Management's Discussion and Analysis
For the three and six months ended June 30, 2019
(unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

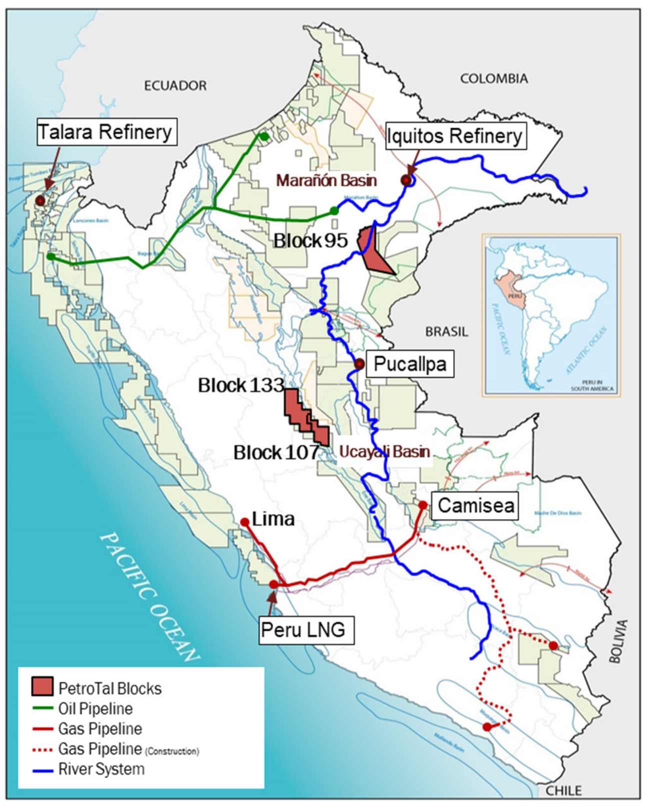
This Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of PetroTal Corp ("PetroTal" or the "Company") for the three months and six months ended June 30, 2018 and June 30, 2019, is dated May 28, 2019, and should be read in conjunction with the Company's unaudited condensed consolidated financial statements (the "financial statements") for the three months and six months ended June 30, 2018 and June 30, 2019, as well as the Company's audited consolidated financial statements (the "financial statements") for the years ended December 31, 2018. The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board, which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

Financial figures throughout this MD&A are stated in thousands of United States dollars ($) unless otherwise indicated.

This MD&A contains forward-looking statements that should be read in conjunction with the Company's disclosure under "*Forward Looking Statements and Business Risks*".

CORPORATE OVERVIEW AND STRATEGY

PetroTal is a publicly-traded (TSX-V:TAL and AIM:PTAL), international oil and gas company incorporated and domiciled in Canada. Through its two subsidiaries in Peru, the Company is currently engaged in the ongoing development of hydrocarbons in Block 95 with a focus on the development of the Bretaña oil field. Additionally, the Company has exploration prospects and leads in Block 107.



On December 18, 2017, the Company:

• Completed a plan of arrangement (the Reverse Takeover "RTO") with Sterling Resources Ltd. pursuant to which Sterling acquired all of the shares of PetroTal LLC and, once amalgamated, continued as one operation under the name of Sterling Resources Ltd. The name of the Company was changed in June 2018 to PetroTal Corp.

• Acquired from Gran Tierra Energy Inc. ("GTE") 100% of the subsidiaries that held the rights in the exploration blocks in Peru. GTE had 100% working interest in three license contracts (Blocks 95, 107 and 133), and GTE retained a 20% back-in option in Block 107.

After the reverse takeover transaction and the acquisition of GTE Peruvian assets on December 18, 2017, the Company appointed an experienced Board of Directors and retained the prior PetroTal Management team

• Raised $34 million gross proceeds through the issuance of subscription receipts, which have been subsequently converted into common shares.

The Company commenced oil production in Bretaña on July 1st, 2018 via a long-term testing program of the single oil producer drilled by GTE, which is was a major component of our operations. The Company brought online the second oil producer in the field in mid-April 2019 at approximately 2,250 barrels of oil per day ("BOPD"), and the third oil producing well in the field in mid-June at a 30-day rate of approximately 2,800 BOPD, bringing total field production to over 5,000 BOPD. The Company subsequently drilled a new water disposal well and has completed a workover on the existing water disposal well to turn the well into an oil producer. The workover came online at an initial rate of 2,700 BOPD. Total field production is being limited to the capacity of oil production facilities and approximates 5,500 BOPD. These activities have significantly diversified our operations.

