MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2016

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BY PEOPLE FROM HERE.
FOR HERE.

This management's discussion and analysis ("MD&A") covers the period from January 1, 2016 to March 31, 2016.

This MD&A was approved by the Board of Directors on May 25, 2016.

It presents the view of management on current Company activities and is accompanied by the financial results as at March 31, 2016. It may also cite significant events that occurred after March 31, 2016 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 are presented in Canadian dollars.

1. DATE

The effective date of this MD&A for the period ended March 31, 2016 is May 25, 2016.

2. HIGHLIGHTS

- On January 25, 2016, Pétrolia announced it took the third spot in the Oil & Gas sector ranking of the 2016 TSX Venture 50™, which honours top performers that have shown superior results in key measures of market performance. The 2016 TSX Venture 50 ranking is composed of ten companies from five industry sectors selected based on three equally weighted criteria: market capitalization growth, share price appreciation, trading volume and analyst coverage.

- On February 15, 2016, Pétrolia held a press conference in Québec City to refute a number of comments by the Premier of Québec and provide significant clarifications as to the nature of the Anticosti Island oil and gas exploration agreements. The full version of the statement can be found here (in French).

- On March 1, 2016, Pétrolia announced that Albert Wildgen had stepped down from the Company's Board of Directors.

- On March 9, 2016, the management of Pétrolia met with the Premier of Québec to discuss hydrocarbon exploration on Anticosti Island. During the meeting, the Premier confirmed, in particular, that the project agreements will be upheld. Once the certificate of authorization has been obtained, the exploration work set out in the agreements, comprising the three oil wells to be drilled with hydraulic fracking, will be performed in 2016 and 2017.

- On April 7, 2016, Pétrolia issued a press release in reaction to the launch of the Québec Energy Policy, noting that its guidelines are consistent with the action plan unveiled in May 2014 which maps out a fully transparent, step-by-step approach for the government's hydrocarbon development endeavours.

- On April 29, 2016, the Geological Survey of Canada released a research paper on Anticosti. The paper entitled, *Geological characteristics and petroleum resource assessment of the Macasty Formation, Anticosti Island, Quebec, Canada*, corroborates the oil potential of Anticosti Island. Researchers Z. Chen, D. Lavoie, C. Jiang, M.J. Duchesne and M. Malo conducted the first independent assessment of the hydrocarbon potential of the Macasty Formation on Anticosti Island. The petroleum and gas resource assessment performed by the Geological Survey of Canada corroborates the figures released in the assessments by Sproule Associates commissioned by Pétrolia in 2011 and by Anticosti Hydrocarbons L.P. in 2015. Their assessment indicated a significant volume of in-place resources, consisting of oil, with a best estimate of P50 or 32.3 billion barrels of oil (BBO), a maximum (P5) of 55.4 BBO and a minimum (P95) 17.1 BBO, and of natural gas, with a best estimate or P50 of 52.4 trillion cubic feet (TCF), a maximum (P5) of 85.2 TCF and a minimum (P95) of 29.0 TCF. In addition, based on these results, a ratio of 78% oil to 22% gas is proposed as in-place resource on the island. Lastly, the Geological Survey of Canada's results further indicate that the locations for the three horizontal wells to be drilled in summer 2016 on Anticosti Island to demonstrate the production potential of the Macasty Formation are in a favourable geologic setting for liquid and gaseous hydrocarbon production.

- On May 13, 2016, Pétrolia announced that, provided it obtains the necessary licences and authorizations, the 2016 drilling campaign on Anticosti Island will begin in June. The Board of Directors of Anticosti Hydrocarbons L.P. decided do the drilling, per se, in summer 2016 and hydraulic fracking and production testing in summer 2017. With this decision, which was not provided for in the initial contracts, the production testing period will extend beyond hydraulic fracking. In addition, extending the production testing period will result in more refined analysis on well production data.

- On May 18, 2016, Pétrolia announced long-term production testing on the Haldimand 4 well has begun.

3. COMPANY'S INCORPORATION AND MISSION

Incorporated under Part IA 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 over 16,475.85 square kilometres ("km^2"), 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 four partnership agreements covering portions of the Company's territories under licence:

- A partnership agreement in respect of 38 exploration licences (6,195 km^2) 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.

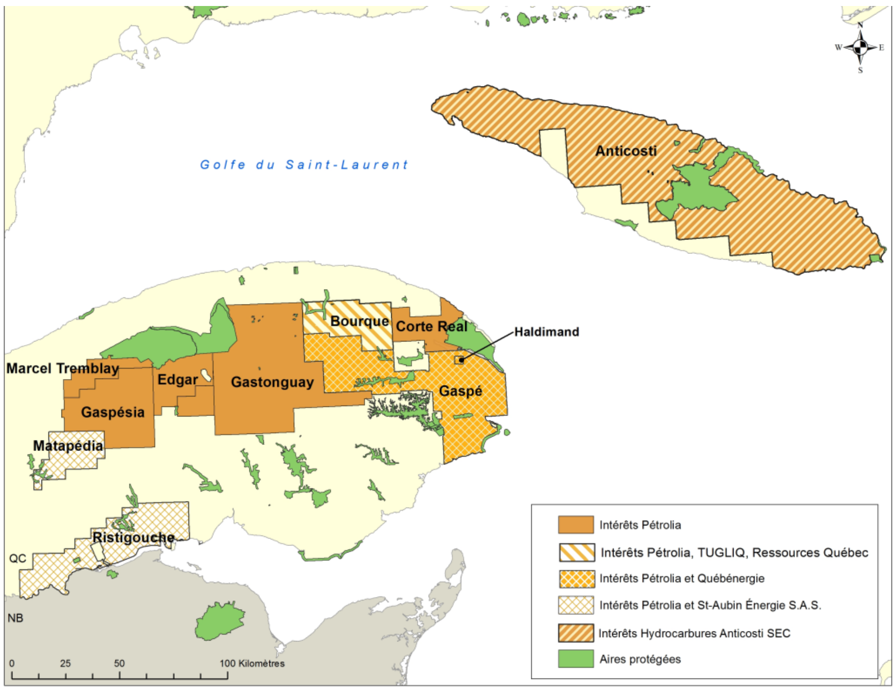
- On the Gaspé licences, Pétrolia and Québénergie each hold a 50% interest in each of the 13 licences, covering a total area of approximately 2,500 km^2.

- On the Baie-des-Chaleurs–Matapédia and Restigouche 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 km².

- The interests in the four Bourque licences are as follows: Pétrolia – 89.91%; TUGLIQ Energy – 5.29%; and Ressources Québec – 4.80%.

- The remaining licence blocks are wholly owned by Pétrolia.

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.

Pumping, cleaning and preparing the production test

- On January 6, 2016, Pétrolia confirmed that well cleanup operations had been completed at Haldimand 4, leading to a significant improvement in well production. These operations have been performed without any health, safety or environmental incident. These operations, which took place between November 18 and December 20, 2015, involved successive phases of well cleaning with nitrogen, then acid and a final nitrogen cleanup. A natural oil runoff period followed during which the well produced up to 59.8 barrels (9.5 m³) of crude oil per day with an average of 43.5 barrels (6.9 m³) per day. A total of 360 barrels (57.2 m³) of crude were produced in a little more than eight days between December 12 and 20, 2015. This average production of 43.5 barrels (6.9 m³) per day compares favourably with the 13.8 barrels (2.19 m³) per day observed immediately before the well cleanup, which validates the effectiveness of these operations. Pétrolia began a 240-day long-term production test in May 2016.

Social acceptability

- On March 10, 2016, Pétrolia gave a presentation to the Gaspé Citizen Committee on the completion process and long-term production testing.

