

A copy of this amended and restated prospectus has been filed with the securities regulatory authority in the Province of British Columbia but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the amended and restated prospectus is obtained from the securities regulatory authority.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

AMENDED AND RESTATED NON-OFFERING PROSPECTUS DATED OCTOBER 21, 2019 AMENDING AND RESTATING THE NON-OFFERING PRELIMINARY PROSPECTUS DATED JULY 24, 2019

Non-Offering Prospectus

October 21, 2019

TRILLION ENERGY INTERNATIONAL INC. (formerly Park Place Energy Inc.) (the “Company”)

**Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, , Oran, Cankaya, Ankara
Turkey, 06450
+90 312 441 80 02**

No securities are being offered pursuant to this prospectus. This prospectus is being filed with the British Columbia Securities Commission for the purpose of allowing Trillion Energy International Inc. (formerly Park Place Energy Inc.) to become a reporting issuer in that jurisdiction and to enable the Company to develop an organized market for its common shares.

Since no securities are being offered pursuant to this prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this prospectus will be paid by the Company.

There is currently limited availability on the OTC Pink tier of the OTC Markets electronic quotation system (“OTC”) through which the Company’s securities may be sold and shareholders may not be able to resell the securities of the Company owned by them. The closing price of our common shares as quoted on the OTC Markets on October 18, 2019 was US\$0.08

An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing this prospectus, you should carefully consider the matters described under the heading “Risk Factors”.

We have applied to list our common shares on the Canadian Securities Exchange (the “CSE”). Listing on the CSE is subject to the Company fulfilling all of the listing requirements of the CSE. **No underwriters or selling agents have been involved in the preparation of this prospectus or performed any review or independent due diligence of the contents of this prospectus.** No person is authorized by the Company to provide any information or make any representations other than those contained in this prospectus.

In this prospectus, “we”, “us”, “our”, “Trillion Energy Inc.” and the “Company” refers to Trillion Energy International Inc. (formerly Park Place Energy Inc.), a corporation incorporated under the laws of the State of Delaware.

The Company is incorporated under the laws of a foreign jurisdiction. Although the Company has appointed Macdonald Tuskey of Suite 409 – 221 W. Esplanade, North Vancouver, BC V7M 3J3 as its agent for service of process in British Columbia, it may not be possible for investors to enforce judgments obtained in Canada against the Company.

Mr. David Thompson, a director of the Company, resides outside of Canada. Although Mr. Thompson has appointed Macdonald Tuskey of Suite 409 – 221 W. Esplanade, North Vancouver, BC V7M 3J3 as its agent for service of process in British Columbia, it may not be possible for investors to enforce judgments obtained in Canada against Mr. Thompson.

The head office of the Company is located at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey..

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	3
GLOSSARY OF TECHNICAL TERMS	5
SUMMARY OF PROSPECTUS	10
CORPORATE STRUCTURE	12
NAME, INCORPORATION AND OVERVIEW	12
INTER-CORPORATE RELATIONSHIPS	12
NARRATIVE DESCRIPTION OF THE BUSINESS	13
OUR CURRENT BUSINESS	13
THREE-YEAR HISTORY	15
OIL & GAS PROPERTIES.....	22
RESERVES DATA AND OTHER OIL AND GAS INFORMATION	24
USE OF AVAILABLE FUNDS.....	25
NON-OFFERING PROSPECTUS	25
FUNDS AVAILABLE AND USE OF AVAILABLE FUNDS.....	25
STATED BUSINESS OBJECTIVES	28
DIVIDENDS	28
SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS.....	28
SELECTED FINANCIAL INFORMATION	28
RESULTS OF OPERATIONS FOR THE PERIODS ENDED SEPTEMBER 30 2018 AND 2017.....	29
RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016	27
DESCRIPTION OF SECURITIES.....	36
CONSOLIDATED CAPITALIZATION.....	37
OPTIONS TO PURCHASE SECURITIES.....	38
PRIOR SALES.....	40
ESCROWED SECURITIES AND OTHER SECURITIES SUBJECT TO RESALE RESTRICTIONS	41
ESCROWED SECURITIES	41
PRINCIPAL SHAREHOLDERS.....	43
Directors and executive officers.....	43
CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES	46
PENALTIES OR SANCTIONS	47
PERSONAL BANKRUPTCIES	47
CONFLICTS OF INTEREST	47
EXECUTIVE COMPENSATION.....	47
EXECUTIVE COMPENSATION.....	47
OUTSTANDING EQUITY AWARDS AS OF DECEMBER 31, 2017.....	48
OPTION EXERCISES AND STOCK VESTED.....	49
DIRECTOR COMPENSATION	49

EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS	50
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	49
INDEBTEDNESS OF DIRECTORS AND OFFICERS	49
PLAN OF DISTRIBUTION	53
RISK FACTORS	53
PROMOTERS	61
LEGAL PROCEEDINGS.....	61
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	61
AUDITORS, TRANSFER AGENT AND REGISTRAR	61
AUDITORS	61
TRANSFER AGENT AND REGISTRAR.....	61
MATERIAL CONTRACTS	62
INTERESTS OF EXPERTS.....	63
OTHER MATERIAL FACTS.....	64
FINANCIAL STATEMENTS	064
APPENDIX “A”	A-1
APPENDIX “B” FORM 51-101F2	B-1
APPENDIX “C” FORM 51-101F3.....	C-1
APPENDIX “D” RESERVES DATA AND OTHER OIL AND GAS INFORMATION	D-1
CERTIFICATE OF THE COMPANY	E-1
CERTIFICATE OF THE PROMOTERS.....	E-2

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and forward-looking information within the meaning of applicable securities legislation. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intend", "forecast", "plans", "guidance" and similar expressions is intended to identify forward-looking statements or information.

More particularly and without limitation, this prospectus contains forward-looking statements and information relating to the following:

- the performance characteristics of the Company's oil and gas properties; oil and natural gas production levels; the size of the oil and natural gas reserves;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- future funds from operations;
- capital programs;
- debt levels;
- future royalty rates;
- future depletion, depreciation and accretion rates;
- treatment under governmental regulatory regimes and tax laws; and
- capital expenditure programs.

The forward-looking statements and information contained in this prospectus are based on certain key expectations and assumptions made by the Company, including expectations and assumptions relating to prevailing commodity prices and exchange rates, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities and the availability and cost of labour and services.

Although the Company believes that the expectations reflected in the forward-looking statements and information in this prospectus are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general, such as operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of estimates and projections relating to production rates, costs and expenses, commodity price and exchange rate fluctuations, marketing and transportation, environmental risks, competition, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Readers are cautioned that the foregoing list of factors and risks is not exhaustive.

The forward-looking statements and information contained in this prospectus are made as of the date hereof and, unless so required by applicable law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this prospectus are expressly qualified by this cautionary statement.

Unless otherwise specified, all dollar amounts in this prospectus are expressed in United States dollars.

ABBREVIATIONS

Abbreviations

<i>Oil and Natural Gas Liquids</i>		<i>Natural Gas</i>	
Bbl or bbl:	barrel	Bcf or bcf:	billion cubic feet
Bbls or bbls:	barrels	Mcf or mcf:	thousand cubic feet
BOPD or bopd:	barrels of oil per day	BOE or boe:	barrel of oil equivalent ⁽¹⁾
Mbbls:	thousand barrels	BOE/D, boe/d or boepd:	barrel of oil equivalent per day
Mmbbls:	million barrels	Mmcf:	million cubic feet
NGLs:	natural gas liquids	Mcf/d or mcf/d:	thousand cubic feet per day
		Mmcf/d:	million cubic feet per day
		MMBTU or Mmbtu:	million British Thermal Units

(1) barrel of oil equivalent of natural gas and crude oil on the basis of 1 Bbl of crude oil for 6 Mcf of natural gas. *Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

(2)

GLOSSARY OF TECHNICAL TERMS

Unless the context indicates otherwise, the following terms when used in this prospectus have the following meanings:

Abandoned:	A dry hole in which no producible oil or gas was present, or a well that has stopped producing. Abandoned wells must be plugged to prevent seepage of oil, gas, or water from one formation to another.
Barrel:	The standard unit of measure of liquids in the petroleum industry; it contains 42 U.S. standard gallons.
Barrel of Oil Equivalent (BOE):	The amount of energy resource (in this document, natural gas) that is equal to one barrel of oil on an energy basis. The conversion is derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil (6 mcf: 1 bbl). BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
Basin:	A depression of the earth's surface into which sediments are deposited, usually characterized by sediment accumulation over a long interval; a broad area of the earth beneath which layers of rock are inclined, usually from the sides toward the center.
Blowout:	An uncontrolled flow of gas, oil, or other fluids from a well to the atmosphere. A well may blow out when formation pressure exceeds the pressure overburden of a column of drilling fluid.
Borehole:	The hole in the earth made by the drill; the uncased drill hole from the surface to the bottom of the well.
BOTAŞ	BOTAŞ Petroleum Pipeline Corporation, the state-owned crude oil and natural gas pipelines and trading company in Turkey.
COGE Handbook	The standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
Cendere Field:	The primary asset of PPE Turkey, the Cendere Field is an onshore oil field located in South East Turkey having a total of 25 wells.
Derdere Formation	The carbonated Derdere Formation is the main water reservoir of the Cendere Field.
Development:	Activities following exploration including the installation of facilities and the drilling and completion of wells for production purposes.
Discovery:	A find of significant quantities of gas or oil.
Dobrudja Basin	A basin located in the Dobruja region of northeast Bulgaria.

Dolomitization	Dolomitization is a geological process by which the carbonate mineral dolomite is formed when magnesium ions replace calcium ions in another carbonate mineral, calcite. It is common for this mineral alteration into dolomite to take place due to evaporation of water in a salt flat. The volume of dolomite is less than that of calcite, so the replacement of calcite by dolomite in a rock increases the pore space in the rock by 13% and forms a rock with the ability to store fluids.
Exchange Act:	United States Securities Exchange Act of 1934
Exploration:	The process of searching for minerals preliminary to development. Exploration activities include (1) geophysical surveys, (2) drilling to locate an oil or gas reservoir, and (3) the drilling of additional wells after a discovery to delineate a reservoir. It enables the lessee to determine whether to proceed with development and production.
Field:	A geographical area in which one or more oil or gas wells produce. A field may refer to surface area only or to underground productive formation. A single field may include several reservoirs separated either horizontally or vertically.
Gazprom:	Public Joint Stock Company Gazprom is a large Russian company founded in 1989, which carries on the business of extraction, production, transport, and sale of natural gas. The company is majority owned by the Government of Russia, via the Federal Agency for State Property Management and Rosneftegaz.
GLJ:	GLJ Petroleum Consultants Ltd., an independently qualified reserves evaluator and auditor
GLJ Report:	The Form 51-101F2 Report on Reserves Data dated April 10, 2018 prepared by GLP Petroleum Consultants Ltd.
Middle Cretaceous	The geologic period and system that spanned 79 million years from the end of the Jurassic Period 145 million years ago to the beginning of the Paleogene Period 66 million years ago. The Middle Cretaceous was characterized a relatively warm climate, resulting in high sea levels that created numerous shallow inland seas.
NI 51-101:	National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities
Operator:	The individual, partnership, firm, or corporation having control or management of operations on a leased area or a portion thereof. The operator may be a lessee, designated agent of the lessee, holder of rights under an approved operation agreement, or an agent of an operating rights holder.
Production:	The phase of oil and gas operations involved with well fluids extraction, separation, treatment, measurement, etc.

Reserves:	<p>Estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:</p> <ul style="list-style-type: none"> - analysis of drilling, geological, geophysical and engineering data; - the use of established technology; and - specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed. <p>Reserves are classified according to the degree of certainty associated with the estimates.</p> <p>(a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.</p> <p>(b) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.</p> <p>(c) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.</p>
SEC:	United States Securities and Exchange Commission
South Akcakoca Sub-Basin or SASB	Located in the shallow waters of the western Black Sea, was the first commercial offshore Black Sea development. The SASB includes three main structures, which are the focus of development. A number of discoveries have been made since 2004 including four commercial fields; Akkaya, Ayazli, Dogu-Ayazli and Akcakoca. In January 2017, Trillion Energy acquired Tiway Oil's stake in the South Akcakoca Sub-Basin.
South East Anatolian Basin	SE Anatolian Basin is a hydrocarbon producing basin located in south eastern Turkey.
TPAO or TPAO Karakus:	Türkiye Petrolleri Anonim Ortaklığı, is a Turkish company founded in 1954 by Law No. 6327 with the responsibility of being involved in hydrocarbon exploration, drilling, production, refinery and marketing activities as Turkey's national company. TPAO currently has approximately 4,800 employees and operates internationally as a fully integrated oil & gas company. The Company has entered into two operating agreements with TPAO (for the Cendere Field and SASB properties, respectively) where TPAO serves as the Operator.
Tupras	Türkiye Petrol Rafinerileri A.Ş., a Company in Turkey, operating four refineries with a total capacity to handle an annual 28.1 mn tons of crude.
Vranino Block	Vranino Block 1-11, an exploration permit situated in the Dobrich District in northeast Bulgaria. The permit was acquired by the Company on April 1, 2014 and covers 98,205 acres (397.42 sq km). The permit is for a term of 5 years with up to an additional 5 years in extensions possible. Upon demonstration of a commercial discovery, the permit can be converted to an exploitation license of up to 35 years in length.

Well:	A hole drilled or bored into the earth, usually cased with metal pipe, for the production of gas or oil. A hole for the injection under pressure of water or gas into a subsurface rock formation.
Workover:	Operation on a shut-in or producing well to restore or increase its production.

SUMMARY OF PROSPECTUS

The following is a summary of the information contained in this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Capitalized terms used in this summary, which are not defined in the summary, have the meanings ascribed to them elsewhere in this prospectus. Unless otherwise indicated, references to the “Company”, “Trillion Energy”, “we”, “us” and similar terms are to Trillion Energy International Inc. (formerly Park Place Energy Inc.).

The Company

Trillion Energy International Inc. was incorporated as Park Place Energy Inc. in the State of Delaware in 2015, has its head office at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey. The Company has an office at Suite 700, 838 West Hastings Street, Vancouver British Columbia, Canada which provides limited administrative functions. The Company’s operations are based primarily in Turkey, where the company’s regional office is also located at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey. The Company has six subsidiaries.

Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFE). The Company’s new CUSIP is 89621V103.

Business of the Company

The Company has, since incorporation, focused on expanding its portfolio of oil and gas projects in Southeast Europe, Turkey and countries in the immediate vicinity. The Company’s core operations are on the recently acquired oil gas producing assets in Turkey and, and, secondarily, a coal bed methane exploration license in Bulgaria. See “*Narrative Description of the Business*”.

Management, Directors, and Officers

Arthur Halleran	<i>Director, President and CEO</i>
Barry Wood	<i>Director</i>
David Thompson	<i>Director, CFO, Secretary</i>
Kubilay Yildirim	<i>Director, General Manager (Turkey)</i>

Listing

The Company has applied to list its common shares on the CSE. Listing on the CSE is subject to the Company fulfilling all the listing requirements of the CSE.

Funds Available and Use of Available Funds

As of June 30, 2019, the Company had a working capital deficiency of approximately \$217,186_ and cash on hand of \$638,747 . As at the September 30, 2019, the Company had cash on hand of approximately \$960,000 and a working capital surplus of approximately \$604,000 . The Company estimates that it will require the following funds to conduct its plan of operations over the next twelve months:

Use of Available Funds	Amount
Prospectus and CSE Listing costs	\$20,000
Environmental Report	\$50,000
Operating deficit for 12 months	\$300,000
Unallocated working capital	\$ 30,000
Total	\$ 400,000

The Company has had negative operating cash flow since its inception, and will continue to have negative operating cash flow for the foreseeable future. Negative cash flow from operations was \$476,951 and \$267,221 for the years ended December 31, 2017 and December 31, 2018, respectively. Negative cash flow from operations was \$177,687 and \$215,208 for the six months ended June 30, 2019 and June 30, 2018 respectively. The Company intends to fund its business using its current working capital surplus, revenue from operations and the proceeds from future private placement or public equity offerings (hereinafter described) if any. The Company intends to spend the funds available to it as stated in this prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations in regard to any prospective investment or if we decide to commence a work program or drilling program for oil and gas or if the costs of the prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated. See “*Funds Available and Use of Available Funds*”.

Risk Factors

An investment in an oil and gas company involves a significant degree of risk, including risks related to cash flow and liquidity, the ongoing need for financing, a volatile stock price, operational risks and costs, regulatory matters and environmental legislation, risks related to property contracts, regulatory and permitting delays, fluctuation of key indicators such as oil and gas prices and interest and exchange rates, oil and gas industry risk, and competition for key personnel. The above list of risk factors is not intended to be a definitive list of all risks associated with the Company. See “*Risk Factors*”.

Summary Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Company and related notes thereto appearing elsewhere in this prospectus. The selected financial information is derived from the interim financial statements of the Company as of June 30, 2019, and the audited financial statement of the Company as of December 31, 2018, 2017, 2016 and 2015.

	Six Months ended June 30, 2019	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	\$	\$	\$	\$
Total Revenue	2,024,472	4,253,326	3,883,059	-
Net Income (Loss)	(595,337)	(2,375,513)	(2,486,836)	(3,999,091)
Current Assets	1,780,308	1,753,643	1,047,482	2,061,882
Current Liabilities	1,997,494	1,765,462	2,549,337	1,256,749
Working Capital (Deficit)	(217,186)	(11,817)	(1,501,855)	805,133
Total Assets	\$8,426,989	8,662,675	7,042,450	5,042,164
Total Long-Term Liabilities	\$4,261,128	4,026,129	2,527,259	-
Cash dividends declared	Nil	Nil	Nil	Nil
Shareholder’s Equity	2,168,367	2,871,084	1,965,854	3,785,415
Number of Common Shares	83,623,466	83,360,966	58,243,904	50,281,482

See “*Selected Financial Information and Management’s Discussion and Analysis*”.

Currency

Unless otherwise indicated, all currency amounts herein are stated in US Dollars.

CORPORATE STRUCTURE

Name, Incorporation and Overview

Trillion Energy International Inc. (formerly Park Place Energy Inc.) (“Trillion Energy”, “Company”, “we” or “our”) was incorporated in the State of Delaware and is headquartered out of Vancouver at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey with a limited administrative office at Suite 700, 838 West Hastings Street, Vancouver British Columbia, Canada. Head office for operations is based primarily from Turkey at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey proximate to its producing oil and gas fields in country. The Company also has registered offices in Canada, the USA, Bermuda and Bulgaria.

Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFE). The Company’s new CUSIP is 89621V103. Since its incorporation the Company has been a reporting issuer under the Securities Exchange Act of 1934, as amended. As a result the Company has been subject to the requirements of Regulation 13A under the Securities Exchange Act of 1934, as amended, which requires the Company to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Copies of these documents are available at www.sec.gov.

