

THE QUEBEC GOVERNMENT HIGHLIGHTS THE TECHNICAL AND ECONOMIC VIABILITY OF THE ANTICOSTI PROJECT

Québec. November 2, 2015 Petrolia, Inc. (TSXV: PEA): is pleased to note that the studies that were completed for and published by The Government of Quebec as part of the Strategic Environmental Assessment (“SEA”) conclude that the Anticosti project is both economically viable and technically and environmentally feasible. The SEA is based on 64 studies conducted over the last two years by independent experts from a variety of backgrounds.

The SEA* highlights the following:

- In 2013, Quebec imported 137 million barrels of oil and 7.7 million cubic feet of natural gas from other Canadian provinces, the U.S.A. and various other countries around the world. This amounted to \$13.5 billion of imported hydrocarbons, which constitutes 61% of the commercial trade deficit of the Province;
- The Province of Quebec has a long history of oil & gas exploration and a number of prospective basins, including Anticosti Island, which hold great potential for the production of hydrocarbons. In particular, the Macasty Shale formation is geologically similar to the productive Utica and Pleasant Point formations in Ohio
- During a 75 year period and based on an “optimized” production scenario, Anticosti Island could produce a total of 11,683 trillion cubic feet of natural gas and 584 million barrels of oil. During the maximum production period, this could amount to 246 trillion 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 have potential revenues of \$169 billion and profits of \$75 billion;
- Including royalties, taxes and its ownership interest in the project, this could result in revenues to the Government of Quebec of \$46 to \$48 billion and would create more than 2,000 jobs;
- Based on a detailed analysis of all of the key variables including the costs of drilling, production and infrastructure for the full development of the project, the Government of Quebec expects the project to have an 80% to 86% chance of being economically viable;
- The full development of the project would have an impact of less than 2% of the 2020 greenhouse gas emission targets set by the Government of Quebec for 2020;
- The SEA suggests a variety of measures and best practices that can be implemented to address the environmental impacts of the project, considering that similar projects are being completed other places in the world

Petrolia commends the authors of the SEA, as it was very comprehensive in nature and represents a reasonable approach to estimate the potential value of hydrocarbon development on Anticosti Island. Notwithstanding, reports such as these are very speculative in nature, due to the wide array of variables that need to be considered.

As previously announced, Anticosti Hydrocarbons completed the drilling of 12 stratigraphic survey wells on the Island in 2014 and 2015, which were taken into consideration in the SEA completed by the Government. Anticosti Hydrocarbons is planning, subject to the receipt of the necessary approvals, to drill and frack three horizontal wells in 2016. This drilling program will be a critical step towards understanding the hydrocarbon resource potential on Anticosti Island.

Petrolia notes that the Government’s estimate of the relative proportion of gas (77.5%) to oil (22.5%) is largely based on estimates from comparable oil & gas basins and the actual proportions could vary from this estimate. In these other basins, the presence of gas is essential to ensuring the economic production of oil and is an important component of the value of the resources. It is important to highlight that this estimate of gas includes liquid hydrocarbons typically referred to as condensate. If these estimates prove to be correct, the project could produce a meaningful amount of oil, gas and condensate. The condensate is expected to consist mostly of butane, propane and ethane, which could add significant economic value to the project.

Petrolia is excited about its interest in Anticosti Hydrocarbons because, according to the Government’s studies, its permits are located in the area of the basin which is most likely to contain the liquids rich zone and best productive capacity. Anticosti Island continues to represent the largest and most prospective oil and gas project in the Province of Quebec.

“For the last several years, Petrolia is the only Quebec-based company that has taken concrete steps to advance this breakthrough project for the Province of Quebec. Before the signing of the agreements in 2014, we completed \$5.8 million of work on the Island. In 2014, we negotiated and signed agreements for up to \$100 million of work with partners, including the Government of Quebec, for the valorization of these permits and we remain the operators of this project. Since 2008, Petrolia has been closely linked to the success and advancement of the Anticosti project” stated Alexandre Gagnon, President and CEO of Petrolia.

Petrolia is the company that holds the best portfolio of oil projects in the Province of Quebec. The hypothesis set forth in the studies published by the Government of Quebec for the additional potential for natural gas associated with the production of oil on Anticosti Island creates a fantastic opportunity for the economic development of the eastern region of Quebec, including Gaspésie and the North Shore of the St. Lawrence.

The full documentation can be accessed (in French only) at the following link: