014, which is available for review on SEDAR at www.sedar.com under the Company’s profile;
- “Management” means, collectively, the executive officers of the Company;
- “NI 51-101” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;
- “Option” means an option to acquire a Common Share granted pursuant to the Option Plan;
- “Option Plan” means the stock option plan of the Company;
- “Paraguay” means the Republic of Paraguay;
- “Petro-Victory, LLC” means the limited liability company that was organized under the laws of the state of Texas on December 27, 2006 and that holds the Company’s interests in PHSRL and which became a wholly-owned subsidiary of Petro-Victory Energy Corp. pursuant to the Reorganization on July 22, 2014;
- “PHSRL” means the indirectly-held subsidiary of the Company that was organized under the laws of Paraguay on August 12, 2004 as “Pirity Hidrocarburos S.R.L.” and that held the Company’s interests in the Pirity Concession;
- “Prospect” means a geographic or stratigraphic area, in which the Company owns or intends to own one or more crude oil and natural gas interests, 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 and natural gas;
- “Restricted Voting Shares” means the Class B common shares of the Company, issued to certain of the Existing Unitholders in connection with the Reorganization. The Restricted Voting Shares cannot be voted at meetings of shareholders of the Company for matters concerning the nomination and/or election of directors. The Restricted Voting Shares are convertible at any time into Common Shares and, except for the restriction on voting as set forth above, are otherwise identical to the Common Shares in respect of preferences and privileges;
- “SEDAR” means the System for Electronic Document Analysis and Retrieval which is accessible via the internet at www.sedar.com;
- “Shareholder” means a holder of Common Shares including Class A Full Voting and Class B Restricted Voting;
- “TSX” means the Toronto Stock Exchange.
- “Warrants” refers to the 762,500 issued and outstanding common share purchase Warrants included in the Company’s two debt facilities. Each Warrant entitles the holder to acquire, subject to adjustment, one (1) common share of Company’s stock for each Warrant at a price of CDN \$2.00/s