The Company’s common stock is currently quoted on the Pink Sheet quotation service operated by OTC Markets Group Inc., under the symbol “PKPL”.

Due to the implementation of British Columbia Instrument 51-509 on September 30, 2008 by the British Columbia Securities Commission, we have been deemed to be a British Columbia based reporting issuer. As such, we are required to file certain information and documents at www.sedar.com.

Inter-Corporate Relationships

The Company has the following wholly-owned subsidiaries:

	Jurisdiction of Incorporation	Structure	Activity
Park Place Energy, Corp.	Nevada	A 100% owned subsidiary of Trillion Energy International Inc. (Delaware), incorporated on August 31, 2019.	This subsidiary holds the license in Bulgaria for the Vranino 1-11 exploration permit. It has limited operations pending the Vranino 1-11 exploration Permit becoming active, which is expected during 2020.
Trillion Energy, Inc.	British Columbia	A 100% owned subsidiary of Trillion Energy International Inc. (Delaware) incorporated on December 15, 2017.	Non-active

Park Place Energy (Bermuda) Limited	Bermuda	Incorporated on March 11, 2016 as a holding company and owned 100% owned by Trillion Energy International Inc. (Delaware).	Park Place Energy (Bermuda) Limited owns 100% of both Park Place Petrol JSC and 100% of Park Place Energy Turkey Limited, the two operating entities in Turkey, which are described below.
BG Explorations EOOD	Bulgaria	Incorporated on February 22, 2012 as a wholly owned subsidiary of Park Place Energy Corp (Nevada).	It is a non-operating company and once the Vranino 1-11 exploration Permit is granted, the subsidiary is expected to serve Bulgarian operating company
Park Place Energy Turkey Limited.	Cayman Islands	Incorporated in 1986 and is 100% owned by Park Place Energy (Bermuda) Ltd.	This subsidiary is the operating company for all of Trillion Energy's operations in Turkey and holds all of Trillion Energy's licenses in Turkey.
Park Place Petrol JSC	Turkey	Incorporated in during Sept 2008, it is 100% owned by Park Place Energy (Bermuda) Ltd.	This subsidiary was an operating company in Turkey until it transferred its operations to Park Place Energy Turkey Limited effective March 18, 2018. The company is now inactive.

NARRATIVE DESCRIPTION OF THE BUSINESS

Our Current Business

The Company is an oil and gas company engaged in the production and exploration of and for oil and natural gas in Turkey and Bulgaria. The Company is currently generating revenues from its oil and gas operations in Turkey.

The Company is focused on exploiting its portfolio of existing exploration and development properties in Turkey and Bulgaria which include producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

The Turkey assets consist of oil and gas exploration and production companies which have producing oil and gas fields in Turkey, one of which is offshore and the other onshore. The principal producing field is Cendere oil field, which is described below.

The Cendere Field is a long-term low decline oil reserve. The Company has about 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 125 and 145 bopd (barrels oil per day) net to the Company.

The Cendere Field was first discovered in 1988 where Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company's interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5° API.

After the initial development of the Cendere Field, gross oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. To date approximately 20.1 MMbbls of oil have been produced from the Cendere Field.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Derdere Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field. The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline.

The Company also owns offshore production licenses called the South Akcakoca Sub-Basin (“SASB”). The Company now owns a 49% working interest in SASB, 12.5% which was obtained during 2018. The SASB consists of four offshore gas platforms which are tied into a gas production plant.

SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to 1800 meters. The three nearer shore gas fields of Ayazli (discovered in 2004), Dogu Ayazli (discovered 2005) and Akkaya (discovered in 2006) were included in an initial phase of development with first gas production in 2007. The deeper water Akcakoca field (discovered in 2006) was developed later with first gas production in 2011. All the fields are developed using unmanned well head platforms/tripods tied back via an 18 kilometre (“km”) 12-inch pipeline to shared processing and compression facilities onshore at Cayagzi gas plant. The gas plant at Cayagzi is capable of processing up to 75 million cubic feet of gas per day. Sales gas is exported via an 18.6 km long 16-inch onshore pipeline, which ties into the main national gas transmission network operated by BOTAS. Historically, gas has been produced at rates of as high as 30 MMcf/d from SASB; total gross production to date from the four fields is in excess of 40 Bcf. The production license for SASB is covered by a modern 223 square kilometre 3D survey. There are five additional potential gas prospects in SASB that have not yet been developed and to which the Company is currently evaluating data collected during the year to determine what if any reserves may be inputted into same. Also, there are several additional prospects defined by 3D seismic data to which the Company is evaluating at this time. The SASB field currently does not have any proven reserves confirmed by GLJ as a result of data deficiencies in the data received when the Company initially acquired the SASB project. During 2019, the Company expended \$50,000 for locating, reprocessing and patching historical data on SASB with the objective of obtaining sufficient data proof to establish proven reserves. The Company anticipates the results of its efforts to establish proven reserves confirmed by GLJ on SASB will be completed on or before the end of the 2019 calendar year.

The Company also has another oil and gas asset, a 50% operated interest in the Bakuk gas field located in Southern Turkey. The Bakuk field is shut-in with no plans to revive production in the near term.

In the Bulgaria, the Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with its minimum work program. The Company’s commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term, followed by data evaluation and drilling activities in years 4 and 5 of the initial term. The data evaluation is expected to commence during 2019. The drilling stage is expected to commence in 2022. The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and other exploration activities. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs, which at this time consists of an environmental impact assessment. The impact assessment is contemplated to be completed during 2019.

Three-Year History

The Company has been focused exclusively on the production, exploration for and development of, oil and gas assets located in Turkey and Bulgaria.

During the last three years relating to our Bulgaria Vranino 1-11 block, we have been gathering and evaluating historical data from various sources, including the Bulgarian government ministry data depository, and data received from third parties. During 2017, a lawsuit was resolved which challenged the validity of our exploration permit based on an alleged procedural error by the ministry in Bulgaria in granting our Company the permit.

For the year 2016, the average daily gross oil production rate for the producing wells in Cendere was 675 bopd; the average daily 2017 gross production rate for the field was 715 bopd; the 2018 average daily field gross oil production was 770 bopd. At the end of September 2019, oil is currently sold at a price of approximately US\$ 62 per barrel for a netback per barrel of approximately US\$32. 2019 average daily gross production of the field is 818 bopd which gives 133 bopd net to Company as at the end of September. .

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey (collectively, “PPE Turkey”). The purchase price for the acquisition of the PPE Turkey from Tiway Oil B.V. was \$2.1 million. As a result of the acquisition of PPE Turkey, Trillion Energy now owns interests in three producing oil and gas fields in Turkey, one of which is offshore and the other two are onshore.

Funds for the acquisition of PPE Turkey were raised through a combination of private placements and loans. From a private placement that closed in January 2017, along with an earlier placement that closed in early 2016, where the Company raised just over \$1.4 million. The remainder of needed funds was obtained through loans. The private placement that closed concurrent with closing of this acquisition raised \$1,015,000. We sold units at \$0.20 per unit which consisted of one common share and one share warrant at \$0.40 exercisable on or before January 17, 2018.

The Company now owns a 49% working interest in SASB, 12.25% which was obtained during January 2018. The additional interest was acquired with cash of \$309,515, 1,000,000 shares issued on November 22, 2017 fair valued at \$90,000 and a further share issuance of 500,000 shares on January 30, 2018 fair valued at \$67,500 for total consideration of \$467,015.

The average daily 2018 gross gas production rate for the producing wells in SASB was 1.04 MMcfd. As of end of September 2019 annual average daily gross production is 0,94 MMcfd with an average sale price of US \$6,83 per Mcf. At 30th September 2019 the field daily production is 1,10 MMcfd.

During the calendar year ending December 31, 2018, we issued a total of 25,117,062 common shares for a combination of private placements, restricted stock units and debt settlements for total proceeds of \$1,634,123 and \$337,227 in stock-based compensation.

During 2018, the Company commenced a comprehensive environmental impact assessment on its proposed drilling activities to be conducted at the Vranino 1-11 exploration licence property in Bulgaria. The environmental report is necessary in order to obtain final permits and approvals to conduct the exploration program on the licence block.

On December 31, 2018 we appointed a new independent director, Barry Wood, who has a broad background in the oil and gas industry with over 30 years’ experience.

On August 16, 2019 the Company engaged Buckley Dodds LLP as its new independent registered public accounting firm and dismissed its former auditor, Whitley Penn.

The Company has identified a number of prospective undeveloped locations in the SASB gas field that may be candidates for future drilling for natural gas from one or more of the four existing production platforms. During 2019, the Company expended approximately \$50,000 in data gathering, patching and processing relating to the SASB. Analysis of the SASB data is ongoing at this time, with the results expected to be completed during the fourth quarter of 2019. Accordingly, the Company envisions that the next stage of development will commence in 2021, and may

include the drilling of additional wells to materially increase the volumes of gas produced through the existing infrastructure. Any long-term plans to reinvigorate the SASB if reserves are found is contingent upon the Company obtaining a farm-in partner and or future funding for redevelopment through debt, equity, royalty or any other potential funding avenues.

With the acquisition of the PPE Turkey Companies, the Company also acquired another oil and gas asset, a 50% operated interest in the Bakuk gas field located near the Syrian border. The Company evaluated the Bakuk field, which was shut-in during 2018, and consequently determined not to revive production in the near term.

Effective September 20, 2019, Mr. Kubilay Yildirim was appointed to serve as a director on the Board of Directors of the Company. Mr. Yildirim is currently the General Manager of our operations in Turkey, where he has served for over 10 years. Mr. Yildirim joins incumbent directors Arthur Halleran, Barry Wood and David Thompson, increasing the number of directors on the Board to four.

On September 30, 2019 to improve our working capital position, in exchange for cancellation of three current notes payable totaling US \$439,148.37 we issued three long-term unsecured promissory notes to three (3) lenders in the aggregate principal amounts of \$280,239.92 and GBP£130,252.83 which are due and payable on April 1, 2021.

During September 2019, to improve our working capital position, the Company entered into agreements for a private placement of shares of common stock in settlement of outstanding debts owed by the Company in the collective amount of US\$339,343 at a price of \$0.10 per unit. In settlement of such debts we have agreed to the issuance of 3,393,430 shares of common stock, with each common share having ½ of one share purchase warrant.

On September 30, 2019, we issued convertible debentures in the aggregate amount of US\$163,000 to two investors for cash paid to the Company of US\$163,000. The convertible debentures carry an interest rate of ten percent (10%) per annum, are due two (2) years from the date of issuance and are convertible at the investors' discretion into units, with each unit consisting of one share of our common stock and one share purchase warrant, at US\$0.12 per unit.

Effective September 30, 2019, the Company moved its executive offices situate to its regional offices in Ankara, Turkey. The Company has based its head office for European operations in Ankara, Turkey for some time, proximate to its operating oil and gas fields in the region. Given that the Company's future plans for operations are primarily focused on oil and gas opportunities in Turkey, the recent appointment of Mr. Yildirim as a director, most employees and operations are in Turkey, as well as other considerations, we decided relocate our executive offices to Turkey. We will continue to maintain our office in Vancouver, British Columbia for accounting and limited administrative purposes.

Patents and Trademarks

We do not own, either legally or beneficially, any patent or trademark.

Research and Development Expenditures

We have incurred acquisition, exploration and development costs on both our Bulgaria and Turkey properties in the last three years.

In Bulgaria, this work has been data acquisition, reprocessing seismic and license acquisition costs for the Vranino-11 license block. We acquired data on approximately 220 existing wells on the Block through a purchase from the ministry in Bulgaria. We purchased a resources model for the wells and geology on the block from another competitive bidder on the Block. We have retained contractors to analyze the geological characteristics of the block and potential locations for well reentries of existing wells. We have obtained annual financial return estimates to reenter old wells and drill new wells. We have engaged in meetings with the local government on policy issues relating to the related environmental interest.

In Turkey, we have incurred development and maintenance costs in reworking certain existing producing wells. The Company executed several workover programs on the Cendere Oil Field and SASB Gas Field on certain existing producing wells in conjunction with TPAO, the operator of both fields.

Government Regulation

Our current or future operations, including exploration and development activities on our properties, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations of the jurisdiction in which we are conducting business. These laws and regulations concern exploration, development, production, exports, taxes, labor laws and standards, occupational health, waste disposal, toxic substances, land use, environmental protection and other matters. Compliance with these requirements may prove to be difficult and expensive. Due to our international operations, we are subject to the following issues and uncertainties that can affect our operations adversely:

- the risk of expropriation, nationalization, war, revolution, political instability, border disputes, renegotiation or modification of existing contracts, and import, export and transportation regulations and tariffs;
- laws of foreign governments affecting our ability to fracture stimulate oil or natural gas wells, such as the legislation enacted in Bulgaria in January 2012, discussed in greater detail below;
- the risk of not being able to procure residency and work permits for our expatriate personnel;
- taxation policies, including royalty and tax increases and retroactive tax claims;
- exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over international operations;
- laws and policies of the United States affecting foreign trade, taxation and investment;
- the possibility of being subjected to the exclusive jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States; and
- the possibility of restrictions on repatriation of earnings or capital from foreign countries.

Permits and Licenses.

In order to carry out exploration and development of oil and natural gas interests or to place these interests into commercial production, we may require certain licenses and permits from various governmental authorities. There can be no guarantee that we will be able to obtain all necessary licenses and permits that may be required. In addition, such licenses and permits are subject to change and there can be no assurances that any application to renew any existing licenses or permits will be approved.

The Company holds the following permits and license as at the date of this prospectus:

Bulgarian Permits and Licenses

In Bulgaria the Company holds the Vranino 1-11 Exploration & Evaluation Permit. The Vranino 1-11 Exploration and Evaluation permit is a petroleum permit covering an area of 39,742 hectares. The Permit was approved November 13, 2017 and is 100% owned by the Company. Currently The Environment Assessment report for the Overall Work Program for the exploration of oil and natural gas is been conducted. The Permit will only become effective after that report is accepted by the Ministry of Environment & Water, Ministry of Health, Specialized departments and Interested Public. Acceptance of the report is anticipated to occur at the second quarter of 2020, or the third quarter of 2020, however there is no guarantee when or if acceptance is forthcoming. The initial duration of the License is 5 years from the effective date, subject to two optional 2-year extensions.

Minimum work requirements to maintain the Vranino 1-11 permit once it becomes effective will be as follows:

- year 1: \$350,000;
- year 2: \$275,000;
- year 3: \$350,000;
- year 4: \$800,000;
- year 5: \$3,050,000.

The permit is also subject to annual rent of approximately 15,896 BGN (approximately CAD\$9,200).

Turkish Permits and Licenses

Cendere Operating Agreement (Turkey)

The Cendere property is a producing oil field located in Turkey. The Company holds a 19.6% for all wells on the property except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The interest is a contractual right of the Company secured by the Cendere Operating Agreement dated and effective August 23, 1985. The underlying license expires July 6th, 2021 and can be extended for 10 more years without cost until 2031. There are no minimum work requirements or obligations associated with the license as it is a producing field. There are no periodic license fees. A royalty of 12.5% is payable on all oil produced in Turkey. TPAO is the operator and operations are conducted through an Operating Committee where TPAO & PPE appoints one member and an alternative member. TPAO representative acts as Chairman of the Operating Committee. Decision quorum is a unanimous vote and production programs and expenditures greater than \$250,000 must be approved by Operating Committee. Crude Oil production sharing from the Cendere Field is allocated in the following priority; a) royalties, b) operating costs, and c) profit oil.

SASB Operating Agreement (Turkey)

The SASB property is a producing gas field located in Turkey. The Company has a 49% working and revenue interest in the SASB property (ARI/TPO-PPE/4877 License). The interest is a contractual right held pursuant to the SASB Operating Agreement (producing gas field) dated September 29th, 1995). The license expires November 9th, 2030 and can be extended for two additional consecutive 10 years terms expiring in 2050. The Operating Agreement shall remain effective until occurrence of all the following; a) termination of the underlying petroleum lease, b) removal

and disposition of joint property, c) abandonment of all wells, d) settlement and discharge of all liabilities, demands, claims and causes of action, and e) final settlement among the Parties. TPAO is the operator and work programs and budgets are controlled by an Operating Committee. Within the Operating Committee a decision quorum is the affirmative vote of 2 or more parties having collectively at least 75% participating interest. The SASB license has only two partners (49% to the Company and 51% to TPAO) meaning both parties have to agree to work programs and budgets. Annual work program and budget are subject to approval of Operating Committee. Gas production sharing from the SASB field is allocated in the following priority: a) royalties, b) operating costs, and (c) profit gas.

Hakkari-Derecik Exploration Permits (Turkey)

The Company holds a 100% interest in 4 Exploration Permits in the Hakkari-Derecik area of Turkey. The permit became effective on October 30th, 2014 and was set to expire on October 30th, 2019, however, the received an extension of the license until October 30, 2020 due to delays in exploration caused by security and safety issues in the region.

Details regarding the permits are as follows:

- AR/PPE/K/N52 c1-c2-c4 which is 34,705 hectares in area and the material land under permit. In 2015 a well was to be drilled to 2000m TD for a total value of \$5 million, but due to security could not be done and the bond filed with the government was forfeited. In 2016 50 kilometres of 2D seismic was to be acquired and only partially done and the bond was forfeited. In 2017 G&G was done and work program fulfilled, in 2018 an exploration well of 2000 metres TD and cost of \$4 million was required to be drilled but the rig could not be mobilized for safety reasons. General Directorate of Petroleum Affairs accepted our security concerns and the license is expected to be extended for a year until October 30, 2020; and
- AR/PPE/K/N52 d2-d3 which is 5,805 hectares and all work requirements have been completed;
- AR/PPE/K/N53 d4 which is 606 hectares and all work requirements have been completed; and
- AR/PPE/K/O52 b1 which is 1,718 hectares and all work requirements have been completed.

Repatriation of Earnings.

Currently, there are no restrictions on the repatriation of earnings or capital to foreign entities from Bulgaria. In Turkey, funds which are invested in the Turkish entities and which are registered with the Turkish authorities may be repatriated without tax. There is a 10% tax on dividends on profits which are transferred out of Turkey. However, there can be no assurance that any such restrictions on repatriation of earnings or capital from the aforementioned countries or any other country where we may invest will not be imposed, changed or increased in the future.

Environmental.

The oil and natural gas industry is subject to extensive environmental regulations. Environmental regulations establish standards respecting health, safety and environmental matters and place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas. The regulatory requirements cover the handling and disposal of drilling and production waste products and waste created by water and air pollution control procedures. These regulations may have an impact on the selection of drilling locations and facilities, potentially resulting in increased capital expenditures. In addition, environmental legislation may require those wells and production facilities to be abandoned and sites reclaimed to the satisfaction of local authorities. Such regulation has increased the cost of planning, designing, drilling, operating and, in some instances, abandoning wells. We are committed to complying with environmental and operation legislation wherever we operate.

