PETRO VICTORY ENERGY

**PETRO-VICTORY ENERGY CORP.**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**YEAR ENDED DECEMBER 31, 2021**

The following Management's Discussion and Analysis ("MD&A") is dated May 3, 2022 and should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes as of December 31, 2021 of Petro-Victory Energy Corp. ("Petro-Victory" or the "Company") for the years ended December 31, 2021 and 2020. The audited Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information for the Company can be found at the SEDAR website 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 "USD$" refer to United States dollars.** References to "CDN $" are to Canadian dollars. A discussion of non-IFRS terms and a glossary of other terms is included at the end of this report.

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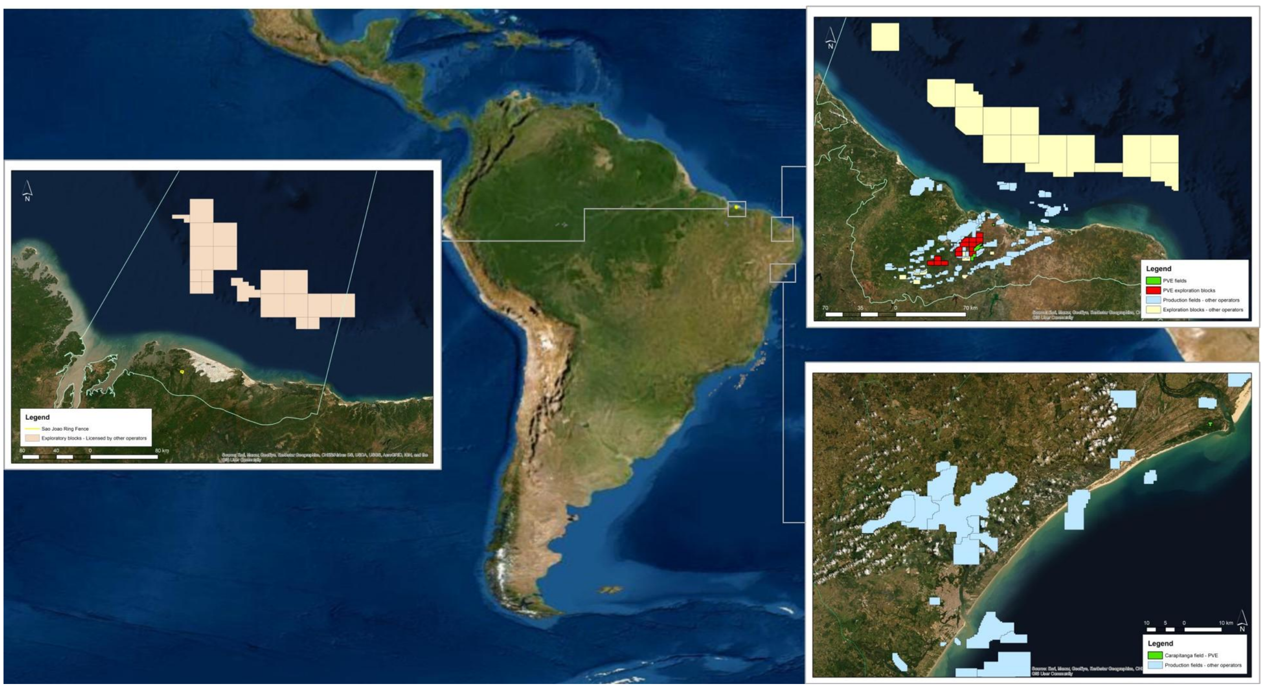
## DESCRIPTION OF BUSINESS

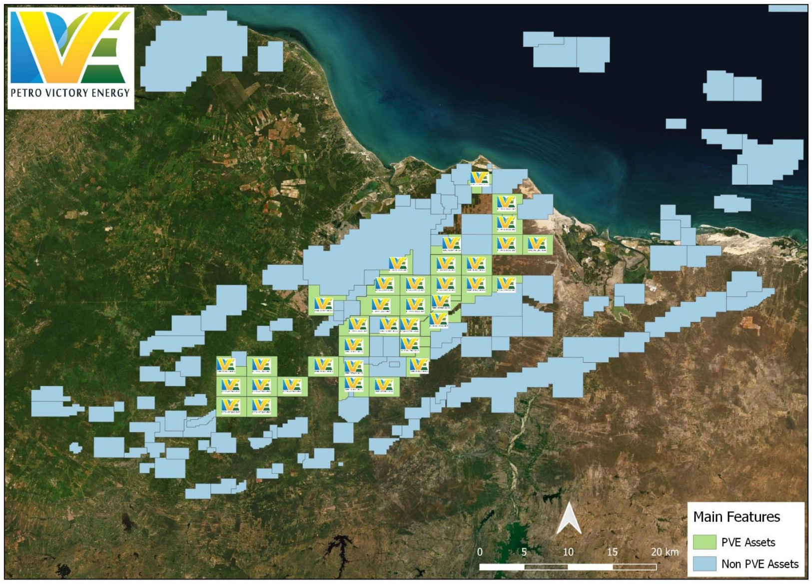
Petro-Victory Energy Corp. was incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) on May 20, 2014. The British Virgin Islands were selected for the Company's domicile based on favorable business laws, tax laws, and relationships with Canada, the United States and most Latin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

Petro-Victory, 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 operating Basins: Barreirinhas, Potiguar, and Sergipe (as of 31st Dec 2021)*

At December 31, 2021, Petro-Victory holds working interests in twenty (20) licenses totaling 129,774 acres in three (3) oil producing basins in Brazil. As described in the "Subsequent to Fiscal Year 2021" events, Petro-Victory has expanded its working interest to thirty-eight (38) licenses totaling 257,604 acres in two (2) oil producing basins through the successful acquisition of nineteen (19) additional blocks in the April 2022 ANP Permanent Offer Round. Petro-Victory now holds a substantial position within the prolific Potiguar basin.