- On May 5, 2016, Pétrolia presented the Emergency Measures Plan to the Gaspé Citizen Committee as well as additional information regarding the long-term production test to ensure the information was communicated effectively to the community.

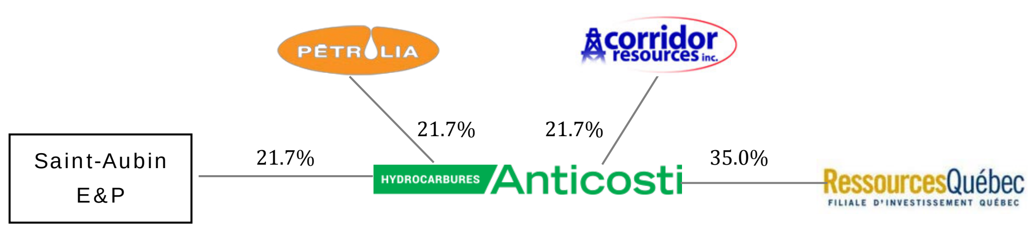
- The meeting minutes are available here (in French).

Anticosti project

Background

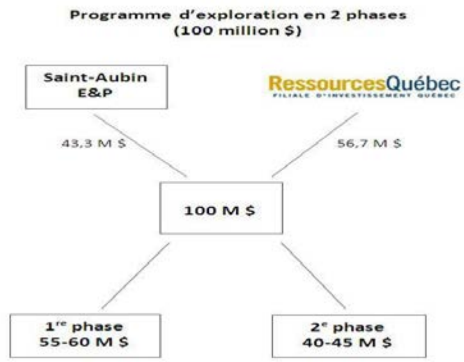
- The main goal of the Anticosti project is to develop the hydrocarbon source rock contained in the Macasty Formation and determine whether this type of deposit can be developed economically. According to Sproule Associates Limited, the best estimate (P50) of the undiscovered total petroleum initially-in-place 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.

Completed and scheduled work

First phase:

- 2014 and 2015:
  Stratigraphic testing was carried out using four mining drills equipped with oil drilling safety devices.

  These surveys enabled the extraction of boring cores from the Macasty Formation and were used, in particular, to identify the best locations for the oil wells to be drilled in 2016.

- 2016 and 2017:
  During the campaign, three horizontal wells will be drilled with fracking;

  Planning is underway for drilling work to begin in June 2016.

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. As at March 31, 2016, exploration expenses incurred on the property amounted to $23,413,384.

Based on Phase I results and a green light from Anticosti Hydrocarbons L.P.'s Board of Directors, a second phase will follow subsequent to the exploration work completed from 2014 to 2017.

Second phase:

- Following the exploration work completed in the first phase, horizontal oil wells will be drilled with fracking.

  Under the current agreements, the first $40 million–$45 million of costs will be borne by Ressources Québec (56.7%) and Saint-Aubin E&P (43.3%). Following $100 million in incurred exploration expenses borne by contributions from Ressources Québec and Saint-Aubin E&P, subsequent costs will be assumed according to the four limited partners' proportionate interests.

Planned exploration work for 2016

- Since the end of the stratigraphic drilling campaign completed in fall 2015, our team is busy planning the three horizontal wells to be drilled with fracking. Drilling will be begin in June 2016.

Application for a certificate of authorization

- On February 8, 2016, Anticosti Hydrocarbons filed an application for a certificate of authorization from the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC) for the drilling of three horizontal oil exploration wells with hydraulic fracking. This application is currently under being reviewed according to the objective and specific criteria set out in a regulatory framework adopted by the government between 2013 and 2015.

Assessment of social acceptability

- On January 28, 2016, Pétrolia Anticosti organized a public consultation on Anticosti Island, during which it discussed in detail the project for drilling three horizontal exploration wells with fracking. The event was attended by nearly 18% of the local population. During the question period, attendees had the chance to speak openly and ask their questions on the subject. The municipality and to the MDDELCC were provided with copies of the consultation report, which is available here (in French).