There has been a recent surge in interest among the media, government regulators and private citizens concerning the possible negative environmental and geological effects of fracture stimulation. Some have alleged that fracture stimulation results in the contamination of aquifers and may even contribute to seismic activity. In January 2012, the government of Bulgaria enacted legislation that banned the fracture stimulation of oil and natural gas wells in Bulgaria and imposed large monetary penalties on companies that violate that ban. Such legislation or regulations could impact

our ability to drill and complete wells, and could increase the cost of planning, designing, drilling, completing and operating wells. We are committed to complying with legislation and regulations involving fracture stimulation wherever we operate.

Such laws and regulations not only expose us to liability for our own negligence but may also expose us to liability for the conduct of others or for our actions that were in compliance with all applicable laws at the time those actions were taken. We may incur significant costs as a result of environmental accidents, such as oil spills, natural gas leaks, ruptures, or discharges of hazardous materials into the environment, including clean-up costs and fines or penalties. Additionally, we may incur significant costs in order to comply with environmental laws and regulations and may be forced to pay fines or penalties if we do not comply.

Competition

General

The principal area of competition is encountered in the financial ability of our Company to acquire acreage positions and drill wells to explore for oil and natural gas, then, if warranted, install production equipment. Competition for the acquisition of oil and gas license areas is high in Europe. Therefore, we may or may not be successful in acquiring additional blocks in the face of this competition. Presently, we are not seeking additional license blocks.

From a general standpoint, we operate in the highly competitive areas of oil and natural gas exploration, development, production and acquisition with a substantial number of other companies, including U.S.-based and international companies doing business in each of the countries in which we operate. We face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies in each of the following areas:

- seeking oil and natural gas exploration licenses and production licenses and leases;
- acquiring desirable producing properties or new leases for future exploration;
- marketing oil and natural gas production;
- integrating new technologies; and
- contracting for drilling services and equipment and securing the expertise necessary to develop and operate properties.

Many of our competitors have substantially greater financial, managerial, technological and other resources than we do. To the extent competitors are able to pay more for properties than we are paying, we will be at a competitive disadvantage. Further, many of our competitors enjoy technological advantages over us and may be able to implement new technologies more rapidly than we can. Our ability to explore for and produce oil and natural gas prospects and to acquire additional properties in the future will depend upon our ability to successfully conduct operations, implement advanced technologies, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

Regional Competitive Conditions in Turkey and Bulgaria

Bulgaria imports nearly all of their natural gas requirements. Turkey imports a substantial quantity of same. Both countries encourage domestic production as a way to reduce imports and increase energy security. In Turkey, natural gas is imported from a number of countries and there is a vibrant market for natural gas produced within the country. On a regional level, we compete for license blocks and capital with other oil and gas exploration companies and independent producers who are actively seeking oil and natural gas properties throughout the world, but in particular, in Southeast Europe, Turkey and countries in the immediate vicinity.

In Bulgaria the Company hopes to compete for onshore license blocks with TransAtlantic Petroleum Ltd., Rusgeokom BG EAD and several other Bulgarian oil companies. Most of the larger oil multinational oil & gas companies such as Total S.A., OMV and Repsol S.A. are active in the Bulgarian offshore sector. Currently, a single company, Gazprom, supplies virtually all of the natural gas being marketed and consumed in Bulgaria through a pipeline that runs through Ukraine from Russia. TransAtlantic Petroleum Ltd. holds the Koynare Concession in the western part of Bulgaria, but does not have any production at this time. Rusgeokom BG is investigating Shale gas on the Dobrich Block which is contiguous west and north of the Company's Vranino Block 1-11. Rusgeokom BG is in the environmental assessment phase of its work program.

To its knowledge, the Company is the only entity actively exploring for coal-bed methane in Bulgaria.

The oil and gas exploration and development industry in Turkey is more advanced than in Bulgaria, and is led by a variety of larger companies such as TPAO (production of approximately 37,000 bopd and 30 MMcf/d gas), N.V. Tukse Perenco (production of approximately 9,000 bopd), in addition to medium sized companies such as TransAtlantic Petroleum (production of approximately 2,700 bopd), Guney Yildizi Petrol A.S. (production of approximately 1,140 bopd), Valeura Energy B.V., and smaller companies such as Alladdin Middle East Ltd (production of approximately 930 bopd), and Talon Exploration Ltd (production of approximately 140 bopd). There are also approximately 15 companies holding exploration licenses in Turkey without producing fields.

The Company will compete with the medium sized companies for capital, services, and for exploration and development acreage in Turkey. The Company's competitive advantages in Turkey are its interest in producing oil and gas fields, which provide a revenue base and the reputational credibility required to pursue other oil and gas opportunities in the jurisdiction.

Employees, Officers and Directors

As of the date of this prospectus, the Company has 9 employees in Turkey, one in Bermuda and one in North America. As of December 31, 2018 and as at the date of this prospectus, our business is generally conducted through our employees, officers and directors and through consultants of the Company.

The Company has, to date, and plans to primarily utilize the industry and geological expertise it requires through its management and employees in Turkey and North America to conduct its business. Where the Company requires specific expertise that its employees do not possess, it intends to retain third party consultants to assist. Such contractors may include data processing, and reprocessing and drilling companies. Although this exposes the Company to certain risks on behalf of those operators, it also allows the Company to participate in the often unique experience and knowledge that local persons have related to certain properties. This strategy allows the Company to reduce costs compared to if all of its geological expertise were in-house and further allows the benefit of specialization of labor. From a business operations perspective, this strategy also enables the Company to minimize its ongoing fixed in-house costs for geological or geophysical analytical expenses while still allowing it to contract for that expertise when and as needed. This business strategy has been successful during a time of declining oil and gas production from natural decline from the two producing fields in Turkey, when many companies with high internal overheads and cost structures due to large numbers of highly expensive in-house professionals cannot be sustained due to declining revenues. The Company will hire third-party consulting geophysicists on an as-needed basis to evaluate oil and gas properties that may be of interest. This provides the Company with the required expertise it needs, when it's needed, whilst avoiding high fixed long-term overhead costs.

The Company relies on the business and technical experience of its existing employees and management, on the technical abilities of consultants, and on the technical and operational abilities of its employees and operating partner companies to operate and manage its operations in Turkey and abroad.

Our Website

Our website can be found at www.trillionenergy.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or furnished to the SEC, pursuant to Section 13(a) or 15(d) of the Exchange Act, can be accessed free of charge by linking directly from our website under the “Investors” – see SEC Filings” caption to the SEC’s Edgar Database.

Oil & Gas Properties

Turkey

On January 18, 2017, the Company completed the acquisition of three oil and gas producing fields in Turkey. The purchase price for the acquisition of the PPE Turkey from Tiway Oil B.V. was \$2.1 million. As of December 31, 2016, net production from these fields was around 280 boepd (barrel of oil equivalent per day). The main producing gas asset was a 36.75% interest in an offshore gas development project called the South Akçakoca Sub-Basin (SASB).

The primary asset of PPE Turkey is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company’s interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API.

After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. To date approximately 20.5 MMbbls of oil have been produced from the Cendere Field. During 2019, the Company’s average net oil was 133 bopd at 97% water cut.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Dender Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field. The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline.

There are 20 well pads which currently house 15 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The oil produced from the Cendere Field is exported from Karakus via a TPAO operated oil pipeline to the town of Saril, where the export oil pipeline ties into the BOTAS operated pipeline to the Ceyhan region. The oil is sold at market prices (less a processing and transportation fee) to Tupras in Ceyhan.

The Company owns offshore production licenses called the South Akçakoca Sub-Basin (“SASB”). The Company owns a 19.6% interest in the Cendere oil field license. The Company now owns a 49% working interest in SASB, 12.25% of which was obtained during fiscal 2018. During the year ending December 31, 2017, the Company owned a 37.75% interest.

At December 31, 2018, the gross oil production rate for the producing wells in Cendere was 890 bbls/day; the average daily 2018 gross production rate for the field was 770 bbls/day. At the end of September 2019, oil is currently sold at a price of approximately US\$62 per barrel for a netback per barrel of approximately US\$32. The average daily 2019 production rate for the field is 133 bopd net to the Company.

The Company owns a 50% operated interest in the Bakuk gas field located in southern Turkey. The Bakuk field is shut-in with no plans to revive production in the near term.

The Companies holds a non-operating interest in an offshore production license called the South Akcakoca Sub-Basin (“SASB”). The Company now owns a 49% working interest in SASB. SASB has four producing wells, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to 1800 meters. On February 20, 2018, the Company completed an asset purchase of an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing the total interest to 49%.

At December 31, 2018, the gross gas production rate for the ten producing wells in SASB was 0.816 MMcfd; the average daily 2018 gross production rate for the field was 1.04 MMcfd. At the end of August 2019, gas is currently sold at a price of approximately US 7.53 per Mcf for a netback per Mcf of approximately minus US\$0.38.

At September 30, 2019, the gross gas production rate for the producing wells in SASB was 1.10 MMcfd; the average daily 2019 gross production rate for the nine months ended Sept 30, 2019 was 0.94 MMcfd. At the end of September 2019, gas is currently sold at a price of approximately US\$7.41 per Mcf for a netback per Mcf of approximately negative US\$0.14 per Mcf.

Although the SASB has limited production, the field is not profitable at this time and revenues approximately equal the costs incurred to operate it. In some months, operating costs exceed revenues. The SASB has no proven reserves audited by GLJ at this time due to difficulties encountered by the Company in acquiring data on SASB after it was purchased. The Company is in the process of rebuilding data on SASB and expects that it will be able to obtain a reserve report prepared by GLJ on some sometime before the end of 2019.

Bulgaria

The Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria, known as Block 1-11 Vranino or the Vranino Block. The Company obtained an exploration license over a 98,000 acre portion of the property in 2014. However, although the overall five year and our first year work programs was approved by the Ministry of Environment (“MEW”), the MEW approval was appealed in an administrative proceeding. The administrative court remanded the matter to MEW in May 2017 for a determination by the MEW as to whether an ecological evaluation of the license area should be required. This matter was determined in 2017 and we are in the progress of obtaining an environmental report which will cost an estimated \$50,000.

On November 13, 2017 the Council of Ministers of the Republic of Bulgaria granted the Company a Permit for Prospecting & Exploration of Crude Oil and Natural Gas in Block 1-11 Vranino. Before the license becomes effective, allowing Trillion Energy to obtain a permit to commence work, an Environmental Assessment Report (“EAR”) must be completed, evaluated by the appropriate Governmental ministries, subjected to public input and appropriate revision, and approved.

Currently the Company has hired a consultant to conduct and prepare the EAR. The Company anticipates that the EAR will be completed, assessed, and approved (subject to required revisions) by July 2020, at which time a Permit is expected. Once the Permit is received, the Company will be required to place a bond of EUR 100,005 (USD \$113,642 USD) within 60 days. The annual government fee for the Permit is BGN 15,896 (USD\$9,240). The term of the Vranino 1-11 block license will be 5 years from the date upon which the Permit is received, subject to two additional two year extensions. The minimum work obligations commence after the Permit is received, are in two stages:

- (1) Stage 1, Geology and Geophysics, total \$925,000 over three years (expected 2020 -2023); and
- (2) Stage 2, Data evaluation and drilling stage for 2 years for \$3,675,000 (expected 2024 – 2025)

Stage 1 includes the following work, which is generally described as gather data, information, reports, seismic data and surveys (2020-2023):

- (i) Interpret 200 km of existing 2D seismic;
- (ii) Reprocess and reinterpret 200 km of existing 2D seismic;
- (iii) Acquire 100 km of new 2D seismic;
- (iv) Prepare for and acquire 10 sq km of 3D seismic;
- (v) Process and interpret 3D seismic;
- (vi) Re-enter and evaluate Vranino 1 well;
- (vii) Prepare geological model of Block, update and harmonize model as seismic is acquired; and
- (viii) File report.

Stage 2 data evaluation and drilling stage of the work program (2024 – 2025):

- (i) Drill first Exploration well;
- (ii) Log & Test;
- (iii) Analyze core;
- (iv) Reinterpret seismic and geology;
- (v) Plan for 5th year drilling program; and
- (vi) Drill 10,000 metres of new borehole (includes first exploration well).

If a discovery is made a complete development proposal with costs must be submitted to the Government and if agreement is obtained a Commercial Discovery Certificate is granted.

Strategic Focus

Oil and natural gas prices in Turkey and throughout Southeast Europe make this region highly attractive for oil and gas exploration and production. Most of the countries, including Turkey and Bulgaria, import nearly all of their oil and natural gas and consumption is projected to increase. Turkey also contains many opportunities for additional oil and coal bed methane production as well enhanced oil and natural gas recovery from existing fields. The Company will evaluate these opportunities as they appear. The fiscal terms are highly attractive. In Turkey, there is a 20% corporate tax and a 12.5% royalty. In Bulgaria, the corporate tax rate is 10% and the royalties are on a sliding rate starting at 3.5% up to 13.5%

RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The reserves data and related information regarding the Company's oil & gas reserves are incorporated into this prospectus as Appendix "D", are excerpted from the independent engineering evaluation report (the "**GLJ Report**") of the Company's reserves prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**") an independent qualified reserves evaluator and auditor.

USE OF AVAILABLE FUNDS

Non-Offering Prospectus

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this prospectus. Accordingly, there are no proceeds to the Company in connection with the filing of this prospectus. Since no securities are being offered pursuant to this prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this prospectus will be paid by the Company from its working capital

Funds Available and Use of Available Funds

As at June 30, 2019, the Company had a working capital deficiency of approximately \$217,186 and cash on hand of \$638,747. As of December 31, 2018, the Company had a working capital deficiency of approximately \$11,817 and cash on hand of \$795,520. As at the September 30, 2019, the Company had cash on hand of approximately \$ 960,000 and working capital surplus of \$604,000.

The Company estimates that it will require the following funds to conduct its plan of operations over the next twelve months:

Use of Available Funds	Amount
Prospectus and CSE Listing costs	\$20,000
Environmental Report	\$50,000 ⁽¹⁾
Operating deficit for 12 months	300,000
Unallocated working capital	30,000
Total	\$ 400,000

(1) In August, 2018, the Company commissioned an environmental report in consideration of \$80,000 euros (\$ 90,900 USD) of which approximately US \$40,000 has been paid prior to date of this prospectus. The balance of USD \$50,900 is payable upon completion of the report. The expenditures relate to the pre-exploration phase of the Vranino 1-11 project, prior to the first year work program and as part of the pre-permit phase.

The Company's anticipated quarterly cash burn rate for the remainder of the year ended December 31, 2019 is as follows:

	Amount
Three Months Ending December 31, 2019	75,000
Total:	\$ \$75,000

The Company's anticipated quarterly cash burn rate (operating deficit) for the first three quarters of the year ending December 31, 2020 is as follows:

Three Months Ending March 31, 2020	\$75,000
Three Months Ending June 30, 2020	\$75,000
Three Months Ending September 30, 2020	\$125,000 \$75,000
Total:	\$225,000

As above set out in the above tables, the Company's anticipated cash burn is \$ \$400,000 for the 12-month period ending September 30, 2020, with an average burn rate of \$ \$25,000 per month during the remaining three months of the calendar year-ending December 31, 2019, and \$ 25,000 per month for each of the first nine months of calendar 2020. The Company intends to use its working capital surplus of \$604,000 to fund the anticipated cash burn of \$400,000 for the next twelve months.

The Company intends to spend the funds available to it as stated in this prospectus and to fund its business using the proceeds from future private placement and public equity offerings (hereinafter described). However, there may be circumstances where, for sound business reasons, a reallocation of available funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations in regards to any prospective investment or drilling program or if the costs of the prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated.

Since its founding and until recently, the Company has not generated positive cash flow from its operations and has incurred certain operating losses. Such losses and negative operating cash flow are expected to continue since operating funds will continued to be expended to pay its administrative and operating expenses. The Company will be reliant on increasing revenues and future financings for its funding requirements.

The Company funds its business using the proceeds from equity private placements, and recently, with revenue from oil and gas operations. In the future, the Company may pursue additional debt or equity financing (either by private placement or public offering) based upon its working capital needs from time to time, including without limitation, to fund any warranted drilling program, however, there can be no assurance that such financing will be available, or completed on terms that are favourable to the Company.

Stated Business Objectives

The Company has prioritized the completion of its environmental report relating to its Bulgaria permit, and development and or proving up reserves of its Cendere Oil Field and SASB Gas Field as its most important objectives. Such objectives may include the reprocessing of data and drilling of additional oil and gas wells, although no additional wells are currently planned. Further, the Company has prioritized analyzing data to determine to what extent the SASB gas field contain proven reserves and to obtain a reserve report prepared by GLJ on same. These assessments will determine to what extent the SASB field will be further developed over the long-term. The Company does not presently have sufficient unallocated working capital to achieve its long-term objectives, however, it believes it has sufficient funds to meet its 12-month objectives, described below.

12 months Objectives

Over the next 12 months (beginning October 1, 2019) the Company intends to prioritize the completion of its listing on the CSE, the environmental report (cost of \$50,000) for its Bulgarian property and completing its data analysis of the SASB Gas Field and the Cendere Oil Field.

Long Term Objectives

Mid-term (1 to 4 years) milestones include drilling additional oil and gas wells in Bulgaria and Turkey. The Company's share of the cost of drilling and completing horizontal wells on the Cendere Oil Field is approximately \$1,000,000 each (based on our 19.6% working interest in the Cendere Oil Field –the total cost per well is \$5,000,000). The Company's share of the cost to drill and complete additional directional wells on the SASB Gas Field is approximately \$3,900,000 per well (based on our 49% working interest in the SASB Gas Field – the total cost per well is \$8,000,000). Actual drilling and completion costs are constantly fluctuating and may significantly change at the time drilling commences. Additionally, the Company plans to drill one oil exploration well on the Derecik exploration license in Turkey. The Company anticipates undertaking work on the Derecik license in cooperation with a farm-out partner. No prospective farm-out partner has been identified as at the date of this prospectus and there is no guarantee that a suitable partner will be secured.

Long-term (3 to 5 years) milestones include conducting seismic, and one re-entry well in Bulgaria, at an estimated aggregate cost of \$3,000,000 of which the Company anticipates paying 100%.

Milestones

Although sufficient to accomplish our 12-month plan of operations and objectives, the unallocated working capital described above is not sufficient to achieve any significant increase in our oil and gas production in Turkey, although, the data analysis being conducted at this time may result in a substantial increase in proven reserves on our properties in Turkey. Additional capital will be sought to be raised to increase the Company's oil and gas production and to further increase reserves. Accordingly, the Company will seek to raise between \$300,000 and \$1,000,000 in and between November 2019 and March 2020, subsequent to the anticipated listing of its common shares on the CSE. This will be accomplished by private placement or public equity offering. Furthermore, the Company may seek debt financing to conduct its long-term plan to operations. Until that time, the Company intends to rely on its current

working capital and, as necessary, shares to debt conversions, a reduction of operating costs, the sale of non-material assets, deferring accounts payable, and smaller private placement equity or debt financings to address day to day operating requirements.