*Petro-Victory holdings in the Potiguar Basin (April 14, 2022)*

**Petro-Victory's Business Strategy**

Petro-Victory's business strategy is to deliver substantial returns to its shareholders through the growth of its on-shore upstream asset acquisition and development business model that focuses on disciplined investment in high potential, low-risk assets.

Petro-Victory builds and maximizes shareholder value through:

- Acquiring assets that are under-valued
- Assessing, analyzing, and updating geological and geophysical data
- Developing independent auditable reserve reports
- Developing and executing drilling and work programs that maximize near and long-term production
- Methodical growth of our low-cost and high margin production
- Methodical growth of our proven reserves
- Conversion of under-developed assets into high-value and high-margin production

**Petro-Victory Leadership Team Philosophy: Technology – Operations – Financial Excellence**

The Company continues to grow and develop its execution team in Brazil to unlock and grow value across its portfolio of 38 Oil Blocks

- Technical Excellence: Identify, Quantify and Certify Reserves
- Operational Excellence: Monetize the Reserves - Drill, Test, Produce and Sell Oil
- Financial Excellence: Cash Flow, Profitability, Reinvestment

Above all, the Company strives to build a team with a consistent Petro-Victory work ethic:

- "Chop wood and carry water every day. No Zero Days" – Richard Gonzalez, CEO

## 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 the evolution of the Brazilian energy sector, regulatory changes, and privatization offer unprecedented opportunities to invest in under-developed energy assets in Brazil.

In 2015, Petrobras (national oil company of Brazil), 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 asset developments. On October 28, 2018, Jair Bolsonaro was elected President of Brazil running his campaign on a platform and plan to drive Brazil's economic recovery by prosecuting corruption, overhauling Brazil's entitlement programs, embracing international business efforts, and continuing the Petrobras asset divestiture plan.

### Petro-Victory 2017 Brazilian Launch

In 2017, the Company commenced its Brazilian acquisition strategy for an Exploration and Production ("E&P") portfolio in Brazil by participating in a number of farm-in opportunities as well as the ongoing Petrobras onshore E&P divestment program. On September 28, 2018 the Company completed the acquisition of production and working interests in four oil fields (Andorinha, Alto Alegre, Carapitanga, and Sao Joao), totaling 12,850 gross acres, located within three developed onshore basins in Brazil for a US $1.6 million acquisition cost (US $125 per acre) with US $0.375 million paid at signing, and US $1.225 million paid upon ANP approval. The Company's initial acquisition included:

- 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; and
- 50% non-operating interest in the Sao Joao onshore oil field in the Barreirinhas Basin.

This acquisition of the four oil fields was the Company's first crucial step in establishing a successful oil and natural gas business in the Country of Brazil and provided a foundation to establish the Petro-Victory business platform to grow into one of the leading independent onshore Brazil E&P companies. The initial acquisition allowed Petro-Victory to establish its Brazilian subsidiary, acquire debt financing to support the acquisition, and participate in future bid rounds and Petrobras divestments.

Continuing from its 2017 Brazilian launch, the Company has grown its asset portfolio as of the date of this report to 38 blocks in Brazil totalling 257,604 acres (1,042 $km^2$), established a foundation to support operational scale, established a disciplined methodology to acquire and develop undervalued assets into high-value assets, established critical Brazilian partnerships, effectively raised institutional capital and substantially increased shareholder value.

In April of 2020, the Company realized its first revenue from the sale of oil, and in 2021 the Company announced the first independent reserve assessment for three of the Brazilian assets.

**Portfolio Work Program Execution for Year Ending December 31, 2021**

The Company's investment and work program for 2021 consisted of well workovers, infrastructure enhancement, and a geological and geophysical analysis across targeted assets.

In February 2021 a contractor workover rig was mobilized to SJ-11 for installation of a PCP system to provide artificial lift following the successful oil tests in 2020. Upon completion of the work, two wells at Sao Joao (SJ-06 and SJ-11) were online with PCP system. For the SJ-01 well, a PCP installation is planned in the future while the well continues to produce via natural flow.

In Q1 2021, a considerable investment in time and resources were put into renewing the subsurface mapping, analyzing well data, and creating development plans for the Andorinha and Sao Joao fields. The results of this were seen in the year-end 2020 reserve report dated April, 2021 where the Company announced independently certified (GLJ Petroleum Consultants Ltd.) 2P reserves of 2.8 million barrels of oil equivalent ("BOE") and PV10 valuation before tax of US $90,386,000.

The Company completed the acquisition of the Trapia field in April 2021 (as part of the ANP Oferta Permanente 1 acquisition announced in 2019) and commenced with the reprocessing of 2D seismic in July 2021. A full independent petrophysical review of the wells was concluded. In June and July 2021, the company recovered and tested the abandoned TR-02 well at Trapia and recovered oil. TR-02 was placed into temporary production in August 2021 and following positive results, permanent oil field facilities at the TR-02 location were installed with the TR-02 well producing for 5 full months in 2021.

In August 2021, the Company announced it had executed binding purchase agreements and made initial payment to increase its working and operating interest in the São João field to 100% for cash consideration of US $865,000 paid over 14 months and the transfer of the Company's working interest in the non-strategic Carapitanga oil field (247 acres, 1 well, 2.25 barrels of oil per day ("BOPD") production) to the current operator EPG.