In June 2019, the Company raised additional equity of $23.4 million net of fees, to expedite the development of the Bretaña oil field.

SECOND QUARTER 2019 OPERATIONAL AND FINANCIAL HIGHLIGHTS

BRETAÑA OIL FIELD

The Bretaña oil field is located in the Maranon Basin of northern Peru. To date this basin has produced more than one billion barrels of crude oil. Approximately 70% of the oil in the Maranon Basin has been produced from the Vivian Formation and approximately 30% from the Chonta Formation. The Vivian Formation is known as a quality oil reservoir with high permeabilities and strong aquifer support. Generally, this type of reservoir achieves the highest oil recoveries. The Chonta Formation is immediately below the Vivian and typically produces medium to light oil, however the Company is focused on the Vivian formation.

The Bretaña oil field with its estimated 330 million barrels of oil ("MMBO") in place, as estimated by Netherland, Sewell & Associates, Inc. ("NSAI"), a qualified reserves evaluator as defined in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), effective December 31, 2018, is a large oil field in the Maranon Basin. The current estimate of 39.4 MMBO of gross 2P reserves is based on a 12% recovery factor. The net reserves were estimated at 37.5 MMBO with the differential being oil being used to generate power in the field, also assume a 12% recovery factor. Analog fields show that the potential recovery could be significantly higher.

The Company's operating team has previously worked on the fields in the area, and therefore are familiar with these types of operations. These highly productive oil wells are supported by strong aquifers and require the produced water to be reinjected back into the reservoir. The Company intends to develop the Bretaña oil field on a modular basis, whereby the production and water reinjection facilities are installed as needed.

On June 1, 2018, five months earlier than anticipated, the Company announced that the Bretaña discovery well was placed on production through long-term testing, allowing for the start of the commissioning of the newly installed oil production facilities. The Company restricted the well's flow rate to minimize water production until the required water injection facilities and oil well hydraulic pump was commissioned and installed. Three additional oil wells have since been brought online in 2019, and the Bretaña field is currently producing approximately 5,500 BOPD from the three new oil wells in the field drilled by PetroTal. The discovery well, drilled by the previous operator, is shut-in due to capacity constraints of the facilities in the field. Each well is being produced at various rate intervals to manage total field capacity to produce oil. The Company plans to increase total field production to over 10,000 BOPD by year-end with continued drilling and installation of processing facilities that are expected to be commissioned late in the fourth quarter 2019. To provide for additional water reinjection, the Company completed a new water reinjection well in July of 2019, providing the ability to reinject up to 40,000 barrels of water per day. Currently the Company is drilling the BN 95-4 development well which is expected to take 60 days to complete. Subsequent to the end of the second quarter, on August 26, 2019, the company sold 200,000 barrels of oil, most of which was recorded in inventory at June 30, 2019.

OSHEKI

PetroTal opened a data room for Block 107 in September 2018 to present the Osheki prospect and other leads to potential partners. Based on an independent assessment completed by Netherland Sewell & Associates, Inc., with an effective date of June 30, 2018, and prepared in accordance with the Canadian Oil and Gas Evaluation Handbook and the standards established by NI 51-101, the Osheki prospect is estimated to have 534 MMBO of mean prospective recoverable oil resources. This estimate is based on a recovery factor of 30 percent of the estimated 1.78 billion barrels of mean prospective original oil in place ("OOIP"), using maps generated from seismic acquired in 2007 and 2014. The mean risked prospective resources figure for the Osheki prospect is 85 MMBO. The prospect was de-risked with a new 3D geologic model supporting Cretaceous age reservoirs with high quality Permian source rocks. Block 107 has four additional leads that, with Osheki, could contain a total of 4.6 billion barrels of recoverable resource in the high estimate case. Drilling permits for the Osheki prospect have been approved and the Company is seeking joint venture partners to drill the first exploration well and are looking to spud the well in 2020.