Dividends

There are no restrictions in the Company's articles of incorporation or bylaws that prevent it from declaring dividends. The Delaware Revised Statutes, however, do prohibit the Company from declaring dividends where, after giving effect to the distribution of the dividend:

1. The Company would not be able to pay its debts as they become due in the usual course of business; or
2. The Company's total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

The Company has not paid dividends in the past and has no present intention of paying dividends in the future. Instead, the Company anticipates that it will apply any future earnings to business development until such time as the Company has a stable and profitable cash flow.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information

The following table sets forth summary financial information for the Company for each of the periods indicated. This information has been summarized from the Company's financial statements for these periods, and should only be read in conjunction with the financial statements, and accompanying notes, included elsewhere in this prospectus. The Company reports financial information in United States Dollars (US\$) using United States Generally Accepted Accounting Principles ("US GAAP"). **All dollar figures disclosed in the following table are reported in US\$.**

	Six Months ended June 30, 2019 \$	Year ended December 31, 2018 \$	Year ended December 31, 2017 \$	Year ended December 31, 2016 \$
Total Revenue	2,024,472	4,253,326	3,883,059	-
Net Income (Loss)	(595,337)	(2,375,513)	(2,486,836)	(3,999,091)
Current Assets	1,780,308	1,753,643	1,047,482	2,061,882
Current Liabilities	1,997,494	1,765,462	2,549,337	1,256,749
Working Capital (Deficit)	(217,186)	(11,817)	(1,501,855)	805,133
Total Assets	\$8,426,989	8,662,675	7,042,450	5,042,164
Total Long-Term Liabilities	\$4,261,128	4,026,129	2,527,259	-
Cash dividends declared	Nil	Nil	Nil	Nil
Shareholder's Equity	2,168,367	2,871,084	1,965,854	3,785,415
Number of Common Shares	83,623,466	83,360,966	58,243,904	50,281,482

The following MD&A should be read in conjunction with: (i) the Company's audited financial statements and the related notes for the years ended December 31, 2018, 2017, and 2016. These financial statements have been prepared in accordance with US GAAP. All dollar figures included in the following MD&A are reported in US\$.

Results of Operations for the periods ended June 30, 2019 and 2018.

Revenue

Revenue decreased from \$1,125,553 to \$999,688, a decrease of 11.2%, for the three months ended June 30, 2019 and decreased from \$2,089,575 to \$2,024,472, a decrease of 3.1%, for the six months ended June 30, 2019. Revenues decreased solely due to a devaluation of the Turkish Lira compared to the US dollar of approximately 27.5% over the comparable period.

At September 30, 2019, the gross oil production rate for the producing wells in Cendere was 133 bbls/day net to the Trillion Energy Turkey Companies; the average daily 2018 gross production rate for the field was 127 bbls/day net to the Trillion Energy Turkey Companies. As of September 30 2019, oil is currently sold at a price of approximately US\$62 per barrel for a netback per barrel of approximately US\$32.

Operating results for the Six Months Ended June 30, 2019 and 2018

The Company's operating results for the six months ended June 30, 2019 and for the six months ended June 30, 2018 and the changes between those periods for the respective items are summarized as follows:

		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018		Change Between Three Months Ended March 31, 2019 and March 31, 2018
Revenue	\$	2,024,472	\$	2,089,575	\$	65,103
Other income / (expenses)		53,278		172,059		118,781
General and administrative		802,170		863,686		61,516
Oil and gas operating expenses		1,870,917		1,987,052		116,135
Net loss		(595,337)		(589,104)		6,233

The Company recognized cost of revenue in oil and gas properties of \$1,870,917 during the six months ended June 30, 2019, compared to \$1,987,052 for the six months ended June 30, 2018. Lower costs of production were observed due to the decline in the Turkish Lira.

Our general and administrative expenses for the six months ended June 30, 2019 decreased by \$61,516 to \$802,170 as compared to \$863,686 for the six months ended June 30, 2018.

Oil and gas operating expenses decreased by \$116,135 to \$1,870,917 compared to \$1,987,052 for the six months ended June 30, 2018 due to an overall decrease in production costs.

For the six months ended June 30, 2019, other income (expenses) decreased to income of \$53,278 compared to total expense of \$172,059 for the same period in 2018. The decrease was due to loss on debt settlement incurred in the prior year for \$102,500.

The Company reported a net loss of \$595,337 for the six months ended June 30, 2019 compared to a net loss of \$589,104 for the six months ended June 30, 2018. The decrease in the Company's loss related to the factors as discussed above including decreased expenses and increased revenues.

Liquidity and Financial Condition

The Company's total liabilities as of June 30, 2019 were \$ 6,258,622 compared to December 31, 2018 were \$5,791,591 as compared to total liabilities of \$ 5,076,596 as of December 31, 2017.

As at June 30, 2019, the Company had \$1,997,494 in current liabilities. The Company's net cash used in operating activities for the six months ended June 30, 2019 was \$177,687 compared to \$215,208 net cash used in operating activities for the six months ended June 30, 2018.

Working Capital

	June 30 2019	June 30 2018
Current assets	\$ 1,780,308	\$ 1,460,837
Current liabilities	1,997,494	2,084,206
Working capital deficiency	\$ (217,186)	\$ (623,369)

Cash Flows

	Six Months Ended	
	June 30, 2019	June 30, 2018
Cash flows provided by (used in) operating activities	\$ (177,687)	(215,208)
Cash flows (used in) investing activities	(37,448)	(385,505)
Cash flows provided by (used in) financing activities	138,248	756,192
Increase (decrease) in cash and restricted cash	(162,282)	96,110

Cash Used in Operating Activities

We used cash of \$177,687 from operating activities for the six months ended June 30, 2019 compared to \$215,208 for the six months ended June 30, 2018. The loss of \$595,337 was offset by \$543,722 in non-cash expenses for the six months ended June 30, 2019. An increase of \$422,413 to receivables was the most significant item decreasing cash flow during six months ended June 30, 2019, Account payables and accrued liabilities increased cash flow by \$120,599, which primarily increased in the parent company's operations.

Cash Flow Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was \$37,448 compared to \$385,505 in the comparative period. The Company reduced its cash expenditures for the SASB gas field resulting in a saving of cash during six months ended June 30, 2019. The Turkey operations added \$31,048 in assets to support the head office.

Cash Provided by Financing Activities

We have funded our business to date primarily from sales of our common stock through private placements and loans. During the six months ended June 30, 2019, we received net cash of \$138,248 in loans. In the comparative period, we received \$756,192 in private placement subscriptions.

Results of Operations For The Years Ended December 31, 2018 And 2017

Revenue

For the year ended December 31, 2018, the Company had \$4,253,326 in oil and gas revenue from the acquired Tiway operations, compared to \$3,883,059 in oil and gas revenue for the year ended December 31, 2017. Revenue increased due to additional production relating to the acquisition of additional 12.25% working interest in the SASB Gas field in Turkey, increase oil prices per barrel, as well as recovery of certain operating expenses expensed in a previous quarter which were booked to revenue when recovered.

The price of crude oil in the year ended December 31, 2018 traded in a range of approximately \$63.00 to \$75.00 per barrel. The price of natural gas during the year ended December 31, 2018 traded in a range of approximately \$5.18 to \$5.91 per mcf. The increase in price for gas trade was more than offset by the decrease in the value of Turkish Lira against US dollars. Whereas the increase in price for oil trade was slightly offset by decrease in oil production.

In the year ended December 31, 2018, the Turkish Lira price of natural gas was increased by 14% effective from January 1, 2018 and there were further upward adjustments during the year starting with 10% increase effective from April 1, 2018 and continued with 14%, 14%, 18.5% increases effective from August, September and October 2018. The natural gas is currently traded with 38.27 Turkish Lira per mcf. However, this increase is offset by the increase in US Dollar exchange rate against Turkish Lira. The price of natural gas is traded in a range of approximately \$0.82 to \$1.02 per barrel. During the year ended December 31, 2018, the Company's natural gas production decreased by 60 % compared to the same period one year earlier. The field's gross production decreased from 738,568 mcf to 296,770 mcf, 60% decrease during the year ended December 31, 2018.

Years ended December 31, 2018 and 2017

The Company's operating results for the years ended December 31, 2018 and December 31, 2017, respectively, and the changes between those periods for the respective items are summarized as follows:

		Year Ended December 31, 2018	Year Ended December 31, 2017	Change Between Years Ended December 31, 2017 and December 31, 2018
Revenue	\$	4,253,326	\$ 3,883,059	\$ 370,267
Other income (expenses)		(270,166)	(303,457)	33,291
General and administrative		2,118,213	2,001,109	117,104
Interest expense		61,196	76,026	(14,860)
Oil and gas operating expenses		2,802,080	2,814,672	(12,592)
Net loss		(2,375,513)	(2,486,836)	111,323

Our general and administrative expenses for the year ended December 31, 2018 were \$2,118,213 compared to \$2,001,109 for the year ended December 31, 2017. \$1,006,446 in expenses were from the North American head office, which resulted in a year over year increase of \$235,465. In general & administrative expenses in the North American operations, \$608,534 was for consulting and management fees and \$128,210 in legal and professional fees. Audit and financial services accounted for a further \$112,617 in expenses. Turkey general and administrative expenses accounted for \$1,111,767 of the total general and administrative for 2018.

The Company incurred stock based compensation of \$337,227 for the year ended December 31, 2018, compared to \$229,961 for the year ended December 31, 2017. This included \$279,667 for the grant of 2,450,000 stock options under the 2013 Option Plan and \$57,550 for the grant and vesting of 520,000 RSU's. All stock-based compensation was incurred in the North American operations.

The Company incurred production expenses related to its Tiway operations of \$2,802,080, depletion charges of \$700,219, depreciation expense of \$29,408 and accretion expense of \$371,526 for the year ended December 31, 2018.

Accretion of asset retirement costs increased by \$146,767 to \$371,526 compared to \$224,759 for the year ended December 31, 2017 due to the increase in the cost base added to the asset retirement obligation from the Foinovan interest acquisition.

Other Income (Expense)

For the year ended December 31, 2018, other income (expense) was an expense of \$270,166. Comparatively, for the year ended December 31, 2017, other income (expense) was an expense of \$303,457. In 2018, other income (expense) was mostly due to warrant modification expense of \$474,668 (as described below), a loss on the settlement of debt totaling \$77,735 and was partially offset by \$259,930 recorded in other income related to Turkey operations. In 2017, other income (expense) was primarily due to warrant modification expense of \$278,870 (as described below), interest expense of \$76,026 and was partially offset by a \$15,695 bargain purchase gain which was recorded in relation to the Tiway acquisition.

During the year ended December 31, 2018, the Company reissued 5,500,000 warrants previously issued for a further two year period expiring on November 30, 2020 at a decreased exercise price of \$0.15. No other conditions of the warrants were amended. The reissued warrants vested immediately. The Company recognized warrant modification expense of \$474,668 related to the amendment and restatement of the warrants. During the year ended December 31, 2017, the Company incurred warrant modification expense of \$278,870 for warrants extended for a further one year term.

Loss

Our net loss for the year ended December 31, 2018 was \$2,375,513 compared to \$2,486,836 for the year ended December 31, 2017 for the reasons explained above.

Liquidity and Financial Condition

The following table summarizes our liquidity position as of December 31, 2018 and 2017.

	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 795,520	\$ 130,476
Working capital (deficiency)	(11,817)	(1,501,855)
Total assets	8,662,675	7,042,450
Total liabilities	5,791,591	5,076,596
Stockholders' equity	2,871,084	1,965,854

Cash Used in Operating Activities

We used net cash of \$267,221 in operating activities for the year ended December 31, 2018 compared to \$476,951 for the year ended December 31, 2017. The loss of \$2,375,513 was offset by \$2,051,979 in non-cash expenses for the year ended December 31, 2018. An increase of \$20,935 in receivables from the additional output associated with the increase in working interest and the increased revenue pushed operating outflows to \$267,221. Accounts payable and accrued liabilities increased cash inflows by \$210,082, which primarily increased in the parent company's operations.

Cash Used in Investing Activities

Net cash used for investing activities in the year ended December 31, 2018 was \$589,834 compared to \$987,956 for the year ended December 31, 2017. Oil and gas properties expenditures increased to \$504,110 from \$144,002 in 2017 however this was offset by the acquisition completed, net of cash and restricted cash, of Tiway for \$724,787 during the year ended December 31, 2017.

Cash Provided by Financing Activities

We have funded our business to date from sales of our common stock through private placements and loans from shareholders. In the year ended December 31, 2018, we received cash of \$1,634,123 for stock subscriptions which was used to pay down \$212,506 in loans payable, while receiving a further \$43,349 in loans payable. In the comparative period, only \$210,000 in stock subscriptions was raised and used to pay down loans payable of \$122,000, while receiving a further \$91,025 in loans payable.

Results Of Operations For The Years Ended December 31, 2017 And 2016

Overview

The Company is a U.S. based oil and gas exploration and production company focused on expanding its portfolio of projects in Southeast Europe, Turkey and countries in the immediate vicinity. The Company's concentration is on recently acquired oil and gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

In January 2017 the Company acquired the Tiway Turkey which owns an interest in the SASB gas and Cendere Oil fields. An amount of \$2,100,000 was spent to acquire Tiway Turkey in January 2017. In January 2018 we spent \$309,515 inclusive of VAT and 1.5 million shares of our common stock, of which 1 million, fair valued at \$90,000, were issued in 2017 to acquire an additional 12.25% interest in SASB gas field. A further 500,000 shares were issued during the three months ended March 31, 2018 and fair valued at \$67,500 based on the closing price of the stock on the date of was spent to acquire an additional 12.25% in the SASB gas field located in Turkey to increase Park Place's total interest from 36.75% to 49%.

No new drilling occurred during the year, however, several workovers of wells were conducted which provided a temporary bump in production during the year.

During 2018, the Company resolved its legal struggle to obtain a right to a licence in Bulgaria, which due to lawsuits filed by environmentalists against the Bulgarian government ministry seeking to prevent the exploration of the property in Bulgaria by the Company, delayed the grant of an exploration license to the Company. Eventually, all appeals against the Bulgarian government ministry failed and the Company is now able to proceed with its work exploration program, subject to an additional environmental report and review, which commenced in late 2018. This report is estimated to cost \$50,000.

The primary asset of the PPE Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company's interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API. After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production.

At December 31, 2018, the gross oil production rate for the producing wells in Cendere was 890 bbls/day ; the average daily 2018 gross production rate for the field was 770 bbls/day. At the end of September 2019, oil is currently sold at a price of approximately US\$62 per barrel for a netback per barrel of approximately US\$32. At year-end 2018, the Cendere field was producing 142 barrels of oil per day, net to the PPE Turkey Companies; and averaged 130 barrels per day during 2018 net to the PPE Turkey Companies. As of September 30 , 2019, 20.5MMbbls of oil have been produced from the Cendere Field.

fThe Company's work program in Bulgaria is to occur over five years and consists of five wells, reprocessing of seismic, and other analysis.

The Company's most profitable field is the Cendere oil field, which has benefited from recent increases in the overall price of crude oil during the latter part of 2017 and early 2018. Also contributing significantly to revenue is the SASB gas field, which is current operating at break even or a small operating loss and needs further investment to regain profitability.

Results of Operations for the Year Ended December 31, 2017

		Year Ended December 31, 2017	Year Ended December 31, 2016	Change Between Year Ended December 31, 2017 and October 31, 2016
Oil and Gas Revenue	\$	3,883,059	\$ -	\$ 3,883,059
Cost of Revenue	\$	3,813,978	\$ -	\$ 3,813,978
Gross Profit (Loss)	\$	69,081	\$ -	\$ 69,081
Operating Expenses	\$	2,531,330	\$ 3,985,026	\$ (1,453,696)
Other Income	\$	(24,587)	\$ (14,065)	\$ 10,522
Net loss	\$	(2,486,836)	\$ (3,999,091)	\$ 1,512,255

Revenue

For the year ended December 31, 2017, the Company had \$3,883,059 in oil and gas revenue from the acquired PPE Turkey operations.

For the year ended December 31, 2016, we were a pre-revenue stage company, and our future revenues depended upon successful extraction of oil and gas deposits for sale.

Expenses

The Company incurred production expenses related to its acquired PPE Turkey operations of \$2,814,672, depletion charges of \$774,547, and accretion expense of \$224,759 for the year ended December 31, 2017.

Our general and administrative expenses for the year ended December 31, 2017 were \$2,509,940 compared to \$3,985,026 for the year ended December 31, 2016. \$1,279,430 in expenses were from the North American head office, which resulted in a year over year decrease of \$1,475,086. In general & administrative expenses in the North American operations, \$508,831 was stock based compensation, and \$283,528 in legal and professional fees. Audit and financial services accounted for a further \$149,741 in expenses with approximately \$60,000 in audit fees related to the purchase of the PPE Turkey business. Turkey general and administrative expenses accounted for \$1,230,128 of the total general and administrative for 2017.

During the year ended December 31, 2016, the Company amended and restated the terms of the warrants issued in 2013 to extend the expiration date one year from August 27, 2016 to August 27, 2017. No other conditions of the

warrants were amended. The amended and restated warrants vested immediately. The Company recognized expense of \$3,421,501 related to the amendment and restatement of the warrants.

Other Income (Expense)

For the year ended December 31, 2017, other income (expense) was an expense of \$24,587. Comparatively, for the year ended December 31, 2016, other income (expense) was an expense of \$14,065. In 2017, a \$15,695 bargain purchase gain was recorded in relation to the PPE Turkey acquisition.

Loss

Our net loss for the year ended December 31, 2017 was \$2,486,836 compared to \$3,999,091 for the year ended December 31, 2016 for the reasons explained above.

Liquidity and Capital Resources

The following table summarizes our liquidity position as of December 31, 2017 and 2016.

	December 31, 2017	December 31, 2016
Cash	\$ 130,476	\$ 1,550,937
Working capital deficiency	(1,501,855)	(805,133)
Total assets	7,042,450	5,042,164
Total liabilities	5,076,596	1,256,749
Stockholders' equity	1,965,854	3,785,415

The Company had cash and cash equivalents of \$130,476 as of December 31, 2017 compared to cash and cash equivalents of \$1,550,937 as of December 31, 2016. The Company had a deficit of working capital of \$1,501,855 as of December 31, 2017 compared to working capital deficit of \$805,133 as of December 31, 2016.

The Company had no operational revenue in 2016. Beginning in January 2017, we acquired PPE Turkey which had substantial revenue and operations in Turkey. Operational revenue amounted to \$3,883,059 for the year ending December 31, 2017 and operational expenses amounted to \$3,835,368 for the year ending December 31, 2017. General and administrative expenses was \$2,509,940. Total expenses were \$ 6,345,308 and net income before other expenses was \$2,462,249.

At December 31, 2016, the Company had \$1,550,937 in cash and cash equivalents. At December 31, 2017, the Company had \$130,476 in cash and cash equivalents.