Subsequent to the São João transaction with EPG, the Company consolidated and captured 100% operating and working interests in nineteen (19) licenses totaling 129,524 acres in two (2) different producing basins in Brazil. By capturing 100% operating and working interests in all assets, the Company achieved independence, autonomy and flexibility required to effectively acquire and deploy capital across its portfolio.

By June 2021 the Company's production in the Potiguar Basin had declined to less than 10 BOPD due to forecasted field level declines and a mechanical failure at the producing AND-01 oil well. In July, the Company sourced a workover rig to re-enter and resolve the mechanical issue, and to re-enter and test existing wells within the production concessions. Following this corrective action, production from the Andorinha and Trapia fields went from just under 10 BOPD to averaging 52 BOPD in Q4 2021.

At the Alto Alegre field, the Company commenced with the reprocessing of 2D seismic in July 2021 in addition to a full independent petrophysical review of the wells. The abandoned ALG-01 well was recovered and re-entered in October 2021 and successfully tested oil over 2 independent zones. The well was suspended, and the Company started to install oilfield production facilities at the ALG-01 well location in late 2021 with the expectation to start commercial production in 2022.

**Brazil Portfolio Advancement Subsequent to the Fiscal Year Ending December 31, 2021**

Following the successful oil well tests at Trapia and Alto Alegre fields in the Potiguar Basin, and the receipt of the 2D seismic processing products in Q1 2022, the Company integrated and revised the subsurface mapping, geologic interpretation, and development plans for these two fields in Q1 2022. The results of this were seen in the year-end 2021 reserve report which was announced to the market in April 2022.

In March 2022, the Company announced environmental drilling permits had been secured for a total of 6 development wells at the Andorinha field from Brazil's Environmental Agency, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA).

In April 2022, Company signed an exclusive 8-month rig contract with Mapeen Engenharia e Manutenção for the provision of the MAPEEN-01 drilling rig. The rig will be used for drilling and testing of 4 new wells at the Andorinha field before executing a workover program on the Trapia and São João fields.

Petro-Victory also announced on April 11, 2022, the launch of its environmental, social and governance ("ESG") initiative and signed a contract to build a solar project adjacent to the Andorinha oil field. The Andorinha Solar Project had been sized to provide all the electrical requirements of the Andorinha field through the next phase of development and can be upsized further for future development phases. The capacity of the project is 0.3MWh producing on average 40MWh/month, and the project will reduce the Company's Scope 2 emissions by an estimated 60 tons of $CO_2$ per year.

On April 14, 2022, Petro-Victory announced that it has secured 19 new oil and natural gas blocks in the Potiguar Basin onshore Brazil, which is the Company's core operating geography. The acquisition cemented Petro-Victory's status as one of the largest landholders in the highly proliferous basin and expanded the Company's existing 100% operating portfolio to 38 blocks totaling 257,604 acres (1,042 sq km).

**INDEPENDENT AUDITED RESERVES**

As of December 31, 2021, the Company's independently audited reserves consisted of total proved plus probable ("2P") reserves of 3.796 MMBOE and a before-tax value discounted at 10% of US $149.682 million for four of its 20 blocks, including Andorinha, Alto Alegre, Trapia, Carapitanga, and Sao Joao fields. GLJ Petroleum Consultants Ltd. Assessed, evaluated and certified the reserves. The net 1P reserves alone amounted to 1.744 MMBOE with a PV10 valuation before tax of US $66.266 million. The related 3P reserves totaled 5.537 MMBOE with a PV10 valuation before tax of approximately US $212 million. Considering the transaction to purchase the entire 100% working interest of the Sao Joao field which is due to receive all relevant approvals in 2022, GLJ prepared a Proforma Reserves Assesment which assigned total proved plus probable ("2P") reserves of 4.518 MMBOE and a before-tax value discounted at 10% of US $178.730 million.

## 2022 BUSINESS PLAN

The Company's focus is on executing the 2022 and future drilling and work-over program to significantly increase production, cash flow and profitability.

**Summary of Brazil Assets (as of 12/31/21)**

| Name of Block | Basin | Percent of Block Owned | Area (acres) | Area (sq km) | GLJ Reserves Assigned | Expiry Date if applicable |
|---|---|---|---|---|---|---|
| | | | | | | |
| Andorinha | Potiguar | 100 | 9,884 | 40 | Yes | 2036 |
| Alto Alegre | Potiguar | 100 | 1,315 | 5.32 | Yes | 2037 |
| Trapia | Potiguar | 100 | 6,178 | 25 | Yes | 2037 |
| Sao Joao | Barreirinhas | 50 | 1,421 | 5.75 | Yes | 2036 |
| Carapitanga | Sergipe | 50 | 247 | 1 | Yes | 2028 |
| POT-T-392 | Potiguar | 100 | 7,933 | 32.102 | No | 2026* |
| POT-T-432 | Potiguar | 100 | 7,244 | 29.315 | No | 2026* |
| POT-T-433 | Potiguar | 100 | 7,846 | 31.753 | No | 2026* |
| POT-T-434 | Potiguar | 100 | 7,889 | 31.927 | No | 2026* |
| POT-T-476 | Potiguar | 100 | 10,339 | 41.84 | No | 2026* |
| POT-T-477 | Potiguar | 100 | 7,887 | 31.917 | No | 2026* |
| POT-T-478 | Potiguar | 100 | 3,521 | 14.25 | No | 2026* |
| POT-T-519 | Potiguar | 100 | 6,995 | 28.307 | No | 2026* |
| POT-T-521 | Potiguar | 100 | 5,605 | 22.682 | No | 2026* |
| POT-T-564 | Potiguar | 100 | 7,950 | 32.172 | No | 2026* |
| POT-T-566 | Potiguar | 100 | 5,949 | 24.074 | No | 2026* |
| POT-T-606 | Potiguar | 100 | 7,909 | 32.006 | No | 2026* |
| POT-T-650 | Potiguar | 100 | 7,887 | 31.917 | No | 2026* |
| POT-T-651 | Potiguar | 100 | 7,887 | 31.917 | No | 2026* |
| POT-T-652 | Potiguar | 100 | 7,887 | 31.917 | No | 2026* |

