

December 31, 2020



Letter from Petrolia's CEO (2020 Update)

To Our Shareholders,

Although the last 24 months have presented many unique challenges, including the coronavirus shutdowns and their subsequent impact on the price of oil. We stand today on solid ground; stronger and better than before. Petrolia has utilized the combined experience of our Board of Directors and Management to augment our Technical and Operations team to provide foresight, so we can navigate around these challenges and continue making progress.

We are vigorously working towards filing our year-end financial statements (Form 10-Ks) and are actively engaged with our audit firm on getting this accomplished quickly. During the first quarter of 2021, we intend to reengage our marketplace on the OTCQB Marketplace and will implement strategies to strengthen our valuation and create more liquidity for our shareholders. This will take place over the next several quarters as our team continues to fine-tune our revenue stream.

We have streamlined our capital structure, so we can make a profit at current oil prices and further our benefit as the economy improves. As we continue to retire and restructure our remaining debt, our balance sheet will reflect these worthwhile efforts and reinforce our financial position for 2021.

Petrolia owns 50% working interest in the Utikuma oilfield ("Utikuma") in Alberta, Canada. Utikuma is currently producing about 475 barrels per day of high-quality light oil and is a net cash flow positive investment. This acquisition was pivotal, and we are encouraged with its economics. Our 2021 focus is on improving cashflow from Utikuma by bringing more oil wells online and reducing costs through the implementation of technology and streamlining day-to-day operations. In conjunction with our partners, we have already secured a line of credit earmarked for the reactivation of 11 wells, which should increase the total barrels produced per day. We also have a well abandonment program active and fully funded by the Canadian government via remediation grants. Such grants have thus far benefited Utikuma with \$850,000 CAD towards the plugging of 27 unused wells. There are several additional grants available that will benefit the field. We intend to secure them through our service division, Askarii Resources that, in partnerships with local scientists and engineers, will oversee the environmental remediation, plugging, and abandonment work at Utikuma.

We are enthusiastic about the future, even in these challenging times. We have confidence and momentum heading into the New Year and will continue to make strides to improve. As future endeavors materialize, we will share more details about our current operations and milestone events. We look forward to engaging with our shareholders in 2021.

From the entire Petrolia family, we wish you a very Happy New Year!

Regards,

Zel C. Khan, CEO
PETROLIA ENERGY CORPORATION
December 2020