As of December 31, 2016, the Company's total assets were \$5,042,164 and the Company's total liabilities were \$1,256,749. As of December 31, 2017, the Company's total assets were \$7,042,450 and the Company's total liabilities were \$5,076,596 of which \$2,527,259 was for an accrued future asset retirement obligation in relation to operations in Turkey upon the future retirement of operations on certain producing fields.

Future Operating Requirements

As of December 31, 2018, the Company had unrestricted cash of \$795,520. As at September 30, 2019, the Company had unrestricted cash of \$960,000.

The Company anticipates that its total revenue will be approximately \$4,100,000 for the twelve months beginning October 1, 2019, with corresponding operating expenses of approximately \$5,200,000 for that period, including non-cash expenses for depletion and accretion of asset retirement obligation of approximately \$1,000,000. The Company believes its revenue projection is reasonable in light of the general trend set during the most recent fiscal year where revenue increased by 9.5% (\$4,253,326 for the year ended December 31, 2018 vs \$3,883,059 for the December 31, 2017) due to increased production and petroleum prices. However, its most recent quarter ending June 30, 2019 revenue of \$2,024,472 was realized a decrease of 3% over the six months ending June 30, 2019 of \$2,089,575.

The decrease was due to devaluation of the Turkish Lira. Similarly, the Company's net loss for the same period increased by 1% during the six months ended June 30, 2019 (\$595,337) compared to the period ending June 30 2018 (589,104). The Company's net loss for the six months ending June 30, 2019 included not cash items of \$543,722, consisting primarily of \$316,253 in depletion, \$23,646 in depreciation, and 203,823 of Accretion of Asset Retirement Obligation.. Management expects that the net loss will remain constant over the next twelve months.

Based on our current plan of operations, we estimate that we will require approximately \$400,000 to pursue our plan of operations over the next 12 months. We plan to spend approximately \$50,000 on an environmental report, \$ 20,000 in listing costs, \$30,000 in unallocated working capital and \$300,000 in funding cash burn from operations. . The operations in Turkey are self-sustaining and will generate net cash flow sufficient to fund in-country general and administrative expenses as well as a portion of our head office overhead. We currently have \$604,000 working capital and believe that we have sufficient funds to sustain our plan of operations for the next 12 months. If we require more cash, we may fund certain general and administrative expenses through the issuances of our common stock.

Readers are cautioned that the above statements regarding the Company's anticipated revenue and expense constitute future-oriented financial information and are made for the sole purpose of communicating management's evaluation and projection regarding the Company's anticipated liquidity and financial condition for the 12 month period beginning October 1, 2019. The statements may not be appropriate for other purposes. These statements have been approved by management as at the date of this prospectus, and any assumptions upon which they are based are: (i) limited to the period with reference to which the statement is made; (ii) rely on the accounting policies which the Company expects to use to prepare its historical financial statements for the period in question; (iii) made in good faith; (iv) reflect management's current judgment regarding market conditions and the prospective performance of the Company overall operations and producing oil & gas assets; (v) and subject to the risks inherent in the Company's business, including but not limited to the market for oil & gas and the cost of operating the Company's oil & gas assets. See "Risk Factors". Actual results will vary, and may vary materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

DESCRIPTION OF SECURITIES

No securities are being offered pursuant to this prospectus.

The authorized share capital of the Company consists of 250,000,000 shares of common stock with a par value of \$0.0001. As of the date of this prospectus there are 87,466,323 shares of the Company's common stock issued and outstanding. Upon liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share ratably in all net assets available for distribution to stockholders after payment to creditors. The common stock is not convertible or redeemable and has no preemptive, subscription or conversion rights. There are no conversions, redemption, sinking fund or similar provisions regarding the common stock. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. There are no cumulative voting rights.

Each stockholder is entitled to receive the dividends as may be declared by our board of directors out of funds legally available for dividends and, in the event of liquidation, to share pro rata in any distribution of our assets after payment of liabilities. Our board of directors is not obligated to declare a dividend. Any future dividends will be subject to the discretion of our board of directors and will depend upon, among other things, future earnings, the operating and financial condition of our company, its capital requirements, general business conditions and other pertinent factors. We do not anticipate that dividends will be paid in the foreseeable future.

The Company does not have a class of preferred shares.

CONSOLIDATED CAPITALIZATION

The following table summarizes changes in the Company's capitalization since December 31, 2017 (the Company's year-end), June 30, 2019 (the date of the most recent financial statements included in the prospectus) and as of the date of this prospectus.

Description	Outstanding as of December 31, 2017 (Audited)	Outstanding as of December 31, 2018 (Unaudited)	Outstanding as of the date of this prospectus	Outstanding as of the date of this prospectus on a fully-diluted basis ⁽¹⁾
Common Shares	58,243,904	83,360,966	87,466,323	117,304,617
Preferred Shares	N/A	N/A	N/A	N/A
Long-term Debt	Nil	Nil	Nil	Nil

(1) Assumes exercise of all outstanding convertible securities, including options to purchase 8,250,000 common shares, warrants to purchase 20,501,628 common shares and convertible debt to purchase \$1,086,666 shares.

WARRANTS

As of the date of this prospectus, the Company has the following warrants to acquire common shares outstanding:

Number Outstanding	Exercise Price	Expiry Date	Market Value of the Shares of Common Stock as of the date of Acquisition ⁽¹⁾
1,450,000	\$0.30	January 30, 2020	\$124,700
200,000	\$0.30	January 30, 2020	\$30,000
700,000	\$0.30	February 9, 2020	\$101,500
500,000	\$0.30	February 21, 2020	\$75,000
1,250,000	\$0.30	March 6, 2020	\$176,250
425,000	\$0.30	March 7, 2020	\$59,925
50,000	\$0.30	April 8, 2020	\$6,250
50,000	\$0.30	May 20, 2020	\$9,500
1,000,000	\$0.30	July 1, 2020	\$140,000
160,531	\$0.30	August 20, 2020	\$160,531
325,000	\$0.30	August 19, 2020	\$325,000
3,163,000	\$0.10	October 27, 2020	\$253,040
1,475,000	\$0.10	October 27, 2020	\$118,000
1,125,000	\$0.10	November 2, 2020	\$113,875
5,500,000	\$0.15	November 22, 2020	\$533,500
100,001	\$0.15	November 24, 2020	\$9,700
206,250	\$0.30	February 15, 2021	\$20,625
1,696,717	\$0.30	September 30, 2021	\$135,737
38,462	\$0.30	October 4, 2021	\$3,077
1,086,667	\$0.20	October 2021	\$86,933
20,501,628			

(1) Based on the most recent closing price of the Common Shares on the applicable warrant issuance date as quoted in United States Dollars on the Pink quotation system operated by OTC Markets Group Inc.

OPTIONS TO PURCHASE SECURITIES

The following table summarizes the options of the Company outstanding as of the date of this prospectus:

Group	Number of Options/Rights	Securities Under Options/Rights	Grant Date	Expiry Date	Exercise Price per Share of Common Stock (\$)
Executive officers and past executive officers of the Company as a group	150,000	Common Stock	March 27/17	March 26/21	0.18
	400,000	Common Stock	March 27/17	March 26/21	0.18
	150,000	Common Stock	March 27/17	March 26/21	0.18
	2,000,000	Common Stock	September 20/19	September 19/24	0.12
	100,000	Common Stock	March 27/17	March 26/21	0.18
	100,000	Common Stock	March 27/17	March 26/21	0.18
	500,000	Common Stock	September 16/17	September 15/22	0.12
	300,000	Common Stock	September 16/17	September 15/22	0.12
Directors and past directors of the Company as	350,000	Common Stock	October 25/18	October 24/23	0.12
	600,000	Common Stock	September 20/19	September 19/24	0.12
Employees and past employees of the Company as	700,000	Common Stock	October 24/18	October 24/23	0.12
	100,000	Common Stock	March 15/17	March 14/20	0.19
	200,000	Common Stock	March 27/17	March 26/21	0.18
Consultants of the Company as a group	200,000	Common Stock	September 20/19	September 19/24	0.12
	150,000	Common Stock	March 27/17	March 26/21	0.18
	200,000	Common Stock	September 16/17	September 15/22	0.12
	1,050,000	Common Stock	October 25/18	October 24/23	0.12
	1,000,000	Common Stock	September 20/19	September 19/24	0.12
Other persons or Companies as a group	Nil	Common Stock			
Total	8,250,000	Common Stock			

Long-Term Incentive Equity Plans

On November 21, 2011, the Company replaced its 2007 Stock Option Plan and adopted its 2011 Stock Option Plan (the “2011 Plan”), which allows for the issuance of options to purchase up to 2,000,000 shares of common stock. A copy of the 2011 Plan was filed on November 25, 2011 on Form 8-K, to which reference should be made for a more complete description of the 2011 Plan. In connection with the adoption of the Company’s 2013 Long-Term Incentive Equity Plan in October 2013, the Company retired the 2011 Plan, but outstanding grants under the 2011 Plan remain subject to the terms of the 2011 Plan.

On October 29, 2013, the Company’s shareholders adopted the Company’s 2013 Long-Term Incentive Equity Plan (the “2013 Plan”). A summary of the principal features of the 2013 Plan, as well as a copy of the 2013 Plan document itself, is available in the Company’s Schedule 14A filed on September 27, 2013, to which reference should be made for a more complete description of the 2013 Plan. The 2013 Plan permits grants of stock options (including incentive stock options and nonqualified stock options), stock appreciation rights, restricted stock awards, and other stock-based awards. Under the 2013 Plan, any employee (including an employee who is also a director or an officer), officer, contractor or outside director of the Company whose judgment, initiative, and efforts contributed or may be expected to contribute to the successful performance of the Company is eligible to participate in the 2013 Plan, except that only employees are eligible to receive incentive stock options. Subject to certain adjustments, the maximum number of shares of common stock that may be delivered under the 2013 Plan is ten percent (10%) of the Company’s authorized and outstanding shares of common stock as determined on the applicable date of grant of an award under the 2013 Plan.

The various types of long-term incentive awards that may be granted under the 2013 Plan will enable the Company to respond to changes in compensation practices, tax laws, accounting regulations and the size and diversity of its businesses.

The following table provides a summary of the number of stock options outstanding as of the date of this prospectus under both of our equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
	Nil		
Equity compensation plans approved by security holders (2013 Plan)	8,250,000	\$ 0.12 to 0.18	Variable*
Warrants	20,501,628	\$0.20 - 0.30	Unrestricted
Total	28,751,628		

*Subject to 10% rolling maximum more fully described in the 2013 Plan. As of September 30, 2019, the 10% rolling maximum is 8,746,632 options.

PRIOR SALES

The following table summarizes the sales of securities of the Company for the twelve (12) month period prior to the date of this prospectus:

Date	Number Shares	Number of Warrants	Number of Stock Options	Conve rtible Debenture	Issue Price per Share	Aggregate Issue Price	Consideration Received
August 20, 2018	700,000	325,000			\$0.10	\$70,000	Cash
August 21, 2018	321,061	160,531			\$0.10	\$32,106	Cash
October 5 2018	(87,500)	-			\$0.10	(\$8,750)	Cash
October 26, 2018	6,326,000	3,163,000			\$0.10	\$632,600	Cash
October 26, 2018	2,950,000	1,475,000			\$0.10	\$295,000	Debt Conversion
October 30, 2018	520,000	-			\$.09	\$57,550	Restricted Stock Units common shares) issued pursuant to 2017 Stock Incentive plan Stock options issued pursuant to 2017 Stock Incentive plan exercisable at \$.12 per share
October 30 2018	-	-	2,450,000		Nil	-	Cash
November 1, 2018	2,250,000	1,125,000			\$0.10	\$225,000	Cash
November 1 2018	200,001	200,001			\$0.15	\$30,000	Cash
November 21, 2018	262,000	131,000			\$0.15	\$26,250	Cash
February 15 2019	112,500	56,250			\$0.10	\$11,250	Cash
February 15, 2019	150,000	150,000			\$0.15	\$22,500	Cash
September 20, 2019	585,000	-			\$.08	\$46,800	Restricted stock units (common shares) issued pursuant to 2017 Stock Incentive plan Stock options issued pursuant to 2017 Stock Incentive plan exercisable at CND \$.15 per share
September 20, 2019	-	-	3,800,000		Nil	-	Cash
September 30, 2019	3,393,434	1,606,717			\$.15	\$339,343	Debt conversion
September 30, 2019	-	1,086,667		1,086,667	\$.15	\$163,000	Cash for issuance of convertible debentures
October 4, 2019	76,923	38,462			\$.10	\$7,692	Cash
Total	17,759,419	9,517,628	6,250,000	1,086,667		\$1,950,341	

Trading Price and Volume

The shares of the Company are currently listed on the "Pink" quotation service operated by the OTC Markets Group Inc. under the trading symbol "PKPL". The following table sets forth the reported high and low prices and the trading volume as reported by otcpinkssheets.com for the shares for each month for the twelve (12) month period prior to the date of this prospectus.

Date	High (US \$)	Low (US \$)	Volume (‘000)
September 2019	0.10	0.08	142
August 2019	0.14	0.08	73.5
July 2019	0.13	0.05	302.2
June 2019	0.15	0.08	6.0
May 2019	0.23	0.10	156.1
April 2019	0.20	0.10	33.4
March 2019	0.18	0.07	152.2
February 2019	0.08	0.03	183.7
January 19	0.08	0.04	35.5
December 2018	0.09	0.04	109.4
November 2018	0.14	0.08	18.0
October 2018	0.14	0.06	48.1
September 2018	0.23	0.07	311.1
August 2018	0.11	0.07	273.3
July 2018	0.14	0.07	26.5
June 2018	0.18	0.07	44.4
May 2018	0.21	0.07	80.4
April 2018	0.12	0.07	27.9
March 2018	0.18	0.07	102.8
February 2017	0.18	0.13	56.5

ESCROWED SECURITIES AND OTHER SECURITIES SUBJECT TO RESALE RESTRICTIONS

Escrowed Securities

Under the applicable policies and notices of the Canadian Securities Administrators, securities held by Principals are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities, including Shares, owned or controlled by the Principals of the Company are subject to the escrow requirements. In connection with the proposed Listing, the Company expects to enter into the Escrow Agreement in accordance with NP 46-201 as described herein. Although no public distribution is made pursuant to this non-offering prospectus, escrow of the securities is required as a condition to the Company’s listing on the CSE.

Pursuant to the Escrow Agreement entered into among the Escrow Agent, the Company, and the Principals, 9,720,151 Shares (the “Escrowed Securities”) are held in escrow with the Escrow Agent. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the Listing Date and that an additional 15% will be released therefrom every 6 month interval thereafter, over a period of 36 months.

The Company is an “emerging issuer” as defined in the applicable policies and notices of the Canadian Securities Administrators. If the Company achieves “established issuer” status during the term of the Escrow Agreement, it will “graduate” resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18 month schedule applicable to established issuers as if the Company had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

- (i) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Board;
- (ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse or children or parents;
- (iii) transfers upon bankruptcy to the trustee in bankruptcy;
- (iv) pledges to a financial institution as collateral for a loan, provided that upon a realization the securities remain subject to escrow; and
- (v) tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

The following table sets forth details of the Escrowed Securities that, as of the date of this prospectus, will be subject to the Escrow Agreement:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Shares	20,140,302 common shares ⁽¹⁾	23.02 ⁽²⁾

Notes:

⁽¹⁾ Includes (i) 100,000 shares underlying stock options exercisable at \$0.18 per share until March 26, 2021; (ii) 500,000 shares underlying stock options exercisable at \$0.12 per share until January 21, 2023; (iii) 1,050,000 shares underlying stock options exercisable at \$0.12 per share until October 25, 2023; (iv) 1,200,000.00 share underlying stock options exercisable at \$.12 per share until September 19, 2024; (v) 1,446,717 shares underlying share purchase warrants having an exercise price of \$.30 per share until September 30, 2021; (vi) 1,400,000 shares underlying stock options exercisable at \$0.12 per share until September 20, 2021 and (vii) 130,000 common shares.

⁽²⁾ Based on 87,466,323 Shares issued and outstanding as of the date of this prospectus.

A detailed breakdown of the Shares to be escrowed in connection with the Listing is shown in the following table:

Name	Designation of Security	Quantity	% Shares as of the date of Prospectus ⁽¹⁾⁽²⁾
Arthur Halleran	Shares	5,615,151 ⁽³⁾	6.4%
David Thompson	Shares	3,375,000 ⁽⁴⁾	3.9%
Barry Wood	Shares	700,000 ⁽⁵⁾	0.80%
Kubilay Yildirim	Shares	730,000 ⁽⁶⁾	0.83%
Total		10,420,151	11.9%

Notes:

⁽¹⁾ Based on 87,466,323 Shares issued and outstanding as of the date of this prospectus.

⁽²⁾ The Escrowed Securities are anticipated to be held by the Transfer Agent. Such Escrowed Securities are anticipated to be escrowed on or prior to the Listing Date per NP 46-201 and released pursuant to thereto.

⁽³⁾ Includes (i) 100,000 shares underlying stock options exercisable at \$0.18 per share until March 26, 2021; (ii) 500,000 shares underlying stock options exercisable at \$0.12 per share until January 21, 2023; (iii) 350,000 shares underlying stock options exercisable at \$0.12 per share until October 25, 2023; (iv) 1,200,000.00 share underlying stock options exercisable at \$0.12 per share until September 19, 2024; (v) 946,717 shares underlying share purchase warrants having an exercise price of \$.30 per share until September 30, 2021.

⁽⁴⁾ Includes (i) 800,000 shares underlying stock options exercisable at \$0.12 per share until September 20, 2021; 500,000 shares underlying share purchase warrants having an exercise price of \$.30 per share until September 30, 2021.

⁽⁵⁾ Includes (i) 350,000 shares underling stock options exercisable at \$0.12 per share until Oct 25, 2023; (ii) 300,000 shares underling stock options exercisable at \$0.12 per share until Sept 20, 2021; and (iii) 50,000 common shares.

⁽⁶⁾ Includes (i) 350,000 shares underling stock options exercisable at \$0.12 per share until Oct 25, 2023; (ii) 300,000 shares underling stock options exercisable at \$0.12 per share until Sept 20, 2021; and (iii) 80,000 common shares.

NP 46-201 provides that all shares of a company owned or controlled by Principals will be escrowed at the time of the Company's initial public offering, unless the shares held by the Principal or issuable to the Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding shares of the Company after giving effect to the initial public offering.

An issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. The Company anticipates that it will be classified by the CSE as an "emerging issuer". As such, the Company anticipates that the following automatic timed releases will apply to the securities held by the Principals listed in the table above:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	the remaining Escrowed Securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 10% release on the Listing Date, with the remaining escrowed securities being released every six months thereafter in accordance with the table above.