* Can be extended if proven commercial

## FINANCIAL & OPERATING SUMMARY

| (In United States dollars) | Year Ended December 31, 2021 | 2020 |
|---|---|---|
| **Financial** | | |
| Oil sales | $ 871,513 | $ 297,065 |
| Net income (loss) | (2,773,596) | 187,579 |
| Per share – basic ($) and diluted ($) | (0.275) | 0.020 |
| Capital Expenditures | 1,203,440 | 16,488 |
| Total Assets | 8,930,592 | 4,686,764 |
| Cash and cash equivalents | 139,692 | 833,957 |
| Net working capital deficiency | (3,775,069) | (2,960,834) |
| Weighted average shares outstanding | | |
| Basic | 10,096,087 | 9,205,913 |
| Fully Diluted, end of year | 15,664,245 | 11,715,676 |
| **Operations** | | |
| Oil sales: | | |
| Oil (bopd) | 38 | 18 |
| Average realized prices: | | |
| Oil ($/bbl) | $ 62.87 | $ 46.26 |
| Operating netback ($/boe) | | |
| Realized sales price | $ 62.87 | $ 46.26 |
| Royalties | (4.51) | (4.92) |
| Production expenses | (22.88) | (9.93) |
| Operating netback | $ 35.48 | $ 31.41 |

## SIGNIFICANT HISTORICAL EVENTS

The following is a summary of significant events in the general development of the business of Petro-Victory during the last three fiscal years.

### Fiscal Year Ending December 31, 2019

The Company participated and bid in the ANP Oferta Permanente 1 ("Permanent Offer Round 1") held in Rio de Janeiro, Brazil on September 10, 2019 and was awarded 16 new oil concessions in the oil prolific Potiguar Basin of Brazil. The acquisition increased the Petro-Victory Brazil portfolio to 25 oil concessions and represented a 250% increase in acreage. The 16 new oil concessions covered 116,904 acres and are located adjacent to Petro-Victory's operating infrastructure at the Andorinha and Alto Alegre oil fields. The closure and signing date for the 16 oil concessions occurred throughout 2020 and the first half of 2021 with the initial signature bonus payable on completion estimated to be $0.909 million.

As a result of successfully participating in the Brazil Petrobras Divestment Program, and submitting a binding bid in April 2019, the Company announced in November 2019, that it had acquired a 50% working interest in 3 onshore oil fields in the Espírito Santo Basin (EST), for total consideration of USD $4,686,223. Petro-Victory paid a 7.5% deposit of US $702,933 with the remaining balance of US $3,983,290 due upon approval by the Agencia Nacional do Petroleo Gas Natural e Biocombustiveis of Brazil ("ANP").

After completing detailed subsurface work over the ES-T-487 Block in the State of Espírito Santo, the Vida prospect was mapped and identified as a drilling candidate for H1 2020.

At the Sao Joao oil field in the State of Maranhão, the company successfully re-entered and completed several production tests at the abandoned SJ-01 oil well during June, July, and December 2019. The positive results seen at SJ-01 resulted in the commencement of the purchase and installation of oil field production facilities at the field area in anticipation for commercial production in 2020.

**Financial Year Ending December 31, 2020**

In March 2020, the Company announced that it had commenced the drilling of the 1-VID-1-ES (Vida) exploration well located in Block ES-T-487 Espírito Santo Basin, Brazil. The Vida well was targeting prospective sandstone reservoirs in the São Mateus Formation with internal mapping and volumetrics estimating the mean recoverable resources of the Vida prospect to be 855,000 BOE.

The discovery of oil at the 1-VID-1-ES (Vida) exploration well located in Block ES-T-487 Espírito Santo Basin, was announced on April 7, 2020. The Vida exploration well was drilled to a total depth of 1,890 meters in the onshore portion of the Espírito Santo Basin, Brazil. Evaluation of logging, pressure, and fluid data confirmed that Vida was comprised of high-quality oil-bearing Cretaceous sandstone reservoirs. The well encountered 49 meters of net oil pay, exceeding Petro-Victory's pre-drill forecast of 855,000 barrels of mean recoverable resource. Oil was successfully recovered to surface during fluid sampling from a sandstone reservoir at 1,600m and preliminary observations of the oil sample show similar qualities to a nearby oil field (24 API, low BSW). Oil pay was encountered across the Vida well with the majority of oil pay occurring between 1560-1660m.

The divestment of all of the Company's non-operated assets were announced in November 11$^{th}$, 2020, when Petro-Victory entered into a binding Purchase and Sale Agreement with EnP Ecossistemas Energéticos Holdings S.A ("EnP") for a consideration of US$3,326,644.

The final Purchase and Sale Agreement with EnP included of the Company's 50% non-operated working interest in five onshore exploration concessions and the Company's option to purchase a 50% operating interest in three onshore oil fields (Lagoa Parda, Lagoa Parda Norte and Lagoa Piabanha) in the Espírito Santo Basin, for the same proportional amount paid to Petrobras. The Company received consideration consisting of the refund of 7.5% deposit paid for the Lagoa Parda transaction, in the amount of US $702,933, and the assumption of all existing debts and liabilities associated with the working interests being sold in the Brazilian exploration concessions and oilfields. Included in the five exploration concessions was Block ES-T-487, where the company and its operating partner, IMETAME Energia Ltda., successfully drilled the 1-VID-ES (Vida) exploration well.