SUMMARY OF QUARTERLY RESULTS

	2019		2018				2017		
($ thousands US dollars, unless otherwise indicated)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Revenues	7,669	4,315	5,850	4,144	-	-	-	-	-
Net Income (loss)	519	(1,611)	(2,184)	507	(1,400)	(1,544)	(2,754)	-	-
Net Income (loss) per weighted average Common Share – basic and diluted ($)	0.00	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.01)	-	-
Total assets	145,833	100,808	96,097	91,322	98,918	97,363	98,766	-	-
Total liabilities	45,675	24,842	18,570	11,655	19,819	16,864	16,723		
Shareholders' equity	100,158	75,966	77,527	79,667	79,099	80,499	82,043		
Capital expenditures	24,868	9,771	4,673	5,595	8,208	4,731	154	-	
Cash, End of Period	33,128	17,781	26,259	27,905	27,905	34,986	48,783	-	-
Common shares outstanding (000's)	672,196	537,741	537,741	537,741	537,741	537,741	537,741	-	

PRODUCTION

	Quarters Ended					Six Months Ended June	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
Oil - BOPD sold	1,533	923	1,199	730	-	1,230	-
Oil - BOPD produced	3,109	944	1,158	757	-	2,032	-

In late May 2019 the Company received approval of the Environmental Impact Assessment ("EIA") to fully develop the Bretaña oil field in Block 95. This approval provides the Company with necessary permits to execute its development strategy at Bretaña. Production for the second fiscal quarter was 279,810 barrels and averaged 3,109 BOPD, driven higher by the successful drilling and completion of the second and third oil producing wells in the field. Production should continue to increase materially with the installation of the production facilities by year-end 2019, bringing expected field production to approximately 10,000 BOPD.

REVENUES AND ROYALTIES

	Quarters Ended					Six Months Ended June	
($ thousands US dollars, unless otherwise indicated)	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
Gross revenues	8,099	4,529	6,186	4,301	-	12,628	-
Royalties	430	214	336	157	-	644	-
Net revenues	7,669	4,315	5,850	4,144	-	11,984	-
Royalties as a % of revenues	5%	5%	5%	4%	-	5%	-
Average Brent oil price	68.96	63.14	67.75	75.18	74.52	66.07	-

Following the Company's July 3, 2018 announcement of first oil production from the Bretaña field, the Company executed an initial oil sales contract with PetroPeru, Peru's state oil company and owner of the Iquitos refinery. The Company successfully negotiated a discount equivalent to approximately 14 percent from Brent; however, the Company does not pay pipeline tariffs during the contract term, as all oil is barged directly to the refinery. The crude oil is currently picked up at the Bretaña field and transported to the refinery by PetroPeru. The Company signed a new contract for crude oil sales to the Iquitos refinery with an average 18.5 percent discount to Brent, which is offset by the barging tariff being reduced from $5.50 per barrel to $3.40 per barrel. Currently the Company is preparing to use the oil northern pipeline, which requires minimum batches of 50,000 and 100,000 barrels, resulting in a large inventory build.

As previously announced, the Company negotiated an oil contract to sell the oil in Bayovar, Peru under an oil swap agreement with PetroPeru. Additionally, the Company is negotiating long-term crude oil marketing contracts.

The royalty regime in Peru is negotiated on a block by block basis. In our current blocks, we pay a royalty based on production, and ranges between five percent and twenty percent. The royalty calculation is five percent based on production of 5,000 BOPD or less and twenty percent when production reaches 100,000 BOPD or more, with a straight-line calculation between. Currently the Company is paying a royalty of five percent, and at peak production will be approximately eight percent once the field has been fully developed. For royalty calculation purposes, PetroPeru subtracts transportation from revenue prior to calculation of the royalty.

OPERATING EXPENSES

	Quarters Ended					Six Months Ended June	
($ thousands US dollars, except $ per barrel)	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
Operating expenses	4,314	3,470	3,544	1,354	-	7,784	-
$ per barrel sold	30.92	41.79	32.13	20.16	-	34.98	-
$ per barrel produced	15.25	40.85	33.27	19.44	-	21.16	-

Operating expense per barrel in prior quarters were affected by lower production in those quarters. Management previously stated that operating costs on a per unit basis should decrease in the future due to production increases and fixed operating expenses being spread over a greater number of barrels produced. The difference between oil sold and oil produced metrics was a result of inventory build to begin access to the oil pipeline.

