MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

OIL FROM HERE.
BY PEOPLE FROM HERE.
FOR HERE.

This management's discussion and analysis ("MD&A") covers the period from January 1, 2015 to September 30, 2015.

This MD&A was approved by the Board of Directors on November 25, 2015.

This MD&A presents the view of management on current Company activities and is accompanied by the financial results as at September 30, 2015. It may also provide information on significant events that occurred after September 30, 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 September 30, 2015 is November 25, 2015.

2. HIGHLIGHTS

- On August 5, 2015, the Company announced the establishment of a resource confirmation program for the Bourque Project to follow up on the results obtained during the merging of the 2008 3D seismic data and data gathered during 2012 drillings (reprocessing).
- The stratigraphic surveys on Anticosti Island were completed on October 2, 2015. We completed seven surveys this year, bringing the total number of surveys to 12, as decided by the partners on June 23, 2015. Finalizing this first phase of the program will help prepare for the second phase, planned for summer 2016, once all required licenses are obtained.
- On October 6, 2015, the ministère de l'Énergie et Ressources naturelles du Québec issued a completion permit for the Haldimand 4 well which will allow the Company to complete cleaning operations and start the long-term production test.
- On October 28, 2015, the ministère de l'Énergie et de Ressources naturelles made public a summary of the knowledge and information acquired from the Strategic Environmental Assessment ("SEA"). These studies showed a favourable outlook for oil and gas exploration at Anticosti. Note that in April 2015, the government made public the preliminary environmental studies commissioned in connection with the SEA specific to Anticosti.
- On November 4, 2015, the Company confirmed the closing of a private placement, issuing 3,825,000 flow-through shares at $0.40 per share for gross proceeds of $1,530,000. The Company will use these proceeds for exploration expenses on its properties, including the Bourque property.
- On November 6, 2015, the Company confirmed the closing of private investments totalling $5,238,200, constituting the first phase of financing for the Bourque property. In this respect, the Company issued 8,005,000 units to Ressources Québec and 245,000 units to certain directors at $0.36 per unit, for gross proceeds of $2,881,800 and $88,200, respectively. Each unit comprises one common share of the Company and half a warrant. Each whole warrant entitles the holder to buy a common share of the Company at the exercise price of $0.54 during the 36 months following the closing of this private placement. Also, Ressources Québec and TUGLIQ Energy invested $918,200 and $1,350,000, respectively, in the Bourque

property, via a joint venture formed by the Company, Ressources Québec and TUGLIQ Energy. The Company will use the proceeds of these investments to carry out, during 2015 and 2016, the Bourque exploration program and for general Company purposes.

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.

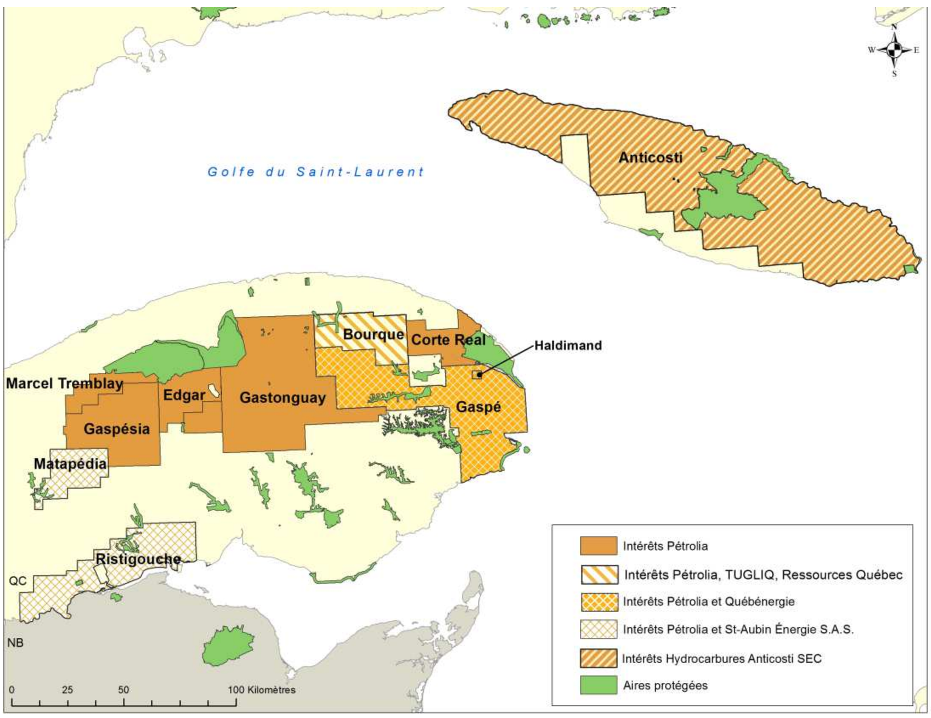
6. TERRITORIES UNDER LICENCE AND PARTNERSHIPS

Pétrolia holds licences for and interests in an area of over 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 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 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 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

- The production pump arrived at the Haldimand 4 site on April 24. The pump was initially used to start well cleaning operations. To install the pump, the well was 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 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 helped to continue the cleanup of the remaining drilling mud and to evaluate the well potential in order to plan further cleanup operations before initiating the production test.
- The production data from the pump operation test showed that some of the high-density drilling fluids remained in the well. Before commencing a long-term production test not exceeding 240 days as per the new regulation, the Corporation must ensure that the well has been properly cleaned. The cleaning operation will be carried out by inserting coil tubing down to the bottom of the 2,000 metre horizontal drain to inject nitrogen and the rising gas will force all the drilling fluids out of the well. The completion permit we obtained on October 6, 2015 will allow us to complete well cleanup operations and start the long-term production run. Following the nitrogen-based cleaning operation, we will determine whether other steps are necessary before launching the long-term production test.

Social acceptability

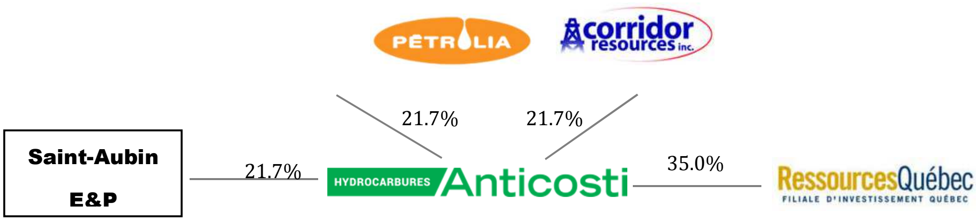
- The relationship with the Gaspé municipality has been largely normalized and a monitoring committee has been set up with City of Gaspé to gauge public opinion.
- A citizen committee meeting was held during the period from July 1 to September 30, 2015.
- On October 20, 2015, the ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques informed Pétrolia management that it had decided to have the project reviewed via Strategic Environmental Assessment (SAE) instead of by the BAPE.

Anticosti Project

Background

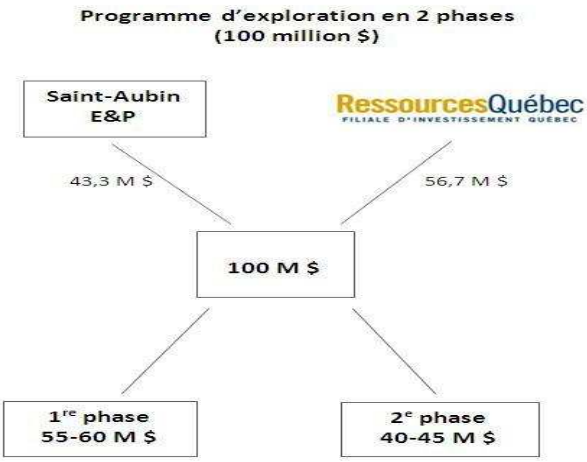
- The main goal of the Anticosti project is to develop the hydrocarbon source rock contained in the Macasty Formation and determine whether this type of deposit can be developed economically. According to Sproule Associates Limited, the best estimate (P50) of the undiscovered total petroleum-initially-in-place 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 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 will be used, in particular, to identify the best locations for the oil wells to be drilled in 2016.

- 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.
  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%). Thereafter, costs will be assumed according to each limited partner's proportionate interest.