At the Sao Joao oil field in the State of Maranhão, the company installed production facilities at the field area, including storage tanks, flow lines, road access, and general civil and mechanical work. The SJ-01 well was brought online in April 2020 and a declaration of commerciality was sent to the ANP where the 3-year evaluation agreement was converted into a 20+ year production concession.

A workover rig was mobilized in Q2 2020 to commence additional production testing following the positive results from testing at the SJ-01 oil well in 2019. Successful oil tests were completed on SJ-06, and SJ-11 wells after recovering and re-entering these abandoned wells, with oil produced during the testing phase sold to achieve payback of acquisition costs and CAPEX.

Following successful production testing, the SJ-06 well was suspended in August 2020 to install a progressive cavity pump (PCP) system to provide artificial lift. SJ-06 resumed production in October 2020 following the installation of the PCP system. Production testing at SJ-11 occurred throughout Q4 2020, with the well suspended in late December with view to install a progressive cavity pump (PCP) system to provide artificial lift in 2021.

During 2020, the raw 2D seismic data was sourced from the State and was successfully processed (no processed seismic data was available previously). With the new seismic data, and the new oil test data from SJ-01, SJ-06, and SJ-11, the Company started work on a full subsurface evaluation with the aim of submitting a new development plan for the field to their independent reserve auditors in time for year-end 2020 fillings (April 2021).

In November 2020 the Company successfully took over field operations at the Andorinha oil field in the Potiguar Basin, in the State of Rio Grande do Norte, and in December 2020 they re-entered the suspended GALP-38 well and conducted production tests at this well to increase production of the field area.

**Fiscal Year Ending December 31, 2021**

In February 2021, a workover rig was mobilized to SJ-11 for installation of a PCP system to provide artificial lift following the successful oil tests in 2020. On completion of the work, 2 wells at Sao Joao were online with PCP system (SJ-06 and SJ-11), with SJ-01 PCP installation planned in the future while the well continues to produce via natural flow.

Executing its strategy of acquiring under-valued assets and developing their full economic potential, the Company made strategic and foundational investments into renewing the subsurface mapping, understanding, and development plans for the Andorinha and Sao Joao fields in Q1 2021. The results of this were seen in the year-end 2020 reserve report which was announced to the market on April 2021 where the Company announced independently certified 2P reserves of 2.8 million BOE and PV10 Valuation before tax of US $90,386,000. Our initial reserve report provided the foundational baseline reserves upon which the Company can make targeted investments.

The Company completed the acquisition of the Trapia field in April 2021 (as part of the ANP Oferta Permanente 1 acquisition announced in 2019) and commenced with the reprocessing of 2D seismic in July 2021. A full independent petrophysical review of the wells was concluded. In June and July 2021, the company recovered and tested the abandoned TR-02 well at Trapia and recovered oil. TR-02 was placed into temporary production in August 2021 and following positive results, permanent oil field facilities at the TR-02 location were installed with the TR-02 well producing from August to December 2021.

In August 2021, the Company announced it had executed binding purchase agreements and made initial payment to increase its working and operating interest in the São João field, in the Barreirinhas Basin onshore Brazil, to 100% from 50% for cash consideration of US$865,000, paid over 14 months. In addition to cash consideration, Petro-Victory agreed to transfer its 50% working interest in the non-strategic Carapitanga oil field (247-acres, 1 well, 2.25 BOPD production) to the current operator EPG. The result of the transaction is that the Company holds 100% operating and working interests in nineteen (19) licenses totaling 129,524 acres in two (2) different producing basins in Brazil.

By June 2021, the Company's production in the Potiguar Basin had declined to less than 10 BOPD due to forecasted field level declines and a mechanical failure at the producing AND-01 oil well. In July, the Company sourced a workover rig to re-enter and resolve the mechanical issue, and to re-enter and test existing wells within the production concessions. Following this corrective action, production from the Andorinha and Trapia fields went from just under 10 BOPD to averaging 52 BOPD in Q4 2021.

At the Alto Alegre field in the Potiguar Basin, the Company commenced with the reprocessing of 2D seismic in July 2021 in addition to a full independent petrophysical review of the wells. The abandoned ALG-01 well was recovered and re-entered in October 2021 and successfully tested oil over two independent zones. The well was suspended, and the Company started to install oilfield production facilities at the ALG-01 well location in late 2021 with the expectation to start commercial production in 2022.

**Subsequent to the Year Ended 2021**

Following the successful oil tests at Trapia and Alto Alegre fields in the Potiguar Basin, and the receipt of the 2D seismic processing products in Q1 2021, the Company integrated and revised the subsurface mapping, understanding, and development plans for these two fields in Q1 2021. The results of this were seen in the year-end 2021 reserve report which was announced to the market in April 2022.

In March 2022, the Company announced environmental drilling permits had been secured for a total of 6 development wells at the Andorinha field from Brazil's Environmental Agency, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis ("IBAMA").

In April 2022, Company signed an exclusive 8-month rig contract with Mapeen Engenharia e Manutenção for the provision of the MAPEEN-01 drilling rig. The Rig will be used for drilling and testing of 4 new wells at the Andorinha field before executing a workover program on the Trapia and São João fields.