GENERAL AND ADMINISTRATIVE

	Quarters Ended					Six Months Ended June	
($ thousands US dollars, except $ per barrel)	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
G&A expenses	1,643	1,630	2,415	1,478	991	3,273	2,287
$ per barrel sold	11.78	19.63	21.90	22.00	n/a	14.71	n/a
$ per barrel produced	5.81	19.19	23.24	20.33	n/a	8.90	n/a

General and administrative costs are on par with the prior quarter, however with increased volumes the per barrel comparison is more in line with management expectations. As production increases, management believes the per barrel cost of G&A should improve materially. The difference between oil sold and oil produced metrics was a result of inventory build to begin access to the oil pipeline.

CAPITAL EXPENDITURES

	Quarters Ended					Six Months Ended June	
($ thousands US dollars)	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
Exploration and evaluation	114	281	293	966	8,208	395	14,198
Oil and gas properties	24,441	9,469	4,351	4,385	-	33,910	8,736
Furniture and fixtures	313	21	29	244	-	334	273

Capital expenditures for the three months ended June 30, 2019 are primarily related to the drilling of the Company's second and third oil wells, as well as accounting for the production processing facilities to be installed by year-end.

The Board of Directors has approved PetroTal's capital budget for 2019, with key spending at Block 95 as follows:

- Drilling of three oil wells expected to produce oil at an average cost of $12.1 million each;
- Additional processing facilities to be installed in 4Q2019, with an expected total spend in 2019 to approximate $16.0 million, increasing capacity to 10,000 BOPD;
- One water disposal well for approximately $7.0 million;
- Abandonment costs of approximately $2.0 million associated with a legacy drilling site approximately 4.5 miles south of the Bretaña drill and production pad.

Following the successful capital raise in June 2019, management and the Board will review additional capital expenditures that will allow for increased oil production at year-end 2019. The Company does not intend to spend material amounts of capital in Block 107 as the primary effort in those locations at this time is to secure a joint interest partner.

PROPERTY, PLANT AND EQUIPMENT

($ thousands, US dollars)	Oil and Gas Properties	Furniture, Fixtures and Lease Obligations	Total
Balance at December 31, 2017	-	109	109
Transfer of exploration and evaluation assets	48,160	(118)	48,042
Change in estimates - decommissioning obligations	(3,575)	-	(3,575)
Additions	8,736	273	9,009
DD&A charge in period	(1,492)	(48)	(1,540)
Net book value PP&E December 31, 2018	51,829	216	52,045
Additions	33,910	334	34,244
Revisions to decommissioning obligations	1,722	-	1,722
Additions to decommissioning obligations	1,503	-	1,503
Right-of-use asset	-	385	385
DD&A charge in period	(3,005)	(90)	(3,095)
Net book value PP&E June 30, 2019	85,959	845	86,804

At June 30, 2019, the total DD&A capitalized to inventory was $1.2 million. In addition, IFRS 16 "Leases" was applied by the Company on January 1, 2019, and as such, a right-of-use asset relating to the head office lease of $0.4 million (included in property, plant and equipment) was booked, with a corresponding increase to lease obligations.

DEPLETION, DEPRECIATION AND AMORTIZATION ("DD&A")

($ thousands US dollars, except $ per barrel)	Quarters Ended					Six Months Ended June	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	2019	2018
DD&A	1,125	745	815	566	6	1,870	23
$ per barrel produced	3.98	8.77	7.66	8.12	n/a	5.08	n/a

Depletion for the second quarter was $2.3 million, at a rate of $8.12 per barrel. However, $1.2 million of this depletion expense was reclassified to inventory resulting in lower than expected depletion expense of $3.98 per barrel. Depletion and amortization are calculated based upon capital expenditures, production rates and proved plus probable reserves. At June 30, 2019, $217.3 million of future development costs have been included in the depletion calculation.

FINANCING ACTIVITIES AND LIQUIDITY

($ thousands US dollars)	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Cash	33,128	17,781	26,259	27,905	34,986
VAT receivables	9,268	7,277	6,848	1,905	2,234
Trade and other receivables	1,662	1,729	1,848	1,553	104
Inventory	4,980	465	178	539	294
Advances and prepaid expenses	1,118	3,231	502	391	350
Trade and other payables	(30,480)	(12,792)	(7,462)	(4,035)	(5,335)
Current income taxes payable	(8)	(12)	-	-	-
Deferred income taxes	-	-	(17)	-	-
Lease liabilities	(78)	(76)	-	-	-
Decommisioning obligations	(1,814)	(1,814)	(2,103)	-	-
Total	17,776	15,789	26,053	28,258	32,633

Working capital was $17.8 million at June 30, 2019 compared to $15.8 million at March 31, 2019. The increase is due to the capital raised of net $23.4 million and offset by an increase in trade and payables that is driven by payment plans negotiated with certain vendors. A breakdown of the Company's net working capital as at June 30, 2019, March 31, 2019, December 31, 2018, September 30, 2018, and June 30, 2018 is provided in the chart above.