Assessment of the 2015 stratigraphic survey campaign

- On May 21, 2015, Anticosti Hydrocarbons L.P. announced an update of the 2011 report by Calgary-based Sproule Associates Limited. This update is effective as at April 30, 2015. The firm's best estimate of the total petroleum-initially-in-place volume within the perimeter of the licences held by the Company on the Anticosti Island amounted to 30.7 billion barrels of oil .
- The stratigraphic surveys on Anticosti Island were completed on October 2, 2015. We completed seven surveys this year, bringing the total number of surveys to 12, as decided by the partners on June 23, 2015 via the Board of Directors of Anticosti Hydrocarbons L.P. Finalizing this first phase of the program will help prepare for the second phase, planned for summer 2016, once all required licences are obtained.

Assessment of social acceptability

- The goal of Pétrolia Anticosti inc. for the next quarter will be to integrate a national dimension to the steps completed as regards local social acceptability.
- The current stratigraphic survey campaign made it possible to inject close to $2 million into the Island's economy.

Strategic Environmental Assessment ("SEA")

- In April 2015, the government made public the preliminary environmental studies commissioned in connection with the SEA specific to Anticosti. These studies showed a possible favourable outcome for oil and gas exploration at Anticosti.
- On October 28, 2015, the ministère de l'Énergie et de Ressources naturelles made public a summary of the knowledge and information acquired from the SAE. The highlights are as follows:
    - In 2013, Québec imported 137 million barrels of oil and 7.7 billion m^3 of natural gas from other Canadian provinces, the U.S. and other countries. These imports amounted to $13.5 billion, which accounts for 61% of the commercial trade deficit of the Province.
    - Québec has a long history of oil & gas exploration and a number of prospective basins, including Anticosti Island, have significant potential for hydrocarbon production.
    - The Macasty Shale formation currently found on Anticosti Island is geologically similar to the Utica and Point Pleasant formations in Ohio that are currently producing hydrocarbons.
    - Over a 75-year period and based on an optimized production scenario, Anticosti Island could produce a total of 11,683 billion cubic feet of natural gas and 584 million barrels of oil. During the maximum production period, this could amount to 246 billion cubic feet of natural gas and 12.3 million barrels of oil per year, which represents 113% of the annual gas consumption and 9% of the annual oil consumption for the province.
    - The project could generate potential revenues of $169 billion and profits of $75 billion.
    - Including royalties, taxes and its ownership interest in the project, direct revenues of the Government of Québec could range from $43 to $46 billion and the project could create more than 2,000 jobs per year.
    - Based on a detailed analysis of all the key production and infrastructure variables related to project development, the Government of Québec estimates the project's economic viability at between 80% and 86%.
    - The full development of the project would have an impact of less than 2% on the greenhouse gas emission targets set by the Government of Québec for 2020.
    - The SEA recommends a variety of measures and best practices that can be implemented to address the environmental impacts of the project, considering that similar projects are underway elsewhere in the world.
    - Pétrolia is extremely satisfied to note that according to the SEAs commissioned and published by the Government of Québec, the financial profitability and the technical and environmental feasibility of the Anticosti project are realistic.

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).

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 TUQLIQ Energy with the natural resources it needs to supply its industrial clients in Côte-Nord and Nord-du-Québec regions.
- A joint venture 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 $21.8 million. Ressources Québec invested $918,200 in the joint venture 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 joint venture (see press release of November 4, 2015), which gives it an 89.91% interest in the joint venture.
- The Company will use the proceeds of these investments to carry out, during 2015 and 2016, the Bourque exploration program.

Social acceptability

- The Bourque project has received public support from the Côte de Gaspé RCM and the Murdochville, Gaspé, Grande-Vallée, Petite-Vallée, Sept-Îles and Port-Cartier municipalities.
- In addition, Coalition Plein Gaz sur la Côte-Nord (which brings together mining and industrial companies and decison-makers), Manufacturiers et Exportateurs du Québec, Fédération des Chambres de Commerce and Minalliance have publicly support the Bourque project development.

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 from 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 September 30, 2015 consisted of $4,390 in interest income from short-term investments, compared with $12,047 for the quarter ended September 30, 2014, $22,524 in project management revenues, compared with $67,973, and $998 in other income, compared with $2,994, year over year.

Lower interest income stems from a decrease in the Company's cash and cash equivalents due to the completion of exploration work. Project management revenues comprise management fees invoiced by the Company as a project operator for exploration work.

The Company recognized a loss of $406,862 for the third quarter of fiscal 2015, compared with a loss of $298,900 for the three-month period ended September 30, 2014.

As at September 30, 2015, the Company had $1,923,946 in cash and cash equivalents, including $1,660,428 held for exploration purposes, and $685,948 in positive working capital.

Management considers that those funds might prove insufficient to meet the Company's obligations and anticipated expenditures through to September 30, 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.

On November 4, 2015, the Company issued 3,825,000 flow-through shares for gross proceeds of $1,530,000. To finance planned exploration work on the Bourque property, the Company completed a second private placement on November 6, 2015, issuing 8,005,000 shares to Ressources Québec inc. and 245,000 shares to certain directors for gross proceeds of $2,970,000. Each share includes half a warrant. Last, on November 6, 2015, Ressources Québec inc. and TUGLIQ Energy invested $918,200 and $1,350,000 in cash, respectively, in consideration of an interest in the licences related to the Bourque property held by the Company.

ANALYSIS OF CASH FLOWS

The Company reported a loss of $855,414 for the nine-month period ended September 30, 2015 compared with a gain of $18,502,753 for the nine-month period ended September 30, 2014. In the first three quarters of 2015, net cash used in the Company's operating activities amounted to $757,366, compared with net cash used of $1,672,219 in 2014, the difference arising mainly from the significant decrease in administrative expenses during fiscal 2015.

Cash flows used in investing activities for the nine-month period ended September 30, 2015, totalled $4,564,332, mainly due to increases in net exploration costs and oil and gas property costs of $4,323,233 and $133,054, respectively. The Company also made contributions totalling $111,702 in associates during the period. Cash used for investing activities for the nine-month period ended September 30, 2014, totalled $2,387,537, stemming in large part from the acquisition of a $1,933,333 interest in an associate, related acquisition costs of $1,013,144, a $203,021 increase in net exploration costs, the acquisition of oil and gas properties of $147,669 and the disposal of an investment with a value of $930,000.

Cash flows from financing activities for the nine-month period ended September 30, 2015 amounted to $2,006,133, stemming essentially from proceeds totalling $2,010,953, net of share issue expenses, from the issue of 2,728,500 shares. Cash flows from financing activities for the same period in 2014 amounted to $5,115,827, stemming from proceeds totalling $5,115,827, net of share issue expenses, from the issue of 6,964,323 shares.

ANALYSIS OF OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses for the three-month period ended September 30, 2015 decreased by $197,251 compared with the same period ended September 30, 2014, 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 $235,730 during the third quarter of 2015.

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

- Salaries and employee benefits, share-based compensation and fees: The decreases in operating and administrative expenses are in line with the management's aims to cut costs by reducing the number of employees, compensation paid and fees.
- Travel, and promotion and entertainment expenses: Travel, and promotion and entertainment expenses related to administration decreased by nearly $30,000 in line with cost-cutting objectives.
- Professional services: Fees for professional services totalled $9,949 in the third quarter of 2015 [2014 – $38,169]. The difference resulted from a $95,000 downward adjustment to a provision for legal services and by the recognition of fees for non-recurring professional services of $62,000.
- Depreciation of property, plant and equipment: Depreciation of leasehold improvements decreased by over $30,000 during the third quarter of 2015 compared with the same period of 2014 as most leasehold improvements were fully depreciated as at December 31, 2014.
- Reversal of a provision: A $51,525 provision related to a non-recurring item in 2014 was reversed during the three-month period ended September 30, 2015.