- On April 21, 2016, as part of Anticosti Hydrocarbons' buy loyal policy, Pétrolia Anticosti travelled to Havre-Saint-Pierre to present a list of goods and services required by Pétrolia Anticosti to local businesses. In total, some 18 businesses were in attendance to learn of our needs and pitch their services.

- On May 2, 2016, the Anticosti project was presented to the Sept-Îles town council at the mayor's invitation. The objective was to inform the mayor and councillors of the various aspects of the Anticosti project and answer any remaining questions.

- Every month, Pétrolia fields questions and queries from the vigilance and intervention centre for petroleum issues on Anticosti, a citizen committee known by its French acronym, CVIEPA. Follow-ups are carried out periodically.

Bourque project

Background

- The Bourque Project is located in a non-urbanized area, about 30 km east of 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 trillion cubic feet (one thousand billion).

Partnership

- TUGLIQ Energy and Pétrolia have joined forces to promote economic development in the Côte-Nord region. 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 TUGLIQ Energy with the natural resources it needs to supply its industrial clients in the Côte-Nord and Nord-du-Québec regions.

- A partnership was formed by the Company, Ressources Québec and TUGLIQ Energy for the investments made by Ressources Québec and TUGLIQ Energy in the Bourque property. For the purposes of this transaction, the value of the Bourque property was based on expenses incurred by the Company in the amount of $21.9 million. Ressources Québec invested $918,200 in the partnership in consideration for a 4.80% interest in the Company's licences for the Bourque property, while TUGLIQ Energy acquired a 5.29% interest in the same licences in consideration for its investment of $1,350,000. The Company has also invested $1,350,000 in the partnership (see press release of November 4, 2015), which gives it an 89.91% interest in the partnership.

- The proceeds from these investments were spent in part by the Company in 2015, and the remaining amount will be spent in 2016 in connection with the Bourque exploration program which includes a re-entry of Bourque 1 well and the drilling of a third well.

Social acceptability

- Building on social acceptability locally, in the region and across Québec, the project is supported by numerous influential politicians, such as the Premier of Québec, the Québec Minister of Energy, the Mayor of Gaspé and the Warden of the Côte-de-Gaspé RCM where the project takes place.

- In addition, Québec's Northern Coast, which will benefit from the natural gas that would be produced, fully supports the project.

- A citizen committee will be set up by the end of summer. As is the case for such committees for our other projects, committee members will hail from civil society, as well as municipal and regional governments.

Other properties

Other

- Pétrolia reviewed all of its data from its other properties in the Gaspé Peninsula to identify areas with characteristics similar to those found in the Bourque Project as well as high-potential development properties.

COMPANY EXPERTISE

Pétrolia has a dynamic, motivated team, with highly skilled technical personnel, making it an oil and gas industry leader 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, 2016 consisted of $16,293 in interest income from short-term investments, compared with $6,443 for the three-month period ended March 31, 2015, $16,724 in project management revenues, compared with $98,744, and nil other income, compared with $5,212, year over year. For the quarter, revenues from oil deposit evaluation amounted to $10,924, compared with nil in the first quarter of 2015, and are recognized as a reduction of exploration expenses.

Project management revenues comprise management fees invoiced by the Company as a project operator for exploration work, with such fees varying based on the operation work performed over the period.

The Company recognized a loss of $307,835 for the three-month period ended March 31, 2016, compared with a loss of $305,523 for the three-month period ended March 31, 2015.

As at March 31, 2016, the Company had cash and cash equivalents of $5,063,806 including $3,753,002 held for exploration purposes, and $2,148,470 in positive working capital.

ANALYSIS OF CASH FLOWS

For the three-month period ended March 31, 2016, the Company reported a net loss of $307,835, compared with a net loss of $305,523 for the three-month period ended March 31, 2015. For the first quarter of 2016, cash inflows from the Company's operating activities amounted to $581,510, compared with cash inflows of $696,812 for the same period of 2015.