CAPITAL COMMITMENTS

As of June 30, 2019, the Company holds the following commitments in the exploration blocks in Peru, which are guaranteed by letters of credit:

Block	Beneficiary	Amount - $000s	Commitment
107	PeruPetro S.A.	1,500	Minimum work – 5th exploratory period - 1st exploratory well (expires December 6, 2021)
107	PeruPetro S.A.	1,500	Minimum work – 5th exploratory period - 2nd exploratory well (expires December 6, 2021)
133	PeruPetro S.A.	1,000	Expires two years after Perupetro lifts Force Majeure due to permitting process

DECOMMISSIONING OBLIGATIONS

($ thousands, US dollars)	
Balance at December 31, 2017	14,048
Changes in estimates	(3,575)
Accretion of decommissioning discount	618
Balance at December 31, 2018	11,091
Additions	1,503
Revisions to decommissioning obligations	1,722
Accretion of decommissioning discount	177
Balance at June 30, 2019	14,493
This is represented by:	
Current	1,814
Non Current	12,679

The Company has estimated decommissioning liabilities to be $17.9 million. The net present value of its estimated decommissioning liabilities is $14.5 million, which includes an addition of $1.5 million in the first six months related to the drilling of the Company's second and third wells in the Bretaña oil field and a revision of $1.7 million based upon a change in the un-risked interest rate. The present value of the obligations was calculated using an average risk-free rate of 3.56 percent (December 31, 2018: 4.69 percent) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rate used in determining the cash flow estimates ranges from 1.9 percent to 2.1 percent (December 31, 2018: 1.9 to 2.1 percent). The table above sets out the continuity of decommissioning obligations.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Management is required to make judgments, assumptions and estimates that have a significant impact on the Company's financial results. Significant judgments in the financial statements include going concern, financing arrangements, impairment indicators, assessment of transfers from E&E to PPE, asset acquisition and joint arrangements. Significant estimates in the financial statements include commitments, provision for future decommissioning obligations, recoverable amounts for exploration and evaluation assets and accruals. In addition, the Company uses estimates for numerous variables in the assessment of its assets for impairment purposes, including oil and natural gas prices, exchange rates, discount rates, cost estimates and production profiles. By their nature, all of these estimates are subject to measurement uncertainty, may be beyond management's control and the effect on future consolidated financial statements from changes in such estimates could be significant.

RELATED PARTY TRANSACTIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The Company had no related party transactions or off-balance sheet arrangements.

TAXATION

Peruvian law requires the Company to pay a two percent tax on gross revenues, which is booked as a deferred income tax asset and is recoverable once the prior net operating losses of approximately $310 million are exhausted. Due to prior net operating losses the Company does not anticipate having a significant tax liability for the next few years. At such time as there is a tax liability, the amounts pre-paid through the two percent payment will reduce the amount of future tax to be paid. Corporate tax rates for the Company's license contracts in Peru are 32 percent.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date hereof, there are issued and outstanding:

- 672,196,034 common shares;
- 3,446,361 performance stock units;
- 26,750,000 performance warrants that are fully vested due to management reaching certain production thresholds.

During the second quarter, the Company completed a secondary offering of common shares, totaling 133,333,333 shares. This capital raised, completed in London, was intended to increase trading liquidity as well as give the Company additional capital to accelerate the plan to increase production at the Bretaña field.

For a description of the performance warrants, refer to PetroTal's annual information form available via SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS AND BUSINESS RISKS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. The risks and other factors, some of which are beyond the Company's control, could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A.

The forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statement. Subject to applicable securities laws, the Company is under no duty to update any of the forward-looking statements after the date hereof or to compare such statements to actual results or changes in the Company's expectations. Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information should not be used for purposes other than for which it is disclosed herein.

ADDITIONAL INFORMATION

Additional information about PetroTal Resources Ltd. and its business activities, including PetroTal's annual information form and audited financial statements for the years ended December 31, 2018 and 2017 are available via SEDAR at www.sedar.com.