PETROLIA

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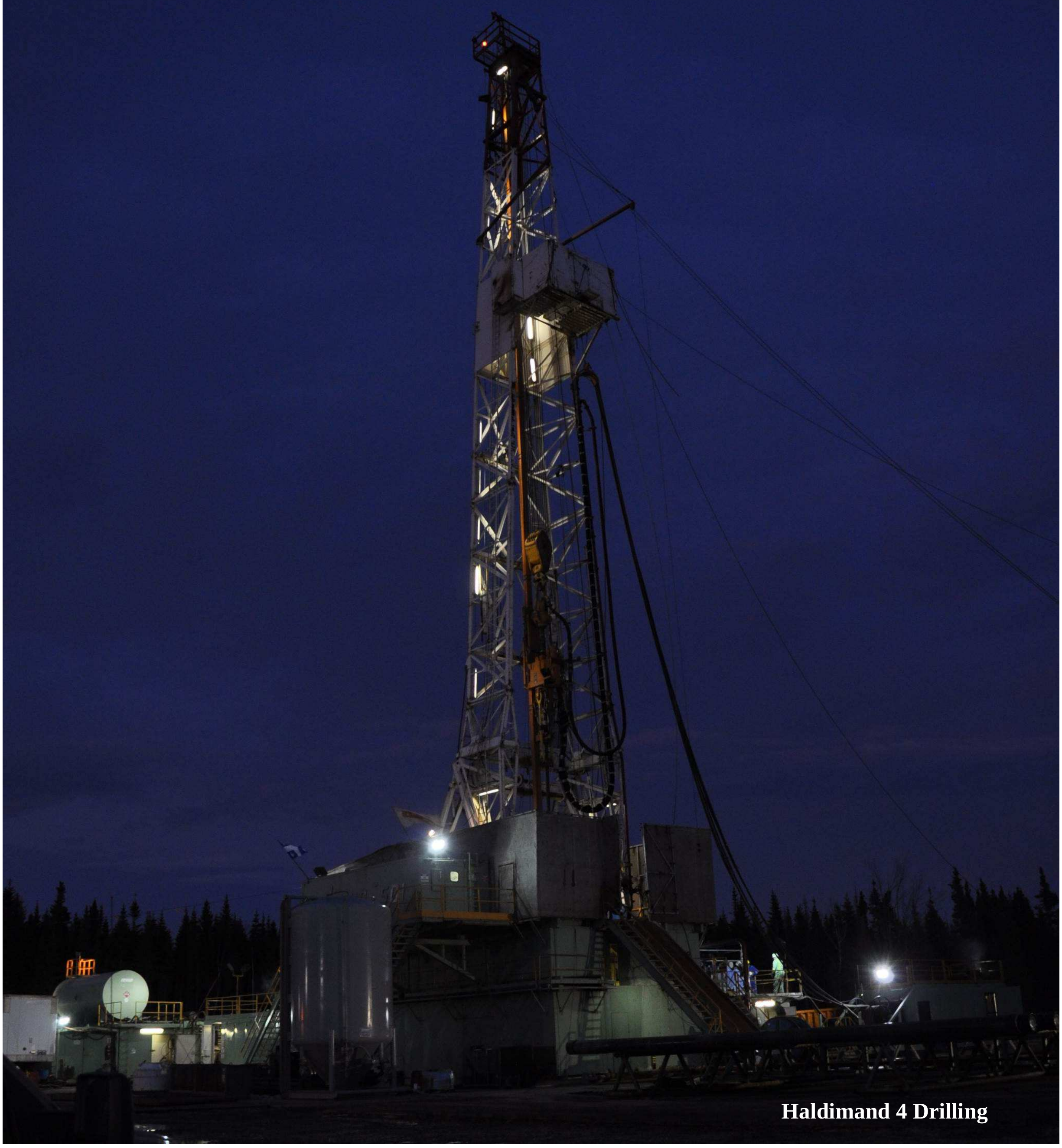
BY THE PEOPLE HERE.
FOR HERE.

May 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2015



Haldimand 4 Drilling

This management's discussion and analysis ("MD&A") covers the period from January 1, 2015 to March 31, 2015.

This MD&A was approved by the Board of Directors on May 27, 2015.

It presents the view of management on current Company activities and is accompanied by the financial results as at March 31, 2015. It may also cite significant events that occurred after March 31, 2015, and provides an overview of the activities planned for the months ahead.

In this MD&A, the reporting currency is the Canadian dollar (C$) and all amounts presented in this MD&A are in Canadian dollars.

1. DATE

The effective date of this MD&A for the quarter ended March 31, 2015 is May 27, 2015.

2. HIGHLIGHTS

- The stratigraphic surveys on Anticosti Island resumed in April. During the suspension of work last November, 5 stratigraphic surveys were completed and surfacing casings were installed at 4 other sites. As the rigs had been left on the island for the winter, the Company was able to quickly resume work on the remaining surveys. Finalizing this first phase of the program will help prepare for the second phase, planned for summer 2016, if all required licenses are obtained.

- The production pump arrived at the Haldimand 4 site on April 24. The pump was initially used to complete well cleaning operations. To install the pump, the wells were opened twice: once on March 31, and a second time on April 24. The first opening allowed the verification of the production separator before pump installation. The opening of the well on March 31 enabled the production of 10.2 cubic meters ("m^3") (64 barrels) of light crude oil by natural means and a 17.31 m^3 (109 barrels) upon reopening on April 24.

- The pump will help continue the cleanup of the remaining drilling mud and the evaluation of the well potential in order to plan the next steps, to either undertake production tests or plan further cleanup operations before initiating production tests. A total of 120.4 m^3 (757 barrels) of drilling fluids mixed with light crude oil was collected during the short-term evaluation test, including 54 m^3 of oil (340 barrels) of light crude oil between February 3 and 15.

- Our partner TUGLIQ has attracted the media's attention. TUGLIQ's natural gas project at Sandy Beach port has received support from throughout the Gaspé region. Elected officials and many individuals from the business sector in the region believe that it has much to gain with such a project.

- On March 9, Pétrolia announced the appointment of a new director and certain changes within its management team in order to continue implementing its business plan. First, Martin Bélanger was appointed director. Mr. Bélanger's experience over the last 24 years in the oil and gas industry will be extremely valuable to the board of directors. In addition, Mabrouk Ouederni, Eng., P. Geo. has been promoted to Operations Manager and Jean-Yves Laliberté, Eng., M.Sc. has been appointed Manager of Health, Safety, Environment, and Regulatory Affairs.On March 16, Pétrolia closed the private placement announced on February 26, 2015. The Company issued 2,728,500 flow-through shares at $0.80 per share for gross proceeds of $2,182,800.

- On March 27, Pétrolia was pleased to note the willingness expressed in the Leitao Budget to complete the assessment of the oil and gas potential of Gaspésie. Pétrolia will take the opportunity provided in the budget to develop its Bourque property.

- On May 21, Anticosti Hydrocarbons L.P. announced an update of the 2011 report by Sproule Associates Limited. This update is effective as at April 30, 2015. Sproule Associates Limited established at 30.7 billion barrels of oil the best estimate of the total petroleum initially-in-place within the perimeter of the permits held by the Company on the Anticosti Island. The update provides that there is a 90% chance that this volume is of 20.9 million barrels and a 10% chance that this estimate equals or exceeds 45.2 billion barrels. These estimates are reported as barrels of oil equivalent (boe), and do not reflect the uncertainty regarding the hydrocarbon to be found across the island, or whether these will be commercially viable.

3. COMPANY'S INCORPORATION AND MISSION

Incorporated under Part 1A of the *Québec Companies Act* and governed by the provisions of the Québec *Business Corporations Act*, Pétrolia is an oil and gas exploration company. It has been listed on the TSX Venture Exchange since February 16, 2005, under the symbol PEA.

The Company's oil and gas properties are in the exploration stage and the Company's long-term profitability depends in part on the costs and success of the exploration programs and subsequent development. The Company has yet to determine whether its properties contain economically feasible reserves.

The Company is primarily engaged in exploration and development under oil and gas exploration licences. In pursuing its objectives, the Company is required to enter into partnership agreements specific to the oil and gas industry.

4. FORWARD-LOOKING STATEMENTS

Some of the statements made in this MD&A may constitute forward-looking statements. Such statements relate to future events or future economic results anticipated by Pétrolia and are therefore subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance and achievements to differ from those expressed or implied by such statements. The difference from actual events or results could be material. Accordingly, a decision to invest in Pétrolia's shares should at no time be based on these forward-looking statements. Pétrolia disclaims any intention or obligation to update these forward-looking statements.

5. STRATEGIC OBJECTIVES AND PLANS

The Company aims to discover marketable oil resources and put them into production as quickly as possible, with a view to ensuring profitability. The Company pursues this objective while ensuring its operations meet personal safety standards and factor in environmental and social impacts.

Pétrolia achieves this objective by securing promising licences and associating with partners with the necessary technical and financial expertise. The Company drills wells on the basis of scientific expertise and employs leading drilling techniques in accordance with industry best practices. Occupational and community health and safety are key concerns for the Company in the planning and performance of exploration work. Special attention is also paid to local community and business relationships, as well as environmental protection.

Pétrolia is a responsible Québec oil company with the goal of producing oil in Québec.

6. TERRITORIES UNDER LICENCE AND PARTNERSHIPS

Pétrolia holds licences for and interests in an area of 16,475.85 square kilometres ("sq km"), amounting to nearly 23% of Québec's territory under licence. Located in Eastern Québec, these areas are largely known for their oil potential. Pétrolia's territories under licence also offer the potential of discovering natural gas possibly containing liquid natural gas.

There are three partnership agreements covering portions of the Company's territories under licence:

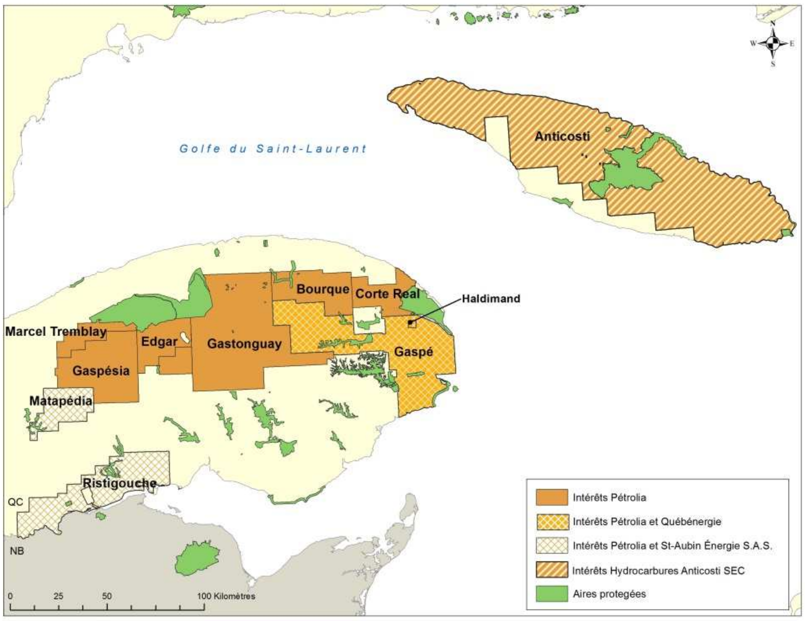
- A partnership agreement in respect of 38 exploration licences (6,195 km2) on Anticosti Island was entered into on March 31, 2014 between Ressources Québec (35%), Pétrolia Inc. (21.7%), Saint-Aubin E&P (Québec) inc. (21.7%) and Corridor Resources Inc. (21.7%). This limited partnership is named Anticosti Hydrocarbons L.P.

- On the Gaspé licences, Pétrolia and Québénergie each hold a 50% interest in each of the 13 licences, covering a total area of approximately 2,500 sq km.

- On the Baie-des-Chaleurs–Matapédia and Ristigouche licences, Pétrolia and Saint-Aubin Énergie S.A.S. (a subsidiary of Maurel & Prom and Maurel & Prom International) each hold a 50% interest in 13 licences that cover an area of over 1,800 sq km.

- The remaining licence blocks are wholly owned by Pétrolia, except for the Bourque project, in which it holds a 99% interest.

The following map plots the locations of the licences held by Pétrolia and its partners.



7. PROJECTS, WORK PROGRAMS AND OUTLOOK

Haldimand Project (Gaspé Block)

Background

- Discovered in 2006, Haldimand is a conventional deposit located in the York River Formation, which consists of naturally fractured sandstone. An independent assessment by Sproule Associates Limited in 2010 placed the best estimate of the oil-initially-in-place (P50) at 69.7 million barrels and the recoverable (contingent) portion of that volume at 7.7 million barrels.

Evaluation test

- A total of 120.4 m^3 (757 barrels) of drilling fluids mixed with light crude oil was collected during a short evaluation test (approximately 100 hours of production over 13 days). This oil is comparable to that collected from the Haldimand 1 well in the same deposit. Based on our estimates, the well produced approximately 54 m^3 of oil (340 barrels) during this evaluation test.

Pumping, cleaning and preparing the production test

- The production pump arrived at the Haldimand 4 site on April 24. The pump was initially intended for completing well cleaning operations. To install the pump, the wells were opened twice: once on March 31, and a second time on April 24. The first opening allowed the verification of the production separator before pump installation. The opening of the well on March 31 enabled the production of 10.2 m^3 (64 barrels) of light crude oil by natural means and a 17.31 m^3 (109 barrels) upon reopening on April 24.
- The opening of the well from April 24–27 helped both reduce the pressure at the wellhead to allow for the safe and secure installation of the pump by using the safety valve and the rods as well as the equipment already present at the wellhead. The pump will help continue the cleanup of the remaining drilling mud and help with the evaluation of the well potential in order to plan the next steps, either to undertake production tests or plan further cleanup operations before initiating production tests.

Legislative developments

- Subsequent to the adoption of the RRWWWP, the Company completed drilling of the Haldimand 4 well.

Social acceptability

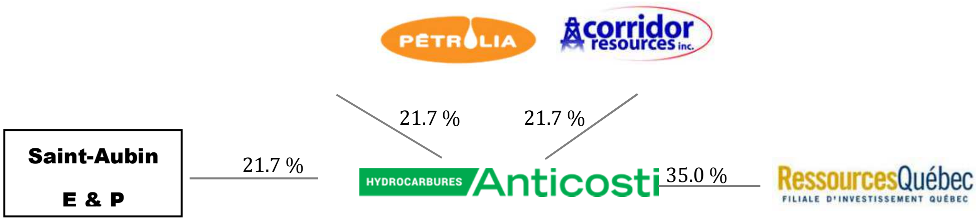
- The relationship with the Gaspé municipality has been largely normalized and a monitoring committee has been set up with City of Gaspé to gauge public opinion. A first meeting has held on April 9, and a second is planned for June.
- The month of April ended with an announcement from the *Chambre de commerce et de tourisme de Gaspé* of its support of hydrocarbon projects on city territory. A letter of support was sent to Minister Arcand to this effect. This is another significant step in the harmonization of our projects in the Gaspé region.
- Pétrolia has generated over $1.7 million over 3 years in economic benefits for the region.

Anticosti Project

Background

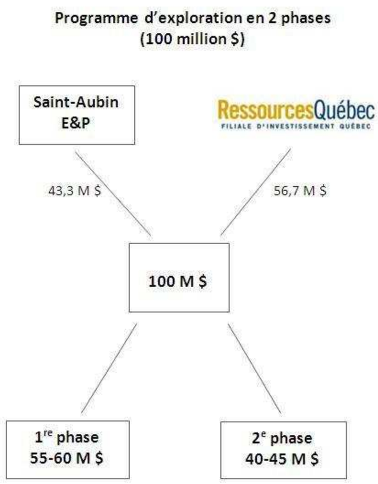
- The main goal of the Anticosti project is to develop the hydrocarbon source rock contained in the Macasty Formation and determine whether this type of deposit can be developed economically. According to Sproule Associates Limited, the best estimate (P50) of the undiscovered total petroleum-initially-in-place volume amounted to 33.9 billion barrels. That estimate was based on the information available on June 1, 2011 for the 38 licences held by Anticosti Hydrocarbons L.P.

- An agreement was entered into on March 31, 2014 between Pétrolia and its partners and covers 38 licences on Anticosti Island:



- Anticosti Hydrocarbons L.P. is managed by a five-member Board of Directors comprising one member representing each of the partners and an independent director, Mr. Kjell Pedersen.

- Saint-Aubin E&P and Ressources Québec will assume the cost of the first two exploration program phases up to a maximum of $100 million:



- Pétrolia Anticosti inc., a wholly owned subsidiary of Pétrolia, was appointed operator of limited partnership Anticosti Hydrocarbons L.P.

Scheduled work

First phase:

- 2014-2015:

  Stratigraphic testing at 15-18 locations will take place using four mining drills equipped with oil drilling security devices;

  With these stratigraphic surveys, boring cores will be taken from the Macasty Formation and will be used, in particular, to identify the best locations for the oil wells to be drilled in 2015.

- 2016:

  Drilling of 3 horizontal exploration wells with fracking;

  Costs for this initial phase are expected to total between $55 million and $60 million, of which 56.7% will be borne by Ressources Québec and 43.3% by Saint-Aubin E&P.

Following the positive outcome and a green light from Anticosti Hydrocarbons L.P.'s Board of Directors, a second phase will follow beginning in 2016.

Second phase:

- 2016 +:

  Horizontal oil wells will be drilled with fracking;

  Costs for this second phase are currently being estimated. Under the current agreements, the first $40 million–$45 million will be borne by Ressources Québec (56.7%) and Saint-Aubin E&P (43.3%). Thereafter, costs will be assumed according to each limited partner's proportionate interest.

Resuming the 2015 stratigraphic survey campaign

- The stratigraphic surveys on Anticosti Island have resumed. During the suspension of work last November, 5 stratigraphic surveys were completed and surfacing casings were installed at 4 other sites. The 15 survey sites have been prepared, which expedited the resumption of work in spring 2015 on the remaining surveys. As the rigs had been left on the island for the winter, the Company was able to quickly resume work on the remaining surveys. Finalizing this first phase of the program will help prepare for the second phase, planned for summer 2016, if all required licenses are obtained.

- The five completed surveys confirmed the existence of the Macasty Formation. The Chicotte and Cerf-Sau site drilling revealed a Macasty Formation with a thickness of 67.5 and 38 metres, respectively. At Lac-Martin, the observed thickness is at 30 meters while at Jupiter-South the thickness is at over 60 meters. Finally, at the easternmost part of Anticosti Island, and therefore of the Macasty Formation, a thickness of 13 meters was measured at the Bell site. The presence of gas and oil fluorescence was also confirmed during these operations. This program's first phase has been highly successful; the results are encouraging and confirm the high potential of the Macasty Formation.

Assessment of social acceptability

- The goal of Pétrolia Anticosti inc. for the next quarter will be to integrate a national facet to the steps completed as regards local social acceptability.
- Pétrolia Anticosti is an active participant in the Anticosti citizen meetings. At the last meeting, Jean-Yves Laliberté, Director of Health, Safety, Environment, and Regulatory Affairs was asked to respond to some technical questions. The committee was very satisfied with the answers he provided.
- The current stratigraphic survey campaign made it possible to inject close to $2 million into the Island's economy.

Legislative developments

- The ministerial order from the Ministère de l'Énergie et des Resources naturelles adopted on July 4, 2014, made public on July 11, 2014, and providing a framework for stratigraphic surveys on Anticosti Island was renewed for works to be completed in 2015.
- Pétrolia Anticosti contributed to the economic and technical facets of the strategic environmental assessment focusing on Anticosti Island. The Company has also expressed its interest in participating in the social facet of this study.

Bourque Project

Background

- The Bourque project is located in a non-urbanized area, about 30 km from the town of Murdochville.
- When the Bourque 1 and Bourque 2 wells were drilled in 2012, samples of wet natural gas (containing up to 20% natural gas liquids and condensates) were taken from the Forillon Formation. The presence of gas liquids and condensates adds significant commercial value to the Bourque discovery. The discovery of this type of deposit adds value to Pétrolia's licences in the Gaspé peninsula where similar geological conditions exist and are conducive to new discoveries.

- The drilling of Bourque 1 and 2 wells and the 3D seismic interpretation revealed four geological prospects in the Forillon Formation for which Sproule Associates Limited provided an estimate of the resources initially in place. Based on information available as at March 31, 2013, Sproule estimated the undiscovered gas volume initially in place at over 1 Tcf (one trillion cubic feet; one thousand billion).

Distribution partnership

- TUGLIQ Energy and Pétrolia joined forces to ensure the Côte-Nord economic development. At a press conference in Sept-Îles, Pétrolia announced, on November 19, 2014, the signing of an exclusive agreement with TUGLIQ Energy to distribute gas produced under its Bourque licences in Gaspésie. The Gaspésie authorities are backing this project which is located midway between Murdochville and Grande-Vallée. The agreement could therefore provide TUQLIQ Energy with the natural resources it needs to supply its industrial clients in Côte-Nord and Nord-du-Québec regions.

Social acceptability

- Through a municipal council resolution, the Murdochville municipality has given its support to the development of this project.
- The municipality is also in the process of setting up a monitoring committee. This project, as well as its supply chain, appear to enjoy broad regional support.

Other properties

Matapédia

- In July 2013, Pétrolia and Saint-Aubin Énergie S.A.S. acquired two blocks totalling 13 licences from Gastem in the Baie-des-Chaleurs and Matapédia areas. These licences cover an area of over 1,800 sq km. Each company holds a 50% interest in the licences.
- In fall 2013, the partners carried out a stratigraphic survey to evaluate the potential of a known anticlinal structure in the Casault Lake area of Matapédia Regional County Municipality. Drilling reached a depth of 1,416 m and found indicators of natural gas in the Silurian sandstone. The results of analyses, coupled with the petrophysical assessment, indicate the presence of a low-porosity sandstone, probably airtight, containing natural gas. The two companies have pooled their expertise to put together an exploration program for these areas.

Other

- Pétrolia is reviewing all of its data on its other properties in the Gaspé peninsula to identify areas with characteristics similar to those found in the Bourque project.

COMPANY EXPERTISE

Pétrolia has a dynamic, motivated team, with highly skilled technical personnel, making the Company an industry leader in hydrocarbon exploration in Québec.

All Company worksites employ industry best practices. As a result, every effort is made to reduce environmental and social risk as much as possible. On that front, an emergency measures plan tailored to the reality of each region is prepared to prevent and react effectively to emergency situations.

MANAGEMENT'S ANALYSIS OF FINANCIAL INFORMATION

OPERATING RESULTS AND CASH POSITION

Revenues for the three-month period ended March 31, 2015 consisted of $7,716 in interest income from short-term investments, compared with $18,260 for the quarter ended March 31, 2014, $98,744 in project management revenues and $5,212 in other income, compared with $189,459 and $2,994, respectively, year over year.

Lower interest income stems from a decrease in the Company's cash balances and cash equivalents due to the completion of exploration work. The reduction in project management revenues is due to a one-time payment received in March 2014 in reimbursement of operating costs, a non-recurring item in 2015.

As at March 31, 2015, the Company had cash and cash equivalents of $3,086,169 including $1,987,302 held for exploration purposes, and $1,938,247 in positive working capital.

Management considers that those funds might prove insufficient to meet the Company's obligations and anticipated expenditures through to March 31, 2016. Any shortfall could be met in a number of ways in future, including but not limited to the issuance of new debt or equity instruments, additional cost-cutting measures or the introduction of new partners.

ANALYSIS OF CASH FLOWS

The Company incurred a net loss of $212,741 for the first quarter of 2015, compared with net income of $19,597,561 for the three-month period ended March 31, 2014. In the first quarter of 2015, net cash used in the Company's operating activities amounted to $696,812, compared with cash flows generated from operations totalling $659,649 for the first quarter of 2014, the difference arising mainly from changes in operating working capital items.

Cash flows used in investing activities for the period ended March 31, 2015, totalled $3,485,851, mainly due to increased net exploration costs for the period. Cash used for investing activities for the period ended March 31, 2014, totalled $3,767,009, stemming in large part from the acquisition of a $1,933,333 investment in an associate, costs amounting to $1,013,144 paid in connection with that investment and a $772,614 increase in net exploration costs.

Cash flows from financing activities for the first quarter of 2015 amounted to $2,029,321, stemming from proceeds totalling $2,030,918, net of share issue expenses, from the issue of 2,728,500 shares. Cash flows from financing activities for the first quarter of 2014 totalled $7,149, due to the exercise of 15,000 stock options.

ANALYSIS OF OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses decreased by $214,405, in line with management's cost-reduction objectives. In addition, the Company was able to re-invoice operating and administrative expenses in the amount of $129,428 as at March 31, 2015.

The main differences in operating and administrative expenses were as follows:

- Salaries, employee benefits and fees: Operating expenses increased due to the hiring of personnel to meet the different manpower needs related to the Haldimand 4 well drilling and termination benefits paid to an officer. Administrative expenses decreased in keeping with management's cost-reduction objectives.

- Travel: Travel expenses related to operations and administration decreased over $80,000, in line with management's cost-reduction objectives.
- Amortization of property, plant and equipment: No depreciation of leasehold improvements was recognized during the quarter ($60,714 in 2014) as these were fully amortized as at December 31, 2014.

ANAYLSIS OF SHARE OF ASSOCIATES

The Company's share in the net losses of associates for the first quarter of 2015 totalled $42,989. No share was recognized during the quarter ended March 31, 2014 given that the investments in Anticosti Hydrocarbons L.P. and Anticosti Hydrocarbons General Partner Inc. were acquired on March 31, 2014 and the companies commenced operation during the second quarter of 2014.

Financial information

Key financial information for the investments held by Pétrolia in Anticosti Hydrocarbons L.P. and Anticosti Hydrocarbons General Partner Inc. [21.7% of units] through Investissement PEA inc. is as follows:

	As at March 31, 2015 $	**As at March 31, 2014 $**
Assets	114,508,003	100,000,000
Liabilities	381,388	—
Partners' equity	114,126,615	100,000,000
Revenues	—	—
Net loss and comprehensive loss	(198,406)	—
Share of Pétrolia [21.7%]	(42,989)	—

SUMMARY OF QUARTERLY RESULTS

The information for the summary of quarterly results is based on International Financial Reporting Standards (IFRS).

	March 2015 $	December 2014 $	September 2014 $	June 2014 $
Revenues (including financial income)	111,672	40,289	107,406	63,644
Net income (loss)	(212,741)	(740,982)	(298,900)	(975,907)
Net earnings (loss) per share				
Basic	(0.003)	(0.010)	(0.004)	(0.013)
Diluted	(0.003)	(0.010)	(0.004)	(0.013)

	March 2014 $	December 2013 $	September 2013 $	June 2013 $
Revenues	210,713	32,516	21,029	34,682
Net income (loss)	19,597,561[1]	(2,139,356)	(1,205,541)	(500,545)
Net earnings (loss) per share				
Basic	0.290	(0.031)	(0.014)	(0.007)
Diluted	0.287	(0.031)	(0.014)	(0.007)

Revenues consist primarily of interest income, rental income and project management revenues for each quarter. Operating and administrative expenses and shares of associates are relatively stable from quarter to quarter. The main changes in quarterly income (loss) resulted from the following:

2013 – August — Recognition of share-based payment of $52,265.

2013 – September — Recognition of share-based payment of $280,000.

2013 – December — Recognition of share-based payment of $485,586.

2014 – March — Recognition of a gain on transfer of certain licences of $28,059,532.[1]

2014 – May — Recognition of share-based payment of $148,843.

2014 – November — Recognition of share-based payment of $305,492.

2015 – March — Recognition of share-based payment of $22,275.

1 During the year ended December 31, 2014, the Company reviewed the calculation of the non-cash gain on transfer of ownership of certain licences [“gain”], adjusting it to $28,059,532 from $34,809,059 to reflect the elimination of its $7,762,671 share in the gain and account for the professional fees incurred for the acquisition of an investment amounting to $1,013,144 in the value of the investment in an associate rather than against the gain. Those adjustments resulted in a reduction in the investment in an associate and the gain amounting to $6,749,527, as well a reduction in deferred tax liabilities of $1,815,623 as at March 31, 2014. Those adjustments also resulted in a $4,933,904 reduction in net income and comprehensive income as well as retained earnings for the three-month period ended March 31, 2014 and a $0.073 reduction in net basic income per share and net diluted income per share for the three-month period ended March 31, 2014.

RELATED PARTY TRANSACTIONS

The Company's related parties include other related parties and key management personnel, as described below.

Unless otherwise indicated, none of the transactions involve special terms or conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation includes the following expenses:

	2015	2014
	[3 months]	[3 months]
Short-term employee benefits:		
Salaries and employee benefits	151,046	187,085
Termination benefit	220,500	—
Director fees	32,250	28,842
Total short-term employee benefits	403,796	215,927
Fees	29,150	56,250
Share-based compensation	22,275	—
Total compensation	455,221	272,177

During the periods ended March 31, 2015 and 2014, no options granted under the stock option plan were exercised by key management personnel.

RELATED COMPANIES AND OTHER PARTIES

Transactions were carried out with a company owned by a director:

	2015	2014
	[3 months] $	[3 months] $
Comprehensive income (loss):		
Other expenses	**5,300**	**7,500**

As at March 31, 2015 and December 31, 2014, an amount of $16,786 was due from Anticosti Hydrocarbons General Partner Inc. In addition, as at March 31, 2015, an amount of $34,806 [December 31, 2014 – nil] was payable to Anticosti Hydrocarbons L.P., while an amount of $27,328 [December 31, 2014 – nil] was payable to Anticosti Hydrocarbons General Partner Inc.

As at March 31, 2015, the Company had a non-interest bearing advance from Anticosti Hydrocarbons L.P. in the amount of $812,379 [December 31, 201 – $258,819].

These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

FINANCIAL INSTRUMENT DISCLOSURE

Risk management policy

The Company's financial assets and liabilities expose it to various risks. The following analysis provides an assessment of those risks as at the period end date, that is, March 31, 2015.

Credit risk

The financial instruments that give rise to potential credit risk exposure for the Company consist primarily of cash, cash equivalents and accounts receivable. The Company's cash and cash equivalents are held with or are issued by high-credit quality financial institutions. Accounts receivable consist primarily of amounts due from governments and partners. Therefore, management considers the risk of non-performance of these instruments to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company finances its growth by issuing shares, selling interests in some of its oil assets and by obtaining short-term loans. One of management's primary financial goals is to maintain an optimal level of liquidity through the active management of its exploration activities. The Company's maximum exposure to liquidity risk is equal to the amounts recognized under trade and other payables, which will be paid in the following fiscal year, and bank borrowings to be repaid as contractually agreed under the loan agreement.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to one of those risks, namely interest rate risk.

Interest rate risk

The Company is exposed to interest rate risk on its fixed- and variable-rate financial instruments. Fixed-rate financial instruments expose the Company to fair value risk, whereas variable-rate instruments expose it to cash flow risk.

Fair value

The fair value of financial assets is defined as the price that would be received to sell an asset or paid to transfer a liability in a transaction between participants under normal market conditions as at the measurement date.

The fair values of cash, guaranteed investment certificates, trade receivables and payables and other payables approximate their carrying amounts due to their short-term maturities.

For bank borrowings, the carrying amount approximates fair value given that it bears interest at rates in line with market rates for similar financial instruments.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

For a complete description of the judgments, estimates and assumptions made by management in the preparation of its annual financial statements, see Note 4 to the annual financial statements as at December 31, 2014.