Cash flows used in investing activities for the three-month period ended March 31, 2016 totalled $1,790,789, mainly as a result of $1,365,076 in exploration and evaluation expenses net of recovered amounts, $300,000 in guarantee deposits, $90,002 in oil and gas property costs net of recovered amounts and $29,757 in contributions from associates. Cash flows used in investing activities for the three-month period ended March 31, 2015 totalled $3,485,851, mainly as a result of $3,398,555 in exploration and evaluation expenses net of recovered amounts, $25,119 in oil and gas property costs net of recovered amounts and $62,134 in contributions from associates.

Cash flows used in financing activities for the three-month period ended March 31, 2016 totalled $86,667, owing primarily to share issuance costs paid during the quarter for financing completed in November 2015. Cash inflows from financing activities for the same period in 2015 amounted to $2,029,321, primarily as a result of the issuance of 2,728,500 flow-through shares for net proceeds from share issuance of $2,030,918.

ANALYSIS OF OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses for the three-month period ended March 31, 2016 decreased by $28,859 compared with the same period of the previous fiscal year, and the Company re-invoiced operating and administrative expenses totalling $191,554.

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

- Share-based compensation: Decrease of $22,275 in the first quarter 2016 given that no stock options were issued during the period.
- Professional services: During the period ended March 31, 2016, professional services increased more than $55,000 year over year, as non-recurring professional fees were incurred in the 2016 period.
- Salaries and employee benefits: Operating expenses were higher in the first quarter of 2015 due to the hiring of personnel to meet the different manpower needs related to drilling the Haldimand 4 well and termination benefits paid to an officer.

ANALYSIS OF SHARE OF ASSOCIATES

The Company's share in the net losses of associates for the first quarter of 2016 totalled $32,217, compared with $42,989 for the first quarter of 2015.

Financial information

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

	As at March 31, 2016 $	As at March 31, 2015 $
Assets	124,918,405	114,508,003
Liabilities	714,714	381,388
Partners' equity	124,203,691	114,126,615
Revenues	—	—
Net loss and comprehensive loss	(148,695)	(198,406)
Share of Pétrolia [21.7%]	(32,217)	(42,989)

SUMMARY OF QUARTERLY RESULTS

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

	March 2016 $	December 2015 $	September 2015 $	June 2015 $
Revenues (including financial income)	23,167	51,627	27,912	55,442
Net loss	(307,835)	(697,221)	(187,096)[1]	(362,795)[1]
Net loss per share				
Basic	(0.003)	(0.008)	(0.002)	(0.005)
Diluted	(0.003)	(0.008)	(0.002)	(0.005)

	March 2015 $	December 2014 $	September 2014 $	June 2014 $
Revenues (including financial income)	104,412	40,289	107,406	63,644
Net loss	(305,523)[1]	(740,982)	(298,900)	(975,907)
Net loss per share				
Basic	(0.004)	(0.010)	(0.004)	(0.013)
Diluted	(0.004)	(0.010)	(0.004)	(0.013)

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 and the main differences were discussed above. The main changes in quarterly income (loss) resulted from the following:

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
2015 – May	Recognition of share-based payment of $31,006
2015 – November	Recognition of share-based payment of $222,663

1 During the quarter ended September 30, 2015, the Company reviewed the calculation of the deferred tax recovery, adjusting it to $50,004 from $142,786 for the first quarter of 2015 and to $112,290 from $239,773 for the second quarter of 2015. These adjustments resulted in increases in the deferred tax liability by $92,782 as at March 31, 2015 and by $126, 983 as at June 30, 2015 while the net loss increased and retained earnings decreased by these same amounts for the three-month periods ended March 31, 2015 and June 30, 2015. Those adjustments also increased net loss per share and net diluted loss per share by $0.001 and $0.002, respectively, for the three-month periods ended March 31, 2015 and June 30, 2015.