Petro-Victory also announced the launch of its ESG initiative and signed a contract to build a Solar Project adjacent to the Andorinha oil field. The Andorinha Solar Project had been sized to provide all the electrical requirements of the Andorinha field through the next phase of development and can be upsized further for future development phases. The capacity of the project is 0.3MWh producing on average 40MWh/month, and the project will reduce the Company's Scope 2 emissions by an estimated 60 tons of $CO_2$ per year.

On April 14, Petro-Victory announced that it has secured 19 new oil and gas blocks in the Company's core operating area, the Potiguar Basin onshore Brazil. With the acquisition cementing Petro-Victory's status as one of the largest landholders in the highly petroliferous basin and taking the Company portfolio to Company's existing portfolio to 38 100% operated blocks which cover 257,604 acres (1,042 sq km).

## DISCUSSION OF 2021 OPERATIONS

*Fourth Quarter and Full Year 2021 Activities*

The fourth quarter of 2021 resulted in a loss from operations of $446,683 and a net comprehensive loss of $832,692. The loss from operations decreased from the 2020 fourth quarter loss from operations of $638,814. The 2021 net comprehensive loss of $2,773,596, an increase of $2,961,175, compared to the 2020 net comprehensive income of $187,579. The fourth quarter 2021 operating loss decreased from 2020 primarily due to a $220,140 increase in revenue, a $210,267 decrease in payroll and related expenses and $95,163 decrease in office expense. This was partially offset by a $188,344 increase in consulting expenses. The net comprehensive loss increased due to a $2,408,824 gain on sale of assets in 2020.

For the year ended December 31, 2021, the $2,064,079 loss from operations was roughly the same as the year ended December 31, 2020. There was a $574,448 increase in revenue and a $394,380 decreaes in payroll and related expenses. However, these were offset by an increase of $327,837 in consulting fees, $352,846 increase in professional fees and a $253,421 increase in well operating expenses.

## FINANCIAL AND OPERATING REVIEW

### Sales Volumes

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Total Oil sales (bbls) | 5,677 | 3,920 | 13,861 | 6,422 |
| Average daily oil sales (boepd) | 62 | 43 | 38 | 18 |

Our average daily sales volumes increased in 2021 compared to 2020 due to new wells on line and improvements to existing facilities.

### Average Realized Prices

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Average realized prices: | | | | |
| Oil ($/bbl) | $ 70.28 | $ 45.61 | $ 62.87 | $ 46.26 |
| Average benchmark prices: | | | | |
| Brent Oil ($/bbl) | $ 79.61 | $ 44.39 | $ 70.85 | $ 40.75 |
| Average Foreign Exchange Rate ($1 = BRL) | 5.59 | 5.40 | 5.40 | 5.16 |

Average realized prices improved from the mid $45 per Bbl at the end of 2020 to the mid $60s by the end of 2021. The Company realized increases comparable to the overall oil market.

### Oil Revenues

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Oil revenues | $ 398,935 | $ 178,795 | $ 871,513 | $ 297,065 |

Petro-Victory generated $399 thousand in total revenues in the fourth quarter, an increase of 123% compared to the fourth quarter 2020 revenues of $178 thousand as a result of a 45% increase in production volume and a 51% increase is realized prices. Total revenues for the year ended December 31, 2021 increased $574 thousand or 193% compared to the year ended December 31, 2020, primarily due to a 116% increase in production volume and a 36% increase in realized prices.

**Royalties**

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| Royalties | $ 26,555 | $ 22,216 | $ 62,486 | $ 31,566 |
| Royalties ($ per boe) | $ 4.68 | $ 5.67 | $ 4.51 | $ 4.92 |
| Royalties as a percentage of sales (%) | 7% | 12% | 7% | 11% |

Both the year ended December 31, 2021 and the three months ended December 31, 2021 royalty per boe decreased, compared to the same periods in 2020.

Operating Netback per Barrel of Oil Equivalent Operating netback is calculated on a per unit basis, which is per barrel of oil equivalent ("boe"). It is a common non-IFRS measure used in the oil and natural gas industry and management believes this measurement assists in evaluating the operating performance of the Company at the lease level. It is a measure of the economic quality of the Company's producing assets and is useful for evaluating variable costs as it provides a reliable measure regardless of fluctuations in production. Operating netback is calculated as natural gas, oil and condensate sales (after sales taxes) less royalties, and production and transportation costs on a per unit (barrel of oil equivalent) basis. This calculation per unit is provided in the Selected Quarterly Results Section of this MD&A and is illustrated using our IFRS measures as follows:

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| Oil sales | $ 398,935 | $ 178,795 | $ 871,513 | $ 297,065 |
| Royalties | (26,555) | (22,216) | (62,486) | (31,566) |
| Production expenses | (122,166) | (59,490) | (317,185) | (63,764) |
| Operating netback | $ 250,214 | $ 97,089 | $ 491,842 | $ 201,735 |
| Operating netback per boe ($) | $ 44.08 | $ 24.77 | $ 35.48 | $ 31.41 |

**G&A**

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| G&A Expenses, by type: | | | | |
| Payroll and related | $ 188,900 | $ 399,167 | $ 873,699 | $ 1,268,079 |
| Professional fees | 156,449 | 120,466 | 846,099 | 493,253 |
| Office expense and other | (622) | 94,541 | 127,061 | 161,748 |
| Travel and related | 25,001 | 6,548 | 54,234 | 51,418 |
| Insurance | 14,799 | 16,398 | 63,784 | 87,896 |
| Director' fees | 26,250 | 26,250 | 95,000 | 105,000 |
| Consulting | 236,201 | 47,857 | 405,225 | 77,388 |
| Gross G&A | $ 646,978 | $ 711,227 | $ 2,465,102 | $ 2,244,782 |

Gross G&A expenses declined $64,249 in the fourth quarter compared to the same period in 2020 as a result of an increase in consulting expenses of $188,344 which was more than offset by a decrease of $210,267 in payroll and related expenses and a decrease of $95,163 in office related expenses. The decrease in payroll expense was primarily attributable to a drop in stock based compensation.