Pursuant to the terms of the Escrow Agreement, Kubilay Yildirim, Barry Wood, Arthur Halleran and David Thompson have agreed to deposit their Shares in escrow with the Escrow Agent. Pursuant to the Escrow Agreement, 1,042,015 Shares will be released from escrow on the Listing Date.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this prospectus no person beneficially owns or exercises control or direction over common shares carrying more than 10% of the votes attached to common shares.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the names, state or province and country of residence, position, principal occupations during the five preceding years and the number of voting securities of the Company that each of its directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this prospectus:

Name and Province of Residence and Position with the Company	Director/ Officer Since	Principal Occupation for the Past Five Years	Shares Beneficially Owned Directly or Indirectly (at the date of this Prospectus) ⁽¹⁾
Arthur Halleran ⁽²⁾ British Columbia, Canada <i>Director and President</i>	Director since October 4, 2011, President and CEO since July 2017	President & CEO of Trillion Energy, VP Exploration & Development United Hydrocarbon International; Environmental Consultant	5,615,151 ⁽³⁾ (6.4 %)
Barry Wood British Columbia, Canada <i>Director</i>	Director since December 31, 2018	Independent Oil and Gas Exploration advisor/consultant	700,000 ⁽⁴⁾ (0.80%)
David Thompson Hamilton, Bermuda <i>Director and CFO</i>	Director since October 29, 2013, CFO since July 2017	CFO of Trillion Energy Managing Director of AMS Limited.	3,375,000 ⁽⁵⁾ (3.9 %)
Kubilay Yildirim Akcakoca, Turkey General Manager	Director since September 20, 2019	General Manager of Park Place Energy Turkey Limited (subsidiary of Trillion Energy International Inc)	730,000 ⁽⁶⁾ 0.83%

(1) Percentage of Shares outstanding is based on 87,466,323 Shares issued and outstanding as of the date of this prospectus.

(2) Audit Committee member.

(3) Includes (i) 100,000 shares underlying stock options exercisable at \$0.18 per share until March 26, 2021; (ii) 500,000 shares underlying stock options exercisable at \$0.12 per share until January 21, 2023; (iii) 350,000 shares underlying stock options exercisable at \$0.12 per share until October 25, 2023; (iv) 1,200,000.00 share underlying stock options exercisable at \$0.12 per share until September 19, 2024; (v) 946,717 shares underlying share purchase warrants having an exercise price of \$.30 per share until September 30, 2021.

(4) Includes (i) 350,000 shares underling stock options exercisable at \$0.12 per share until Oct 25, 2023; (ii) 300,000 shares underling stock options exercisable at \$0.12 per share until Sept 20, 2021; and (iii) 50,000 common shares.

(5) Includes (i) 800,000 shares underlying stock options exercisable at \$0.12 per share until September 20, 2021; 500,000 shares underlying share purchase warrants having an exercise price of \$.30 per share until September 30, 2021.

(6) Includes (i) 350,000 shares underling stock options exercisable at \$0.12 per share until Oct 25, 2023; (ii) 300,000 shares underling stock options exercisable at \$0.12 per share until Sept 20, 2021; and (iii) 80,000 common shares.

As of the date of this prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 10,420,151 Shares, which is equal to 11.9 % of the Shares issued and outstanding as of the date of this prospectus.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board. No executive officers of the Company have entered into non-competition or non-disclosure agreements with the Company. See "*Executive Compensation*".

Background – Directors and Executive Officers

The following is a brief description of each of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date of this prospectus, experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

Dr. Arthur Halleran - President and Chief Executive Officer, Director – Age 60

Dr. Halleran has been a director since October 4, 2011 and CEO since July, 2017. Dr. Halleran has a Ph.D. in Geology from the University of Calgary, and has 38 years of petroleum exploration experience 20 of which consisted of international. His international experience includes work in countries such as Canada, Colombia, Bulgaria, Turkey,

Egypt, India, Guinea, Sierra Leone, Sudan, Suriname, Chile, Brazil, Pakistan, Peru, Tunisia, Trinidad Tobago, Argentina, Ecuador, Bolivia and Guyana. Dr. Halleran's experience includes work with Petro-Canada, Chevron, Rally Energy, Canacol Energy, United Hunter Oil and Gas Corp. and United Hydrocarbon International Corp. In 2007, Dr. Halleran founded Canacol Energy Ltd., a company with petroleum and natural gas exploration and development activities in Colombia, Brazil and Guyana, where he served as vice president of exploration. Previously, Dr. Halleran was a consulting geologist for Rally Energy Corp. (Egypt), which discovered prolific reservoirs in Egypt and Vice President of Exploration & Development for United Hydrocarbon International Corp., a company with oil interests in Chad, Africa. Dr. Halleran was appointed as a director of the Company to provide technical expertise and oversight to the Dobrudja Basin gas project in Bulgaria. His education and technical experience in the energy sector are valuable to our Company.

David M. Thompson – Chief Financial Officer, Director – Age 65

Mr. Thompson has 30 years of financial experience in the oil and gas industry. He successfully founded an oil trading company in Bermuda with offices in the U.S. and Europe (Geneva, Moscow and Amsterdam). He was responsible for that company's production operations in Turkmenistan and successfully raised over \$100 million in equity. Mr. Thompson also negotiated the farm-out of a number of company assets. Mr. Thompson is Managing Director of AMS Limited, a Bermuda based Management Company. In the past he served as Founder, President and CEO of Sea Dragon Energy Inc. (TSX:V), Chief Financial Officer of Aurado Energy, Chief Financial Officer of Forum Energy Corporation (OTC), Financial Director of Forum Energy Plc (AIM) and Senior Vice President at Larmag Group of Companies. Mr. Thompson is a Certified Management Accountant (1998). He currently also serves as a Director of United Hydrocarbon International Corp.

Dr. Barry Wood - Director – Age 71

From 2008 to the present Dr. Wood has been an Independent Exploration Advisor, having assisted companies such as Dana Gas, NPC, Sea Dragon, Maurel et Prom and others, establishing new offices, reviewing and recommending new opportunities, preparing contracts and managing G&G programs. From August, 2012 to 2015 Dr. Wood was an Advisor, Exploration, to NPC (Egypt). From 2008 to August 2012 Dr. Wood was an Advisor, Exploration, to Sea Dragon Energy in Egypt. From 2006 to 2007 Dr. Wood was Country Manager for Maurel et Prom, based in Dar es Salaam, Tanzania. From 2001 to the present, Dr. Wood founded PetroQuest International Ltd. and advised to them in regards to new exploration fairways in Tanzania, Syria and Egypt. From 1997 to 2001 Dr. Wood was employed at Oxford University Research in regards to Reservoir & Structural Development through Lithospheric Folding. From 1993 to 1997 Dr. Wood was the Exploration Manager for Marathon International Oil Company, based in Cairo, Egypt. From 1989 to 1993 Dr. Wood was the Exploration and General Manager for Marathon International Oil Company, based in Damascus, Syria. From 1985 to 1989 Dr. Wood was the Area Manager, New Ventures, for Marathon International Oil Company, in the areas of Europe, N. & E. Africa, Middle East, based in London and Houston. From 1981 to 1985 Dr. Wood was an Advanced Senior Geologist with Marathon International Oil in Singapore. From 1980 to 1981 Dr. Wood was with Asamera Oil Ltd., Jakarta, Indonesia as a Senior Geologist (N. Sumatra evaluation); from 1978 to 1980 Oasis Oil Company of Libya, Tripoli, Libya as a Senior Geologist (Sirte Basin Evaluation); from 1976 to 1978 Pembina Pipeline, Calgary, Alberta as an Exploration Geologist, Western Canada Basin; and from 1972 to 1976 was with Shell Canada, Calgary, Alberta as a New Ventures Exploration Geologist (Canadian Frontier).

Kubilay Yildirim -Age 43

Mr. Yildirim has over the past 22 years had hands on experience in drilling, production, seismic acquisition, and logistics for both onshore and offshore projects in Turkey. He has spent most of career with this company and its predecessor companies: Madison, Toreador and Tiway. He has also been involved in sales and divestitures of assets and has taken on significantly more managerial positions until being promoted to General Manager in 2009. Mr. Yildirim has a degree in Petroleum and Natural Gas Engineering from Middle East Technical University and an MBA from Bilgi University in Istanbul.

Term of Office

All of our directors hold office until the next annual shareholders meeting or until their successors are elected and qualified. Our officers are appointed by our Board of Directors and hold office until their earlier death, retirement, resignation or removal.

Significant Employees

Kubilay Yildirim – General Manager (Turkey) – Age 43

Mr. Yildirim has over the past 20 years had hands on experience in drilling, production, seismic acquisition, and logistics for both onshore and offshore projects in Turkey. He has spent most of career with this company and its predecessor companies: Madison, Toreador and Tiway. He has also been involved in sales and divestitures of assets and has taken on significantly more managerial positions until being promoted to General Manager in 2009. Mr. Yildirim has a degree in Petroleum and Natural Gas Engineering from Middle East Technical University and an MBA from Bilgi University in Istanbul.

Ozge Karalli – Finance Director (Turkey) – Age 42

Mrs. Karalli began her career in Deloitte as tax compliance auditor where she was also audit senior and supervisor between 1998 and 2004. She joined Toreador in 2004 as Accounting Manager and Financial Controller, before becoming the Finance Director of Tiway Oil in 2010. Mrs. Karalli has a Bachelor of Economics degree from Bilkent University and has been a Chartered Public Accountant in Turkey since 2002 and qualified for independent auditor's certificate in 2015.

Family Relationships

There are currently no family relationships between any of the members of our Board of Directors or our executive officers.

Committees of the Board of Directors

Our Company does not currently have any standing committees of our Board of Directors. See "Audit Committee and Corporate Governance".

Involvement in Certain Legal Proceedings

There are currently no legal proceedings to which any of our directors or executive officers is a party adverse to us or in which any of our directors or executive officers has a material interest adverse to us.

Corporate Cease Trade Orders or Bankruptcies

The Company was subject to two bulk cease trade orders from the B.C. Securities Commission due to the late filing of certain required annual and quarterly reports on www.Sedar.com relating to the Company's December 31, 2017 and June 30, 2018 fiscal periods. The first cease trade was issued July 14, 2018 and revoked on August 14, 2018. The second cease trade was issued September 10, 2018 and revoked on October 11, 2018.

Penalties or Sanctions

None of our directors, officers or principal shareholders are, or have been within the last 10 years, the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

None of our directors, officers or principal shareholders, or personal holding company of such persons, have, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. The directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws and shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Company are not aware of any such conflicts of interests.

EXECUTIVE COMPENSATION

Executive Compensation

Particulars of compensation awarded to, earned by or paid during the last two fiscal years to:

- (a) the person(s) serving as our Company's principal executive officer during the year ended December 31, 2017 and 2018;
- (b) each of our company's two most highly compensated executive officers, other than the principal executive officer, who were serving as executive officers at the end of the year ended December 31, 2017, and 2018 and whose total compensation exceeds \$100,000 per; and
- (c) (individually a "Named Executive Officer" and collectively the "Named Executive Officers") are set out in the summary compensation table below.

Name and Principal Position	Year	Salary and management fees (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Arthur Halleran President & CEO	2018	110,000	-	11,800	39,216	-	-	-	161,016
	2017	24,000	-	33,600	59,240	-	-	-	116,840
	2016	-	-	-	-	-	-	-	-
David M. Thompson Chief Financial Officer	2018	62,000	-	9,000	39,216	-	-	-	110,216
	2017	16,000	-	30,000	35,544	-	-	-	81,544
	2016	-	-	-	-	-	-	-	-
Scott C. Larsen Past President & CEO	2017	22,100	-	16,942	-	-	-	-	39,042
	2016	156,000	-	61,800	-	-	-	-	217,800
Charles Michel Past Chief Financial Officer	2017	-	-	-	-	-	-	-	-
	2016	36,600	-	-	-	-	-	-	36,600

Notes

⁽¹⁾ This column represents the grant date fair value of stock options (or other stock-based awards) granted.

Outstanding Equity Awards as of December 31, 2018

The following table summarizes the outstanding equity awards as of December 31, 2018 for each of our Named Executive Officers:

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Scott C. Larsen*	600,000	-	-	0.10	July 10, 2018	-	-	-	-
	400,000	-	-	0.18	March 26, 2021	-	-	655,046	101,582
Arthur Halleran**	350,000	-	-	0.12	October 24, 2023	-	-	-	-
	50,000	-	-	0.10	January 21, 2019	-	-	-	-
	100,000	-	-	0.18	March 26, 2021	-	-	-	-
	500,000	-	-	0.12	September 15, 2022	-	-	-	-
David M. Thompson**	350,000	-	-	0.12	October 24, 2023	-	-	-	-
	50,000	-	-	0.10	January 21, 2019	-	-	-	-
	100,000	-	-	0.18	March 26, 2021	-	-	-	-
	300,000	-	-	0.12	September 15, 2022	-	-	-	-

*Held through Larsen Energy Consulting Inc.

**Includes management and board options

Option Exercises and Stock Vested

Stock awards

Name	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Scott C. Larsen Past President & CEO	203,571	16,942

Director Compensation

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred compensation earnings	All other compensation (\$)	Total (\$)
Arthur Halleran	-	2,950	-	-	-	-	2,950
David M. Thompson	1,000	-	-	-	-	-	1,000
Ijaz Khan	2,000	-	-	-	-	-	2,000

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Awards: Number of Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Arthur Halleran	50,000	-	-	0.10	1-21-2019	-	-	-	-

Employment Contracts, Termination of Employment and Change-In-Control Arrangements

On November 1, 2013 (as amended on August 1, 2014 and March 27, 2015), the Company entered into an agreement with the Scott Larsen, the then President of the Company and a company controlled by the President of the Company with a term of two years effective September 1, 2013. The term continues now on a month-to-month basis. Pursuant to the agreement as amended, the Company is to pay \$18,000 per month, with \$5,000 of such monthly consulting fees being paid in RSUs to the President of the Company. The pricing for such RSUs will be determined based on the average closing price of the Company's common shares for the last ten days of the calendar quarter in which such RSUs accrued. The agreement had provided for certain additional compensation if certain money raising milestones were met; those provisions have expired according to their terms. Mr. Larsen resigned on July 17, 2017.

Mr. Charles Michel resigned on July 17, 2017 as CFO.

On September 18, 2017, the Company entered into an agreement with Arthur Halleran to act as CEO. Pursuant to the agreement, the Company shall issue 280,000 shares for payment of wages for the first three months of service, Halleran shall be paid a monthly salary of \$6,000 in arrears with the option to convert wages payable to Trillion Energy shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$10,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$13,000 per month. As a signing bonus, the CEO was issued 500,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 100,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Halleran 250,000 fully vested RSUs for each \$5,000,000 raised.

On September 18, 2017, the Company entered into an agreement with David Thompson to act as CFO. Pursuant to the agreement, the Company shall issue 250,000 shares for payment of wages for the first three months of service, Thompson shall be paid a monthly salary of \$4,000 in arrears with the option to convert wages payable to Trillion Energy shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$8,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$10,000 per month. As a signing bonus, the CFO was issued 300,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 75,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Thompson 200,000 fully vested RSUs for each \$5,000,000 raised.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Indebtedness of Directors and Officers

Other than routine indebtedness for management fees, travel and other expense advances, no existing or proposed director or executive officer of the Company, or any associate of any of them, was indebted to the Company as of December 31, 2018, or is currently indebted to the Company or has any indebtedness to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit

issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require the Company, as an IPO venture issuer, to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors. As of the date of this prospectus the Company does not have a standing audit committee. The role of audit committee is currently performed by our board of directors as a whole on an ad hoc basis. We are not required to maintain an audit committee by the Delaware Corporate Law.

Audit Committee Charter

As of the date of this prospectus we have not adopted a formal audit committee charter.

Composition of Audit Committee

We do not have a standing audit committee. The members of the Company's board of directors who perform the function of audit committee on an ad hoc basis are as follows:

Barry Wood	Independent ⁽¹⁾	Financially literate ⁽²⁾
Arthur Halleran	Not Independent ⁽¹⁾	Financially literate ⁽²⁾

Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

The determination of the financial literacy of the members of our board of directors is made by the Company and each of the directors in question. The determination that Dr. Halleran and Dr. Wood are financial literate is based upon their respective education, and on their respective experience and abilities gained as a consultants and directors publicly reporting oil & gas exploration companies. See "Directors and Executive Officers" for further details.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

We have no standing audit committee. Our board of directors periodically reviews the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. Our president and chief executive officer is authorized to approve in writing any non-audit services or additional work which he deems is necessary, and Mr. Halleran will notify the other members of the Board of Directors of such non-audit or additional work and the reasons for such non-audit work for the consideration of the board of directors, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

Financial Year End	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All other Fees⁽³⁾
December 31, 2017	\$94,528	Nil	Nil	Nil
December 31, 2018	\$118,028	Nil	10,720	Nil

Notes:

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

Exemption

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which states that the Company, as an IPO Venture Issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

PLAN OF DISTRIBUTION

No securities are offered pursuant to this prospectus. This is a non-offering prospectus. We are a reporting issuer in the Province of British Columbia. We are filing this prospectus to allow our previously issued shares to be re-sold in certain jurisdictions without an exemption from the prospectus and registration requirements of certain securities legislation.

We intend to submit an application to quote the securities of the Company on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

RISK FACTORS

Much of the information included in this prospectus includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other "forward-looking statements" involve various risks and uncertainties as outlined below. We caution readers of this prospectus that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward-looking statements". In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Our common shares are considered speculative. Prospective investors should consider carefully the risk factors set out below.

Risks Associated with Business

We expect the losses to continue, which raises concerns about our ability to continue as a going concern.

Our expenses have exceeded our revenues since our inception and we will, in all likelihood, continue to incur net losses until we are able to successfully increase our revenue from production or reduce our expenses. Our business plan may require us to incur further exploration and development expenses on our oil and gas projects. We may not be able to successfully increase our production or ever become profitable. These circumstances raise concerns about our ability to continue as a going concern.

We have a limited operating history. Our projects in Turkey have a lengthy operating history of production must be considered in the decline stage of production until significant reinvestment occurs to increase production on the producing oil and gas fields in Turkey. Our Bulgarian gas exploration block is in the exploration stage. Our company's operations will be subject to all the risks inherent in the establishment of an exploration stage enterprise in respect to the Bulgarian gas play and the uncertainties arising from the absence of a significant operating history on the exploration block. We are subject to the uncertainties including the exposure to significant abandonment costs on our producing oil and gas properties in Turkey. Potential investors should be aware of the difficulties normally encountered by resource exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the development and exploration of our properties may not result in the discovery of additional reserves. Problems such as the absence of economic quantities of petroleum substances, unusual or unexpected formations of rock or land and other conditions are involved in resource exploration

and often result in unsuccessful exploration and development efforts. If the results of our exploration do not reveal viable further commercial reserves, we may decide to abandon our projects and acquire new claims for new exploration or cease operations. The acquisition of additional claims will be dependent upon us possessing capital resources at the time in order to purchase such claims. If no funding is available, we may be forced to abandon our operations. There can be no assurance that we will be able to operate on a profitable basis.