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:

	2016	2015
	[3 months]	[3 months]
	$	$
Short-term employee benefits:		
Salaries and employee benefits	96,793	371,546
Director fees	37,735	32,250
Total short-term employee benefits	134,528	403,796
Fees	21,450	29,150
Share-based compensation	—	22,275
Total compensation	155,978	455,221

During the periods ended March 31, 2016 and 2015, 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 in which a director is a majority shareholder:

	2016	2015
	[3 months]	[3 months]
	$	$
Comprehensive income:		
Other expenses	3,900	5,300

With an associate:

	2016	2015
	[3 months]	[3 months]
	$	$
Comprehensive income:		
Project management	10,362	8,281

As at March 31, 2016, an amount of $298,168 [December 31, 2015 – $944,309] was receivable from Anticosti Hydrocarbons L.P.

In addition, as at March 31, 2016, a contribution of $20,924 [December 31, 2015 – $19,637] was payable to Anticosti Hydrocarbons L.P., while a contribution of $11,293 [December 31, 2015 – $10,120] was payable to Anticosti Hydrocarbons General Partner Inc.

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, 2016.

Credit risk

The financial instruments that give rise to potential credit risk exposure for the Company consist primarily of cash, cash equivalents and receivables. The Company's cash and cash equivalents are held with or are issued by established Canadian financial institutions. The receivables are mostly amounts due from partners and associates for exploration work carried out by the Company as the designated operator. 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 quarter, 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: interest rate risk, currency 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 fair value risk through interest rate risk on its fixed-rate 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 consolidated financial statements, see note 4 to the annual consolidated financial statements as at December 31, 2015.

FUTURE CHANGES IN ACCOUNTING POLICIES

For a complete description of future changes in accounting policies, see note 3 to the annual consolidated financial statements as at December 31, 2015.

CAPITAL MANAGEMENT

For a complete description of the Company's capital management policy, see note 21 to the annual consolidated financial statements as at December 31, 2015.

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, 2016 are detailed as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracking	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti	-	-	-	-	-	436	-	-	-	436
Gastonguay	-	-	-	-	-	-	-	-	-	-
Gaspésia Marcel-Tremblay Edgar	-	-	-	-	-	-	-	-	-	-
Gaspé	15,440	1,139	2,652	-	-	11,578	-	-	640	31,449
Bourque	1,823	-	17,258	-	-	1,017	-	-	1,210	21,308
Haldimand	4,043	-	294,194	656	-	37,704	-	-	22,955	359,552
Tar Point	-	-	-	-	-	157	-	-	686	843
Matapédia	-	-	-	-	-	-	-	-	-	-
	21,306	**1,139**	**314,104**	**656**	**-**	**50,892**	**-**	**-**	**25,491**	**413,588**

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

	Geology	Geophysics	Completion and drilling	Analysis	Fracking	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**

(c) Regulation 51-102 Section 5.4

Information regarding shares issued, stock options and warrants as at May 25, 2016:

Common shares: 92,420,195 shares are issued and outstanding.

Share options outstanding: The share options granted to directors, members of senior management, employees and service providers are as follows:

- 1,010,000 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;
- 2,075,000 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;
- 400,000 options exercisable at a price of $0.98 per share until September 14, 2018;
- 575,000 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 27, 2019;
- 900,000 options exercisable at a price of $0.49 per share until November 25, 2019;
- 75,000 options exercisable at a price of $0.57 per share until March 25, 2020;
- 75,000 options exercisable at a price of $0.55 per share until May 27, 2020;
- 1,800,000 options exercisable at a price of $0.34 per share until November 24, 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:

- 714,286 warrants exercisable at a price of $1.00 per share until July 11, 2016;
- 4,125,000 warrants exercisable at a price of $0.54 per share until November 6, 2018.

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. The condensed interim consolidated financial statements of Pétrolia inc. for the periods ended March 31, 2016 and 2015 have not been audited by the Company's independent 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 25, 2016

On behalf of the Board of Directors,

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

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