Full year gross G&A expenses in 2021 increased by $220,320 compared to 2020. This was primarily due to a $352,846 increase in professional fees and a $327,837 increase in consulting fees offset by a decrease in payroll expense of $394,380.

**Financing Costs**

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| Accretion on decommissioning liabilities | $ 619 | $ - | $ 2,109 | $ 1,341 |
| Amortization of deferred financing costs | 446,590 | 12,855 | 493,347 | 52,152 |
| Interest on credit facility | 126,556 | 74,352 | 436,051 | 306,838 |
| Finance expenses | $ 573,765 | $ 87,207 | $ 931,507 | $ 360,331 |

**Share Based Compensation**

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| Share based compensation expense | $ (41,862) | $ 102,653 | $ 78,138 | $ 319,798 |

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. At December 31, 2021, 2,469,156 stock options were outstanding compared to 1,739,156 stock options at December 31, 2020. The expense reduction in the fourth quarter of 2021 was necessary to reflect the unusual timing of stock option awards.

**Depletion and Depreciation**

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Year Ended December 31, 2021 | Year Ended December 31, 2020 |
|---|---|---|---|---|
| Depletion and depreciation | $ 49,919 | $ 24,676 | $ 90,819 | $ 24,676 |
| $ per boe | $ 8.79 | $ 8.84 | $ 6.55 | $ 3.84 |

The Company recognized $49,919 of depletion in the fourth quarter of 2021 compared to $24,676 in for fourth quarter of 2020 and $90,819 for the year ended December 31, 2021 compared to $24,767 for the year ended December 31, 2020. Depletion and depreciation of $8.79 per boe in the fourth quarter was consistent with the fourth quarter of 2020.

## SELECTED QUARTERLY RESULTS

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

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial Measures** | **Dec 31** | **Sept 30** | **June 30** | **Mar 31** | **Dec 31** | **Sept 30** | **June 30** | **Mar 31** |
| Total Revenue | $ 398,934 | $ 154,026 | $ 170,800 | $ 147,753 | $ 178,796 | $ 74,625 | $ 43,644 | - |
| Net Income (loss) | (832,692) | (764,313) | (504,728) | (671,863) | 1,809,061 | (524,196) | (553,062) | (544,174) |
| Income (loss) per Share | (.08) | (.08) | (.05) | (.07) | .21 | (.06) | (.06) | (.07) |
| Capital Expenditures | 223,973 | 936,997 | - | 42,470 | 16,488 | - | - | - |
| Total Assets | 8,930,592 | 17,648,501 | 3,073,680 | 3,498,286 | 4,686,764 | 2,931,154 | 2,741,148 | 2,736,493 |
| Total Current Liabilities | 3,951,490 | 3,174,691 | 4,477,357 | 4,404,567 | 4,952,147 | 3,636,814 | 3,017,386 | 2,584,145 |
| Total Long-term Liabilities | 4,573,173 | 5,195,678 | 2,234,911 | 2,270,080 | 2,277,615 | 3,749,003 | 3,762,801 | 3,746,897 |

## 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, 2021:

| | Number of Shares as of, | |
|---|---|---|
| | **December 31, 2021** | **May 3, 2022** |
| Common Shares | 9,241,664 | 14,679,464 |
| Restricted Voting Shares | 3,249,675 | 3,249,675 |
| Issued Warrants to Debt Holders | 703,750 | 705,750 |
| Issued and Outstanding Options | 2,469,156 | 2,469,156 |
| Issued Warrants to Shareholders | - | 5,629,800 |

## 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 natural gas revenues in order to continue its growth plans. In 2021, the Company refinanced its debt facility and was able to retire several existing loans. Subsequent to December 31, 2021, the Company completed an equity offering totaling CAD$10,875,600 as announced in February of 2022. This offering provided the Company with sufficient liquidity to enable the Company to execute its 2022 work program and ANP auction strategy.

*Credit Facilities*

On September 3, 2021, the Company announced a series of transactions that included new secured debt, the repayment of existing debt, an in-kind subscription to a newly-formed energy focused investment fund (see Notes 9 and 11 of the Consolidated Financial Statements), and the exercise by a lender (Max 579 Ltd) of warrants to purchase common shares of the Company (also see Note 9). The new financing was in the form of a US $5,000,000 secured loan from PPF 13, a Dallas-based limited partnership, payable over a term of five years with annual principal payments of US $500,000 plus interest at a rate of seven-point one percent (7.1%). As part of the transaction, PPF 13 also received 375,000 warrants to purchase a like-number of common shares at a share price of CDN $2.03.

Further to the refinancing, on August 28, 2018, the Company had entered into a credit facility with PPF9, LLC (“PPF”) under which the sum of US $1,400,000 was advanced on August 29, 2018. At that time PPF also received warrants to purchase 105,000 common shares that expired unexercised upon payoff. On November 19, 2019, the Company closed a secured debt financing with 579 Max Ltd totaling $2,000,000, and on July 15, 2021, an additional US $700,000 was borrowed from the same lender. Warrants allowing 579 Max Ltd to purchase 887,625 common shares at prices ranging from CDN $2.00 to $2.20 were issued to Max 579 Ltd and exercised upon payoff (see Note 9). All three of these loans were repaid with the US $5,000,000 proceeds.

On August 25, 2021, the Company closed an unsecured loan of US $1,000,000 from a new lender, Global Energy Transition Fund I. The loan bears interest at 9% per annum and is due on August 24, 2022. In connection with this loan, the Company issued 328,750 warrants exercisable at CDN $2.03 per share.

In April of 2020 the Small Business Administration (“SBA”) made certain loans available to companies making US payrolls in order to assist the companies and minimize payroll disruptions. Petro-Victory applied for and received a loan of US $28,900 for such purposes. The loan was fully forgiven by the SBA in June of 2021.

## LIQUIDITY

The Company generated its first revenues in 2020, and revenues have increased each quarter since then totaling $871,513 in fiscal year 2021. At this point in time, revenues are insufficient to cover all of the related costs. To fund its operations and recent acquisitions, the Company entered into the new loans discussed above and issued common stock for cash over the last few years as well.

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, 2021 consisted of the following:

| | Total US Equivalent $ | US Dollar | Paraguay Guarani | Brazil Real |
|---|---|---|---|---|
| Cash held in United States | $ 32,697 | $ 32,697 | | |
| Cash held in Paraguay | 1,855 | | $ 14,362,317 | |
| Cash held in Brazil | 105,140 | | | $ 585,628 |
| **Totals** | $ 139,692 | $ 32,697 | $ 14,362,317 | $ 585,628 |

## 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 14 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, Plant 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, restricted cash, other current assets, accounts payable and accrued liabilities, loans from directors and officers, long term debt and derivative warrant liability. 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, 2021, the Company had a working capital deficiency of US $(3,775,069) and cash of US $139,692, 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. As of April 30, 2022, the Company has added the required liquidity to fund operations as well as its work program through a CAD$10,875,600 equity raise completed in February 2022.

*World Financial Markets*

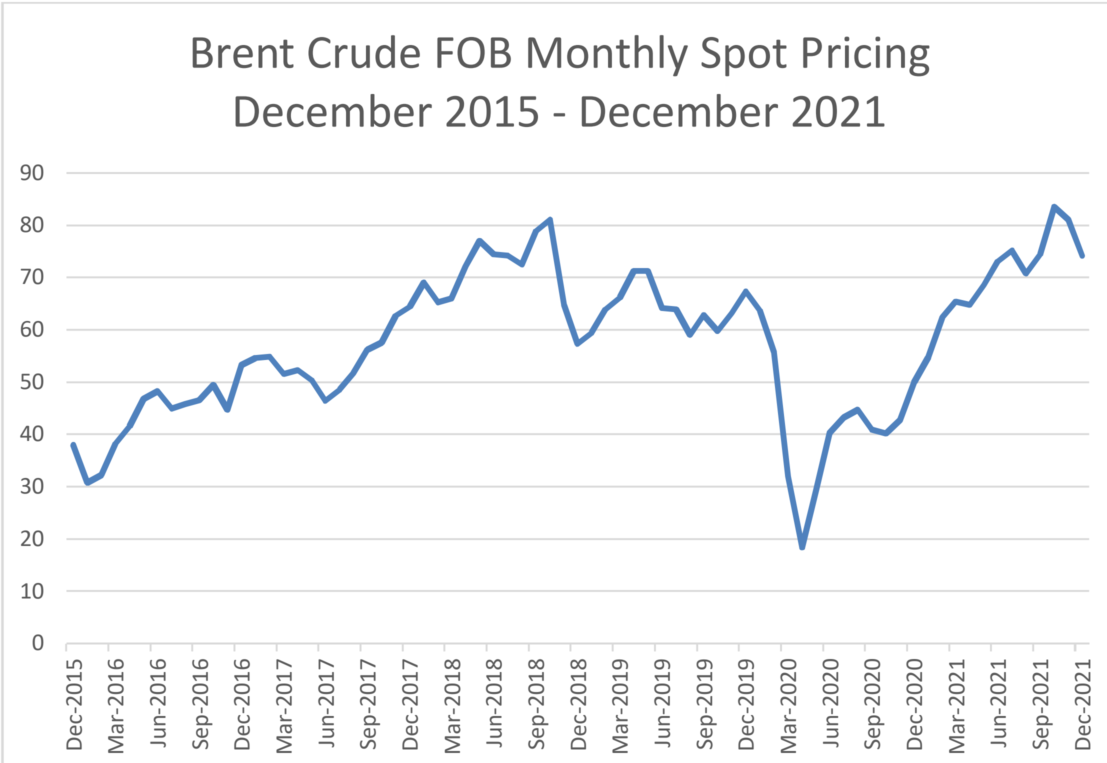
Significant changes in global financial markets may influence the Company's ability to raise capital. Decisions made by central banks and governments impact available liquidity in markets and influence risk tolerance for investors. These factors are out of management's control which may negatively influence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

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 December 2015 through December 2021.




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

*Latin American Operations*

The Company is focused on the oil and natural gas market in Latin America, primarily Brazil but also 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 with revenues and costs denominated in Brazilian real. 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. Over the course of 2021, the Company has enhanced its leadership and operations team 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 certainly 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 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.

Certain financial measures referred to in this document are not prescribed by International Financial Reporting Standards ("IFRS"). Market capitalization is calculated as shares outstanding multiplied by the closing market price of the shares at the time referenced. Capital efficiency is calculated as capital expenditures for a project or period divided by the incremental production attributable to the expenditures. Realized price is calculated by dividing gross revenue by gross production, by product, in the applicable period. Operating netback is calculated as total crude or natural gas revenues minus royalties, transportation costs and operating expenditures.

## 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. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent is based on an energy equivalency conversion method, not a value at the wellhead:
- "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;

- "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.