Negative Cash Flow

The Company has had negative operating cash flow since its inception, and will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability, or that additional funding will be available for operations.

We will require additional financing to develop existing exploration interests or acquire additional resource assets.

Because we have been operating at a net loss, we will need to raise additional funds to explore and further develop our oil and gas properties. We do not currently have sufficient financial resources to completely fund the further development and or exploration of interests in Bulgaria. We currently do not have sufficient financial resources to fund the acquisition of additional exploration or development interests. We anticipate that we will need to raise further financing. Although we have raised financing in the past through the sale of our common shares and from borrowing, we do not currently have any arrangements for financing and we can provide no assurance to investors that we will be able to find such financing if required. Obtaining additional financing would be subject to a number of factors, including investor acceptance of our oil and gas interests, development plans and our plan to list on the CSE. The most likely source of future funds presently available to us is through the sale of equity capital. Any sale of share capital will result in dilution to existing security-holders.

We may not be successful in our development or exploration for oil and gas.

We currently have only modest oil or gas reserves that are deemed proved, probable or possible pursuant to both Canadian and American standards of disclosure for oil and gas activities. Our subsidiaries in Turkey have participated in the drilling of several wells in Turkey prior to our acquisition of our Turkish assets. We have acquired a significant amount of data on our Bulgaria exploration block, however, we have not yet drilled any wells in Bulgaria.

There can be no assurance that our current or future exploration and development efforts will be successful, and we cannot be sure that our overall drilling success rate or our production operations within a particular area will ever come to fruition, and if they do, will not decline over time. We may not recover all or any portion of our capital investment in the wells or the underlying leaseholds. Unsuccessful drilling activities would have a material adverse effect upon our results of operations and financial condition. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations, including: (i) unexpected drilling conditions; (ii) pressure or irregularities in geological formation; (iii) equipment failures or accidents; (iv) adverse weather conditions; and (v) shortages or delays in the availability of drilling rigs and the delivery of equipment; (vi) foreign exchange fluctuation; and security risk.

In addition, our exploration and development plans may be curtailed, delayed or cancelled as a result of lack of adequate capital and other factors, such as weather, compliance with governmental regulations, foreign exchange fluctuation, political risk, current and forecasted prices for oil and changes in the estimates of costs to complete the projects. We will continue to gather information about our exploration projects, and it is possible that additional information may cause our company to alter our schedule or determine that a project should not be pursued at all. You should understand that our plans regarding our projects are subject to change.

We may not be able to obtain all of the licenses necessary to operate our business.

Our operations require licenses and permits from various governmental authorities to drill wells and transport hydrocarbon fluids or gases. We believe that we hold, or will hold, all necessary licenses and permits under applicable laws and regulations for our operations and believe we will be able to comply in all material respects with the terms

of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits that may be required to maintain continued operations that economically justify the cost.

Even if we acquire an oil and natural gas exploration property and establish that it contains oil or natural gas in commercially exploitable quantities, the potential profitability of oil and natural gas ventures depends upon factors beyond the control of our company.

The potential profitability of oil and natural gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and natural gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls or any combination of these and other factors, and respond to changes in domestic, international, political, social and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. In addition, adverse weather conditions can hinder drilling operations. Additionally, we are not the operator for our producing oil and gas properties in Turkey and the operator TPAO which causes uncertainty as we cannot fully control the exploration and development of oil and gas on our properties. These changes and events may materially affect our future financial performance. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

In addition, a productive well may become uneconomic in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or natural gas from the well. Production from any well may be unmarketable if it is impregnated with water or other deleterious substances. Also, the marketability of oil and natural gas which may be acquired or discovered will be affected by numerous related factors, including the proximity and capacity of oil and natural gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection, all of which could result in greater expenses than revenue generated by the well. Abandonment costs may be significant in decommissioning the oil and gas operations on our producing properties.

The exploration business is competitive.

Competition in the oil and natural gas industry is intense, and many of our competitors have greater financial, technological and other resources than we do, which may adversely affect our ability to compete.

We will be operating in the highly competitive areas of oil and natural gas exploration, development, production and acquisition with a substantial number of other companies, both foreign and domestic. We face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies in each of the following areas:

- seeking oil and natural gas exploration licenses and production licenses;
- acquiring desirable producing properties or new leases for future exploration;
- marketing oil and natural gas production;
- integrating new technologies; and
- contracting for drilling services and equipment and securing the expertise necessary to develop and operate properties.

Many of our competitors have substantially greater financial, managerial, technological and other resources than we do. These companies are able to pay more for exploratory prospects and productive oil and natural gas properties than we can. To the extent competitors are able to pay more for properties than we are paying, we will be at a competitive disadvantage. Further, many of our competitors enjoy technological advantages over us and may be able to implement new technologies more rapidly than we can. Our ability to explore for and produce oil and natural gas prospects and to acquire additional properties in the future will depend upon our ability to successfully conduct operations,

implement advanced technologies, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

Estimates of oil and gas reserves are inherently forward-looking statements, subject to error, which could force us to curtail or cease our business operations.

We have minimal oil and gas reserves. Potential future estimates of oil and gas reserves are inherently forward-looking statements subject to error. Although estimates of reserves are made based on a high degree of assurance in the estimates at the time the estimates are made, unforeseen events and uncontrollable factors can have significant adverse impacts on the estimates. Actual conditions will inherently differ from estimates. The unforeseen adverse events and uncontrollable factors include but are not limited to: geologic uncertainties including unforeseen fracturing or faulting; oil and gas price fluctuations; fuel price increases; variations in exploration, production, and processing parameters; and adverse changes in environmental or resource laws and regulations. The timing and effects of variances from estimated values cannot be predicted.

The volatility of oil prices could adversely affect our results of operations.

The prices we will receive for any products we may produce and sell are likely to be subject to large fluctuations in response to factors beyond our control. These factors include but are not limited to the condition of the worldwide economy, world oil and gas prices, exchange rates, the actions of the Organization of Petroleum Exporting Countries, governmental regulations, political stability in the Middle East and elsewhere and the availability of alternate fuel sources. The prices for oil and gas will affect:

1. our revenues, cash flows and earnings;
2. our ability to attract capital to finance our operations, and the cost of such capital;
3. the profit or loss incurred in refining petroleum products; and
4. the profit or loss incurred in our oil and gas exploration activities.

Operating hazards may adversely impact our oil and gas exploration activities.

Our exploration operations are subject to risks inherent in the exploration business, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, and other environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations. Our operations could be subject to a variety of additional operating risks such as earthquakes, mudslides, tsunamis and other effects associated with extensive rainfall or other adverse weather conditions.

Our operations could result in liabilities for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs or other environmental damages. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on our financial condition and results of operations.

Fuel price variability.

The cost of fuel can be a major variable in the cost of oil and gas exploration, one which is not necessarily included in the contract exploration prices obtained from contractors, but is passed on to the overall cost of operation. Although high fuel prices by historical standards have been used in making the reserve estimates included herein, future fuel prices and their impact are difficult to predict, but could force us to curtail or cease our business operations.

Environmental regulations.

We believe that we currently comply with existing environmental laws and regulations affecting our operations. While there are no currently known proposed changes in these laws or regulations, significant changes have affected the industry in the past and additional changes may occur in the future. Environmental regulations in Bulgaria are restrictive and currently prevent the use of fracking wells. This may have a negative impact on our ability to commercially produce natural gas from our exploration block in Bulgaria.

Our operations are subject to environmental laws, regulations and rules promulgated from time to time by government. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain oil and gas industry operations, such as uncontrolled flaring, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. We intend to comply with all environmental regulations in Turkey, Bulgaria, the United States and Canada.

The exploration, development and operation of oil and gas projects involve numerous uncertainties.

Oil and gas exploration and development projects typically require a number of years and significant expenditures during the development phase before production is possible. Exploration offers no guarantee, and no realistic ability to project a probability, of ever successfully discovering economically feasible ore resources or reserves.

Development of our exploration projects are subject to the completion of successful production or development studies, issuance of necessary governmental permits and receipt of adequate financing. The economic feasibility of development projects is based on many factors such as:

1. estimation of reserves;
2. future oil and gas prices; and
3. anticipated capital and operating costs of such projects.

Oil and gas development projects may have limited or no relevant operating history upon which to base estimates of future operating costs and capital requirements. Estimates of reserves and operating costs are based on geologic and engineering analyses.

Any of the following events, among others, could affect the profitability or economic feasibility of a project:

1. unanticipated adverse geotechnical conditions;
2. incorrect data on which engineering assumptions are made;
3. costs of constructing and operating a field in a specific environment;
4. availability and cost of transportation, processing and refining facilities;
5. availability of economic sources of power;
6. adequacy of water supply;
7. adequate access to the site;

8. unanticipated transportation costs;
9. unexpected pollution or hazard costs;
10. government regulations (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation, as well as the costs of protection of the environment and agricultural lands);
11. fluctuations in commodities prices;
12. fluctuations in exchange rates;
12. political, security risks, terrorism; and
13. accidents, labor actions and force majeure events

Any of the above referenced events may necessitate significant capital outlays or delays, may materially and adversely affect the economics of a given property, or may cause material changes or delays in our intended exploration, development and production activities. Any of these results could force us to curtail or cease our business operations.

Oil and gas exploration is highly speculative, involves substantial expenditures, and is frequently non-productive.

Oil and gas exploration involves a high degree of risk and exploration projects are frequently unsuccessful. Few prospects that are explored are ultimately developed into economically producing wells or fields. To the extent that we continue to be involved in oil and gas exploration, the long-term success of our operations will be related to the cost and success of our exploration programs. We cannot assure you that our oil and gas exploration efforts will be successful. The risks associated with oil and gas exploration include:

1. the identification of potential hydrocarbon zones based on any analysis short of drilling an exploration well;
2. the quality of our management, consultants and partners, and their geological and technical expertise; and
3. the capital available for exploration and development.

Substantial expenditures are required to determine if a project has economically extractable oil and gas. Because of these uncertainties, our current and future exploration programs may not result in the discovery of reserves, the expansion of our existing reserves or the further development of our properties. Further, the reserves we currently have will be depleted through additional production, and there are no guarantees that future reserves will be found.

Oil and gas risks and insurance could have an adverse effect on our business.

Our operations are subject to all of the operating hazards and risks normally incident to exploring for and developing oil and gas properties, such as unusual or unexpected geological formations, environmental pollution, personal injuries, flooding, cave-ins, changes in technology or production techniques, periodic interruptions because of inclement weather and industrial accidents. Although insurance may ameliorate some of these risks, such insurance may not always be available at economically feasible rates or in the future be adequate to cover the risks and potential liabilities associated with exploring, owning and operating our properties. Either of these events could cause us to curtail or cease our business operations.

If we are unable to recruit or retain qualified personnel, it could have a material adverse effect on our operating results and stock price.

Our success depends in large part on the continued services of our executive officers and third party relationships. We currently do not have key person insurance on these individuals. The loss of these people, especially without advance

notice, could have a material adverse impact on our results of operations. It is also very important that we be able to retain highly skilled personnel, including technical personnel, to accommodate our exploration plans and to replace personnel who leave. Competition for qualified personnel can be intense, and there are a limited number of people with the requisite knowledge and experience.

We are not the "operator" of any of our oil and gas exploration interests, and so we are exposed to the risks of our third-party operators.

We partially rely on the expertise of third-party oil and gas operators of our Turkey oil and gas fields who is TPAO, who is owned by the Turkish government and additionally Transatlantic Petroleum, a US company. We can give no assurance that these third party operators will always act in our best interests, and we are exposed to their actions in those properties and activities in which we are contractually bound.

Risks Associated with the Shares of Our Company

Trading on the OTC Markets quotation service may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTC Pink tier of the OTC Markets electronic quotation system. Trading in stock quoted on the OTC Markets is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Markets is not a stock exchange, and trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

Our stock is a penny stock. Trading of our stock may be restricted by the sec's penny stock regulations and finra's sales practice requirements, which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and

other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority's requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

Because we do not intend to pay any dividends on our shares, investors seeking dividend income or liquidity should not purchase our shares.

We have not declared or paid any dividends on our shares since inception, and do not anticipate paying any such dividends for the foreseeable future. Investors seeking dividend income or liquidity should not invest in our shares.

Because we can issue additional shares, purchasers of our shares may incur immediate dilution and may experience further dilution.

We are authorized to issue up to 250,000,000 shares. The board of directors of our company have the authority to cause us to issue additional shares, and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, our stockholders may experience more dilution in their ownership of our company in the future.

Other Risks

Our stock is a penny stock. Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability

that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

PROMOTERS

Arthur Halleran and David Thompson must be considered the promoters of the Issuer in that they take the initiative in organizing the business of the Issuer. See "Directors, Officers and Promoters" above and "Executive Compensation" above for further information.

LEGAL PROCEEDINGS

The Company is not party to, nor is any of the Company's property the subject of, any legal proceedings, nor, to the best of the Company's knowledge, are any such legal proceedings contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this prospectus no director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this prospectus, or in any proposed transaction that has materially affected or will materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The Company's auditor is Buckley Dodds LLP independent registered public accountants, located at Suite 1140 - 1185 West Georgia Street, Vancouver, BC V6E 4E6 Phone (604) 688-7227 Fax (604) 681-7716.

Transfer Agent and Registrar

The transfer sub-agent of the Company's common shares is Odyssey Trust, United Kingdom Building 323 - 409 Granville Street Vancouver BC V6C 1T2 info@odysseytrust.com telephone: 778.819.1184.

The registrar and U.S. transfer agent of the Company's common shares is American Registrar and Stock, 1234 W South Jordan Pkwy, Ste B3 South Jordan, UT 84095.

MATERIAL CONTRACTS

During the past two years, the Company has entered into or is subject to the following contracts which are material:

1. On September 18, 2017, the Company entered into an agreement with Arthur Halleran to act as CEO. Pursuant to the agreement, the Company shall issue 280,000 shares for payment of wages for the first three months of service, Halleran shall be paid a monthly salary of \$6,000 in arrears with the option to convert wages payable to Park Place shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$10,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$13,000 per month. As a signing bonus, the CEO was issued 500,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 100,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Halleran 250,000 fully vested RSUs for each \$5,000,000 raised.
2. On September 18, 2017, the Company entered into an agreement with David Thompson to act as CFO. Pursuant to the agreement, the Company shall issue 250,000 shares for payment of wages for the first three months of service, Thompson shall be paid a monthly salary of \$4,000 in arrears with the option to convert wages payable to Park Place shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$8,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$10,000 per month. As a signing bonus, the CFO was issued 300,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 75,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Thompson 200,000 fully vested RSUs for each \$5,000,000 raised.
3. In January 2018 the Company entered into an agreement to acquire an additional 12.25% interest in SASB gas field. The cost of the purchase is as follows: \$309,515 cash inclusive of VAT and 1.5 million shares of our common stock, of which 1 million, fair valued at \$90,000, were issued in 2017 and a further 500,000 shares were issued during the three months ended March 31, 2018 and fair valued at \$67,500 based on the closing price of the stock on the date of was spent to acquire an additional 12.25%. The acquisition increased Park Place's total interest from 36.75% to 49%.
4. On October 1, 2018 the Company entered into an agreement to grant to a consultant of the Company a 2% (two percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.
5. On October 1, 2018 the Company entered into an agreement to grant to the CEO of the Company a .5% (one half of one percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.
6. September 29, 1995 (as amended) between Park Place Energy Turkey Ltd. and Turkiye Petrolleri Anonim Ortakligi ("TPAO") production sharing contract for the SASB gas field. Terms of the production sharing are 51% to TPAO and 49% to the Company, and whereby TPAO is currently the operator. An operating Committee

is appointed for overall supervision and direction of joint operations between TPAO and the Company. Both Operator or a non-operator can call for a meeting. Location of meetings is Ankara, Turkey unless otherwise decided by the committee. Voting in lieu of meeting is permitted unless a party requests the matter to be decided with a meeting. Each party is entitled to take its share of production in kind and dispose of its own share subject to an offtake agreement between the parties. Surrender of all or any part of the license area is subject to unanimous consent of parties.

7. March 15, 1985 (as amended) between Park Place Energy Turkey Ltd. and Turkiye Petrolleri Anonim Ortakligi (“TPAO”) production sharing contract for the Cendere oil field. Terms of the production sharing are 80.4% to TPAO and 19.6%% to the Company, whereby TPAO is currently the operator. An operating Committee is appointed for overall supervision and direction of joint operations between TPAO and the Company. Each party is entitled to take its share of production in kind and dispose of its own share subject to an offtake agreement between the parties. Surrender of all or any part of the license area is subject to unanimous consent of parties.

Copies of the above material contracts can be inspected at the office of our legal counsel, Vancouver, British Columbia during regular business hours for a period of 30 days after a final receipt is issued for this prospectus and are also available electronically at www.sedar.com or www.sec.gov .

INTERESTS OF EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in this prospectus as having prepared or certified a part of this document or a report of valuation described in this prospectus:

1. The audited financial statements of the Company included in this prospectus have been included in reliance upon the report of Whitley Penn LLP independent registered public accountants and upon the authority of such firm as experts in accounting and auditing.
2. The oil and gas reserve estimates included in this prospectus have been included in reliance upon the report of GLJ & Associates, LLC of Calgary, Alberta and upon the authority of such firm as experts in oil and gas reserve engineering. Leonard Herchen, P. Eng. authored the report on behalf of GLJ & Associates, LLC.

No person or company whose profession or business gives authority to a report, valuation, statement or opinion and whom is named as having prepared or certified a report or valuation described or included in this prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any associate of the Company.

RELATIONSHIP BETWEEN THE COMPANY’S PROFESSIONAL PERSONS AND EXPERTS

There is no beneficial interest, direct or indirect, in any securities in excess of one percent of the Company’s issued capital or property of the Company or of an associate or affiliate of the Company, held by a professional person as referred to in section 106(1) of the Rules under the Securities Act (British Columbia), a responsible solicitor or any partner of a responsible solicitor’s firm or by any person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this prospectus or prepared or certified a report or valuation described or included in this prospectus.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

FINANCIAL STATEMENTS

Unaudited financial statements for the Company for the quarter ended June 30, 2019 as well as the audited financial statements for the Company for the years ended December 31, 2018, December 31, 2017, and December 31, 2016 are included in this prospectus as Appendix "A"

APPENDIX “A”**FINANCIAL STATEMENTS**

Unaudited Financial Statements for the periods ending June 30, 2019 and 2018:	A-2
Balance Sheets	A-3
Statements of Operations	A-4
Statements of Shareholders’ equity	A-5
Statements of Cash Flows	A-6
Notes to the Interim Financial Statements	A-7 – A-21
Audited Financial Statements for the years ended December 31, 2018 and 2017:	A-22
Report of Independent Public Accounting Firm	A-23
Balance Sheets	A- 24
Statements of Operations	A- 25
Statements of Shareholders’ equity	A- 26
Statements of Cash Flows	A- 28
Notes to the Financial Statements	A-29-48
Audited Financial Statements for the years ended December 31, 2017 and 2016:	A-49
Report of Independent Public Accounting Firm	A-50
Balance Sheets	A-51
Statements of Operations	A-52
Statements of Cash Flows	A-53
Statements of Shareholders equity	A-54
Notes to the Financial Statements	A-55 – A-70

TRILLION ENERGY INTERNATIONAL INC.