FUTURE CHANGES IN ACCOUNTING POLICIES

For a complete description of future changes in accounting policies, see Note 3 to the annual financial statements as at December 31, 2014.

CAPITAL MANAGEMENT

For a complete description of the Company's capital management policy, see Note 20 of the annual financial statements as at December 31, 2014.

OTHER INFORMATION

(a) Supplemental documents

Certain supplemental documents, including prior management reports and press releases, are available online at www.sedar.com in the documents section or on Pétrolia's website at www.petrolia-inc.com.

(b) Regulation 51-102 Section 5.2

Exploration expenses for the three-month period ended March 31, 2015 are detailed as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti	-	-	202	-	-	1,588	-	37,788	-	39,578
Gastonguay	78	-	-	-	-	-	-	-	-	78
Gaspésia Marcel-Tremblay Edgar	332	-	-	-	-	-	-	-	-	332
Gaspé	863	600	-	75	-	259,471	-	30,881	-	291,890
Bourque	563	4,881	-	-	-	2,020	-	111,059	-	118,523
Haldimand	2,175	600	3,024,261	-	-	1,518	-	79,920	2,825	3,111,299
Tar Point	75	-	-	-	-	1,364	-	26,632	-	28,071
Matapédia	85	-	-	-	-	-	-	-	-	85
	4,171	**6,081**	**3,024,463**	**75**	**-**	**265,961**	**-**	**286,280**	**2,825**	**3,589,856**

Exploration expenses for the three-month period ended March 31, 2014 are as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti[1]	64,345	7,500	9,133	-	-	160,258	-	-	-	241,236
Gastonguay	65	-	-	-	-	32	-	-	-	97
Gaspésia Marcel-Tremblay Edgar	293	-	-	-	-	120	-	-	-	413
Gaspé	20,494	5,700	260	-	-	40,484	-	-	-	66,938
Bourque	326	6,450	1,581	-	-	6,053	-	-	-	14,410
Haldimand	5,205	-	95,544	-	-	60,348	-	-	21,430	182,527
Tar Point	-	-	-	-	-	700	-	-	-	700
Dalhousie	-	-	-	-	-	-	-	-	-	-
Matapédia	340	1,050	22,712	-	-	14,289	-	-	-	38,391
	91,068	**20,700**	**129,230**	**-**	**-**	**282,284**	**-**	**-**	**21,430**	**544 712**

(1) These amounts include exploration costs before the transfer of licences to Anticosti Hydrocarbons L.P.

(c) *Regulation 51-102* Section 5.4

Information regarding shares issued, stock options and warrants as at May 27, 2015:

Common shares: 80,345,195 shares are issued and outstanding.

Stock options outstanding: the stock options granted to directors, members of senior management, employees and service providers are as follows:

- 622,500 options exercisable at a price of $0.50 per share until December 8, 2015;
- 75,000 options exercisable at a price of $1.31 per share until February 25, 2016;
- 500,000 options exercisable at a price of $1.69 per share until May 18, 2016;
- 1,030,000 options exercisable at a price of $1.52 per share until December 4, 2016;
- 75,000 options exercisable at a price of $1.51 per share until February 22, 2017;
- 2,095,000 options exercisable at a price of $1.02 per share until December 10, 2017;
- 150,000 options exercisable at a price of $1.14 per share until February 28, 2018;
- 250,000 options exercisable at a price of $0.89 per share until August 21, 2018;
- 400,000 options exercisable at a price of $0.98 per share until September 14, 2018;
- 625,000 options exercisable at a price of $0.67 per share until December 5, 2018;
- 405,000 options exercisable at a price of $0.67 per share until May 28, 2019;

• 1,030,000 options exercisable at a price of $0.67 per share until November 26, 2019;

• 75,000 options exercisable at a price of $0.57 per share until March 25, 2020.

Warrants outstanding: Each warrant entitles the holder to purchase one common share of the Company at the stipulated exercise price until the expiry date:

• 100,000 warrants exercisable at a price of $0.70 per share until July 11, 2015;

• 714,286 warrants exercisable at a price of $1.00 per share until July 11, 2016;

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for Pétrolia's financial statements, which have been approved by the Board of Directors on recommendation of the Audit Committee. The financial statements have been prepared by management in accordance with International Financial Reporting Standards. These financial statements have not been audited by the Company's auditors. The financial statements include certain amounts that are based on the use of estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Québec City, May 27, 2015

On behalf of the Board

(signed) Alexandre Gagnon
Alexandre Gagnon
President and Chief Executive Officer

(signed) Karl McLellan
Karl McLellan
Chief Financial Officer and Corporate Secretary