ANALYSIS OF SHARE OF ASSOCIATES

The Company's share in the net losses of associates for the third quarter of 2015 totalled $21,682 compared with $30,455 for the third 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 September 30, 2015 $	**As at September 30, 2014 $**
Assets	123,947,176	111,075,890
Liabilities	565,173	156,370
Partners' equity	123,382,003	110,919,520
Revenues	—	—
Net loss and comprehensive loss	(527,251)	(370,566)
Pétrolia's share [21.7%] for the nine-month period	(114,238)	(80,301)

SUMMARY OF QUARTERLY RESULTS

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

	September 2015 $	June 2015 $	March 2015 $	December 2014 $
Revenues (including financial income)	27,912	55,442	104,412	40,289
Net income (loss)	(187,096)[1]	(362,795)[1]	(305,523)[1]	(740,982)
Net earnings (loss) per share				
Basic	(0.002)	(0.005)	(0.004)	(0.010)
Diluted	(0.002)	(0.005)	(0.004)	(0.010)

	September 2014 $	June 2014 $	March 2014 $	December 2013 $
Revenues (including financial income)	107,406	63,644	210,713	32,516
Net income (loss)	(298,900)	(975,907)	19,597,561[2]	(2,139,356)
Net earnings (loss) per share				
Basic	(0.004)	(0.013)	0.290	(0.031)
Diluted	(0.004)	(0.013)	0.287	(0.031)

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:

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[2]
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

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.

2 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 earnings per share and net diluted earnings 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 [9 months]	**2014** [9 months]
Short-term employee benefits:		
Salaries and employee benefits	333,279	809,734
Termination benefit	220,500	—
Director fees	105,472	93,700
Total short-term employee benefits	659,251	903,434
Fees	72,050	249,750
Share-based compensation	53,281	192,715
Total compensation	784,582	1,345,899

During the periods ended September 30, 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 an entity owned by a director:

	2015 [9 months] $	**2014** [9 months] $
Comprehensive income:		
Other expenses	13,100	22,500

With an associate:

	2015 [9 months] $	2014 [9 months] $
Comprehensive income:		
Project management	97,770	69,190

As at September 30, 2015, an amount of $22,606 [December 31, 2014 – $16,786] was receivable from associates, while an amount of $21,682 [December 31, 2014 – nil] was payable to associates.

As at September 30, 2015, Anticosti Hydrocarbons L.P. provided a non-interest bearing advance without repayment terms in the amount of $78,321 [December 31, 2014 – $258,819] to the Company. The advanced funds are earmarked for exploration activities scheduled for the next three months.

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, September 30, 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 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: 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 nine-month period ended September 30, 2015 are detailed as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti	-	-	202	-	-	3,060	-	37,788	-	41,050
Gastonguay	78	-	-	-	-	-	-	-	-	78
Gaspésia Marcel-Tremblay Edgar	332	-	-	-	-	-	-	-	-	332
Gaspé	13,846	600	-	75	-	284,411	-	30,881	137	329,950
Bourque	15,279	13,157	64,181	54,122	-	6,531	-	111,059	1,500	265,829
Haldimand	5,976	600	3,761,980	21,325	-	17,638	-	79,920	25,261	3,912,700
Tar Point	75	-	-	-	-	2,592	-	26,632	500	29,799
Matapédia	85	-	-	-	-	-	-	-	-	85
	35,671	**14,357**	**3,826,363**	**75,522**	**-**	**314,232**	**-**	**286,280**	**27,398**	**4,579,823**

Exploration expenses for the nine-month period ended September 30, 2014 are detailed as follows:

	Geology	Geophysics	Completion and drilling	Analysis	Fracturing	General expenses	Options	Provision	Site maintenance	Total
	$	$	$	$	$	$	$	$	$	$
Anticosti[(1)]	73,720	7,500	9,133	26,341	-	(52,850)	-	-	-	63,844
Gastonguay	365	-	-	-	-	278	-	-	-	643
Gaspésia Marcel-Tremblay Edgar	1,225	-	-	-	-	941	-	-	-	2,166
Gaspé	25,029	8,250	260	150	-	73,669	-	-	600	107,958
Bourque	6,628	9,150	23,686	1,200	-	78,144	-	-	-	118,808
Haldimand	8,635	-	160,121	2,440	-	326,399	-	-	37,069	534,664
Tar Point	290	-	-	-	-	18,145	-	-	-	18,435
Matapédia	715	1,200	28,388	-	-	10,816	-	-	-	41,119
	116,607	**26,100**	**221,588**	**30,131**	**-**	**455,542**	**-**	**-**	**37,669**	**887,637**

(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 November 25, 2015:

Common shares: 92,420,195 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 27, 2019;

• 1,030,000 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;

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 5, 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. 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, November 25, 2015

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