Unaudited Financial Statements for the periods ending June 30, 2019 and 2018:

Balance Sheets	A-3
Statements of Operations	A-4
Statements of Shareholders' equity	A-5
Statements of Cash Flows	A-6
Notes to the Interim Financial Statements	A-7 – A-21

TRILLION ENERGY INTERNATIONAL INC.

Formerly known as Park Place Energy, Inc.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	June 30, 2019	December 31, 2018
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 638,747	\$ 795,520
Receivables	1,026,966	661,298
Prepaid expenses and deposits	114,595	296,827
Total current assets	1,780,308	1,753,645
Oil and natural gas properties, net	6,371,679	6,650,932
Property and equipment, net	128,901	106,155
Restricted cash	97,242	102,751
Note receivable	48,859	49,192
Total assets	\$ 8,426,989	\$ 8,662,675
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,442,804	\$ 1,385,394
Loans payable	539,168	380,068
Operating lease liability - current	15,522	-
Total current liabilities	1,997,494	1,765,462
Asset retirement obligation	4,229,952	4,026,129
Operating lease liability – long term	31,176	-
Total liabilities	6,258,622	5,791,591
Stockholders' equity:		
Common stock Authorized: 250,000,000 shares, par value \$0.00001; issued and outstanding: 83,623,466 and 83,360,966 shares, respectively.	837	834
Additional paid-in capital	26,253,904	26,220,157
Stock subscriptions and stock to be issued	15,552	41,302
Accumulated other comprehensive loss	(246,040)	(130,660)
Accumulated deficit	(23,855,886)	(23,260,549)
Total stockholders' equity	2,168,367	2,871,084
Total liabilities and stockholders' equity	\$ 8,426,989	\$ 8,662,675

See accompanying condensed notes to these interim consolidated financial statements.

TRILLION ENERGY INTERNATIONAL INC.

Formerly known as Park Place Energy, Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenue				
Oil and natural gas sales	\$ 999,688	\$ 1,125,553	\$ 2,024,472	\$ 2,089,575
Cost and expenses				
Production	668,742	729,273	1,327,195	1,440,894
Depletion	164,853	190,345	316,253	353,394
Depreciation	11,293	9,891	23,646	15,239
Accretion of asset retirement obligation	103,170	93,467	203,823	177,525
General and administrative	384,690	442,720	802,170	863,686
Total expenses	1,332,748	1,465,696	2,673,087	2,850,738
Loss before other income (expenses)	(333,060)	(340,143)	(648,615)	(761,163)
Other income (expenses)				
Interest expense	(9,637)	(14,915)	(18,775)	(37,098)
Interest income	7,722	2,239	14,169	5,582
Accretion on lease liability	(1,209)	-	(2,633)	-
Foreign exchange gain (loss)	(12,270)	(18,361)	(7,540)	(26,164)
Other income (expense)	68,134	332,239	68,057	332,239
Loss on debt settlement	-	-	-	(102,500)
Total other income (expenses)	52,740	301,202	53,278	172,059
Net loss for the period	\$ (280,310)	\$ (38,941)	\$ (595,337)	\$ (589,104)
Loss per share				
	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding				
	83,623,466	68,599,459	83,556,753	62,048,754
Other comprehensive income (loss)				
Change in foreign currency translation adjustments	(221,927)	(88,108)	(115,380)	161,855
Other comprehensive loss	\$ (589,153)	\$ (127,049)	\$ (710,717)	\$ (427,249)

See accompanying condensed notes to these interim consolidated financial statements.

TRILLION ENERGY INTERNATIONAL INC.

Formerly known as Park Place Energy, Inc.

Consolidated Statements of Stockholders' Equity

(Expressed in U.S. dollars)

(unaudited)

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Stock subscriptions and stock to be issued</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Accumulated deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2017	58,243,904	\$ 582	\$ 22,905,377	\$ 80,400	\$ (135,469)	\$ (20,885,036)	1,965,854
Issuance of common stock	6,550,000	66	654,934	—	—	—	655,000
Stock subscriptions received	—	—	—	20,000	—	—	20,000
Vesting of restricted stock units	670,000	7	80,393	(80,400)	—	—	—
Stock-issued for debt settlement	2,500,000	25	352,475	—	—	—	352,500
Stock issued as deposit for oil and natural gas property	500,000	5	67,495	—	—	—	67,500
Financial broker fee	—	—	(7,250)	—	—	—	(7,250)
Currency translation adjustment	—	—	—	—	249,963	—	249,963
Net loss	—	—	—	—	—	(550,163)	(550,163)
Balance, March 31, 2018	68,463,904	685	24,053,424	20,000	114,494	(21,435,199)	2,753,404
Issuance of common stock	200,000	2	19,998	—	—	—	20,000
Stock subscriptions received	—	—	—	190,000	—	—	190,000
Currency translation adjustment	—	—	—	—	(88,108)	—	(88,108)
Net loss	—	—	—	—	—	(38,941)	(38,941)
Balance, June 30, 2018	68,663,904	687	24,073,422	210,000	26,386	(21,474,140)	2,836,355

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Additional paid-in capital</u>	<u>Stock subscriptions and stock to be issued</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance, December 31, 2018	83,360,966	\$ 834	\$26,220,157	\$ 41,302	\$ (130,660)	\$ (23,260,549)	2,871,084
Issuance of common stock	262,500	3	33,747	(25,750)	-	-	8,000
Currency translation adjustment	-	-	-	-	(106,547)	-	(106,547)
Net loss	-	-	-	-	-	(315,017)	(315,017)
Balance, March 31, 2019	83,623,466	837	26,253,904	15,552	(237,207)	(23,575,566)	2,457,520
Currency translation adjustment	-	-	-	-	(8,833)	-	(8,833)
Net loss	-	-	-	-	-	(280,320)	(280,320)
Balance, June 30, 2019	83,623,466	\$ 837	\$26,253,904	\$ 15,552	\$ (246,040)	\$ (23,855,886)	\$ 2,168,367

See accompanying notes to interim consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Formerly known as Park Place Energy, Inc.

Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

(unaudited)

	Six Months Ended	
	June 30,	
	2019	2018
Operating activities:		
Net loss for the period	\$ (595,337)	\$ (589,104)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depletion	316,253	353,394
Depreciation	23,646	15,239
Accretion of asset retirement obligation	203,823	177,525
Accretion of operating lease liability	2,633	-
Loss on debt settlement	-	102,500
Interest from loans payable	18,775	37,098
Unrealized foreign exchange gain	(5,183)	-
Changes in operating assets and liabilities:		
Receivables	(422,413)	(398,803)
Prepaid expenses and deposits	159,517	73,177
Accounts payable and accrued liabilities	120,599	13,766
Net cash used in operating activities	<u>(177,687)</u>	<u>(215,208)</u>
Investing activities:		
Property and equipment additions	-	(75,990)
Oil and natural gas properties expenditures	(37,448)	(309,515)
Net cash used in investing activities	<u>(37,448)</u>	<u>(385,505)</u>
Financing activities:		
Proceeds from stock subscriptions received	8,000	885,000
Share issuance costs	-	(7,250)
Payments of operating lease liability	(10,077)	-
Proceeds from loans payable	184,615	2,500
Repayments of loans payable	(44,290)	(124,058)
Net cash provided by financing activities	<u>138,248</u>	<u>756,192</u>
Effect of exchange rate changes on cash and restricted cash	<u>(85,395)</u>	<u>(59,369)</u>
Change in cash and cash equivalents and restricted cash	(162,282)	96,110
Cash and cash equivalents and restricted cash at beginning of period	898,271	258,164
Cash and cash equivalents and restricted cash at end of period	<u>\$ 735,989</u>	<u>\$ 354,274</u>

Reconciliation of cash, cash equivalents and restricted cash:

Cash, end of period	638,747	231,451
Cash equivalents, end of period	-	-
Restricted cash, end of period	97,242	122,823
Cash, cash equivalents and restricted cash, end of period	<u>\$ 735,989</u>	<u>\$ 354,274</u>

Non-cash investing and financing activities:

Restricted stock issued for oil and gas property expenditures	\$ -	\$ 67,500
Issuance of common stock for restricted stock units	\$ -	\$ 80,400
Loans payable converted to stock	\$ -	\$ 250,000
Asset retirement cost addition	\$ -	\$ 1,127,344
Deposit applied to oil and natural gas properties expenditures	\$ -	\$ 90,000
Operating lease right-of-use asset addition	\$ 60,390	\$ -

See accompanying condensed notes to these interim consolidated financial statements.

1. Organization

Trillion Energy International Inc. (formerly Park Place Energy, Inc.) and its consolidated subsidiaries, (“Trillion Energy”, or the “Company”) is a U.S. based oil and natural gas exploration and production company. Our corporate headquarters are located at Suite 700, 838 West Hastings Street, Vancouver, B.C., Canada. The Company also has registered offices in Turkey and Bulgaria. The Company was incorporated in Delaware in 2015.

On January 11, 2019, the Company filed a preliminary non-offering prospectus with the British Columbia Securities Commission (“BCSC”). The prospectus was filed in accordance with the provisions of Canadian National Instrument 41-101 – General Prospectus Requirements to qualify the distribution of the Company’s common shares in Canada. No new securities were being registered for offer. Concurrently with the filing, the Corporation is making an application to list the Corporation’s common shares on the Canadian Securities Exchange. The listing is subject to a number of conditions, including the filing of, and acceptance by, a final non-offering prospectus with the BCSC, and acceptance and approval by the Canadian Securities Exchange.

Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFE). The Company’s new CUSIP is 89621V103.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ended December 31, 2019.

The consolidated balance sheet at December 31, 2018, has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Trillion Energy’s annual report on Form 10-K for the year ended December 31, 2018.

The Company has suffered recurring losses from operations and the Company has a significant working capital deficiency. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

(b) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during

the reporting period. The Company regularly evaluates estimates and assumptions related to the estimated useful lives and recoverability of long-lived assets, impairment of oil and gas properties, fair value of stock-based compensation, interest rates used for lease calculations (note 9) and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

(d) Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). The Company adopted this standard on a modified retroactive basis on January 1, 2018. No financial statement impact occurred upon adoption.

Revenue from Contracts with Customers

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration the Company expects to receive in exchange for those products.

Performance Obligations and Significant Judgments

The Company sells oil and natural gas products in Turkey. The Company enters into contracts that generally include one type of distinct product in variable quantities and priced based on a specific index related to the type of product.

The oil and natural gas are typically sold in an unprocessed state to processors and other third parties for processing and sale to customers. The Company recognizes revenue at a point in time when control of the oil is transferred. For oil sales, control is typically transferred to the customer upon receipt at the wellhead or a contractually agreed upon delivery point. Under the Company's natural gas contracts with processors, control transfers upon delivery at the wellhead or the inlet of the processing entity's system. For the Company's other natural gas contracts, control transfers upon delivery to the inlet or to a contractually agreed upon delivery point. In the cases where the Company sells to a processor, the Company has determined that the Company is the principal in the arrangement and the processors are the Company's customers. The Company recognizes the revenue in these contracts based on the net proceeds received from the processor.

Transfer of control drives the presentation of transportation and gathering costs within the accompanying unaudited consolidated statements of operations. Transportation and gathering costs incurred prior to control transfer are recorded within the transportation and gathering expense line item on the accompanying unaudited consolidated statements of operations, while transportation and gathering costs incurred subsequent to control transfer are recorded as a reduction to the related revenue.

A portion of the Company's product sales are short-term in nature. For those contracts, the Company uses the practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14 exempting us from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For the Company's product sales that have a contract term greater than one year, the Company uses the practical expedient in ASC 606-10-50-14(a) which states the Company is not required to disclose the

transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to an unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. The Company has no unsatisfied performance obligations at the end of each reporting period.

The Company does not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified. There is a low level of uncertainty due to the precision of measurement and use of index-based pricing with predictable differentials. Additionally, any variable consideration identified is not constrained.

(e) Accounts Receivable

Accounts receivable consist of oil and natural gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company deems all accounts receivable to be collectable and has not recorded any allowance for doubtful accounts.

(f) Long-Lived Assets

In accordance with ASC 360 “Property, Plant and Equipment”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the assets; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the assets; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the assets; and current expectation that the assets will more likely than not be sold or disposed significantly before the end of their estimated useful life. Recoverability is assessed based on the carrying amount of the assets and their fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the assets, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount of the assets is not recoverable and exceeds fair value.

(g) Oil & Natural Gas Properties

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centers on a country-by-country basis. Costs include: license and land acquisition costs, geological, engineering, geophysical, seismic, and other data, carrying charges on non-productive properties and costs of drilling and completing both productive and non-productive wells. General and administrative costs which are associated with acquisition, exploration and development activities are capitalized. General and administrative costs are capitalized other than to the extent of the Company’s working interest in operated capital expenditure programs on which operator’s fees have been charged equivalent to standard industry operating agreements.

The costs in each cost center, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs (less accumulated depletion and depreciation in each cost center) are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs, less

accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centers, is further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centers less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly decrease the Company's total proven reserves.

(h) Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives are: other equipment are depreciated over 20 years; and operating lease right-of-use assets and leasehold improvements are depreciated over the term of the lease.

(i) Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset that is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(j) Financial Instruments and Fair Value Measurement

The carrying amounts reported in the consolidated balance sheets for cash equivalents, account receivables, notes receivable, accounts payable and accrued liabilities and loans payable approximate fair value because of the immediate or short-term maturity of these financial instruments. None of these instruments are held for trading purposes.

(k) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Accounting for Income Taxes". The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

As of June 30, 2019, and 2018, the Company did not have any amounts recorded pertaining to uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expense. The Company did not incur any penalties or interest during the periods ended June 30, 2019, and 2018. On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act ("the Tax Act") which significantly changed U.S. tax law. The Tax Act lowered the Company's statutory federal income tax rate from a maximum of 39% to a rate of 21% effective January 1, 2018. The Company has deferred tax losses and assets and they were adjusted as a result of the change in tax law reducing the federal income tax rate. The Company's tax years 2014 and forward remain open.

(l) Foreign Currency Translation

Operations outside the United States prepare financial statements in currencies other than the United States dollar. The income statement amounts are translated at average exchange rates for the year, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments are accumulated as a separate

component of stockholders' equity and other comprehensive income. The functional currency of the Company's Bulgarian operations is considered to be the Bulgarian Lev. The functional currency of the Company's Turkish operations is considered to be the Turkish lira.

(m) Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718 ("Compensation – Stock Compensation") using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

(n) Loss per Share

The Company computes loss per share of Company stock in accordance with ASC 260 "Earnings per Share" which requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing the loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As of June 30, 2019 and 2018, the Company had 22,154,782 and 12,090,000 dilutive shares outstanding, which were excluded from the calculation of diluted EPS, respectively.

(o) Comprehensive Loss

Comprehensive loss consists of net loss and foreign currency cumulative translation adjustment.

New Accounting Pronouncements

Adopted in the Current Year

(p) Leases

In February 2016, the Financial Accounting Standards Board, or FASB, established Topic 842, Leases, by issuing Accounting Standards Update ("ASU") No. 2016-02, which requires lessors to classify leases as a sales-type, direct financing, or operating lease and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements.

The Company adopted the new standard effective January 1, 2019 and elected the modified retrospective for the transition. The Company elected the following practical expedients:

- Transition method practical expedient – permits the Company to use the effective date as the date of initial application. Upon adoption, the Company did not have a cumulative-effect adjustment to the opening balance of retained earnings. Financial information and disclosures for periods before January 1, 2019 were not updated.

- Package of practical expedients – permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs. This allowed the Company to continue classifying its leases at transition in substantially the same manner.
- Single component practical expedient – permits the Company to not separate lease and non-lease components of leases. Upon transition, rental income, expense reimbursement, and other were aggregated into a single line within rental and other revenues on the condensed consolidated statement of operations.
- Short-term lease practical expedient – permits the Company not to recognize leases with a term equal to or less than 12 months.

Lessee Accounting

The new standard requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating at inception, with classification affecting the pattern and recording of expenses in the statement of operations. Upon transition the Company recognized lease assets and lease liabilities principally for its office lease. When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied was 10%. Refer to Notes 6 and 9.

3. Deposits

Included in prepaid expenses and deposits as at June 30, 2019, is approximately \$99,666 relating to field insurance for the Turkey Operations.

Included in prepaid expenses and deposits as at December 31, 2018, is approximately \$237,791 relating to field insurance for the Turkey Operations.

4. Restricted Cash

The restricted cash relates to drilling bonds provided to GDPA (General Directorate of Petroleum Affairs) for the exploration licenses due to Turkish Petroleum Law. The amounts are for 2% of the annual work budget of the different Turkish licenses which is submitted to GDPA on an annual basis.

5. Oil and Natural Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2018	\$ 3,083,831	\$ 2,639,563	\$ 5,723,394
Foreign currency translation change	(3,697)	-	(3,697)
Expenditures	37,095	467,015	504,110
Depletion	-	(700,219)	(700,219)
Asset retirement cost addition	-	1,127,344	1,127,344
December 31, 2018	\$ 3,117,229	\$ 3,533,703	\$ 6,650,932
Foreign currency translation change	(448)	-	(448)
Expenditures	-	37,448	37,448
Depletion	-	(316,253)	(316,253)
June 30, 2019	\$ 3,116,781	\$ 3,254,898	\$ 6,371,679

Bulgaria

The Company holds a 98,205-acre oil and natural gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with or exceeding its minimum work program obligation. The Company's commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the "Exploration and Geophysical Work Stage"), followed by drilling activities in years 4 and 5 of the initial term (the "Data Evaluation and Drilling Stage"). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal, or diagonal) and conduct other exploration activities during the initial term. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs.

Turkey

Cendere oil field

The primary asset of the Trillion Energy Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company's interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API.

The Cendere Field is a long term low decline oil reserve. The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 110 to 130 bopd (barrels oil per day) net to the Company. During July 2019, the Company's average net oil was 126 bopd at 96% water cut.

At December 31, 2018, the Cendere field was producing 170 barrels of oil equivalent per day, net to the Trillion Energy Turkey Companies; and averaged 150 barrels of oil equivalent per day during 2018 net to the Trillion Energy Turkey Companies. After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. As of August 1, 2019, 20.4 MMbbls of oil have been produced from the Cendere Field.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Derdere Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field. The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline. There are 20 well pads which currently house 16 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The South Akcakoca Sub-Basin ("SASB")

The Company owns offshore production licenses called the South Akcakoca Sub-Basin ("SASB"). The Company now owns a 49% working interest in SASB, 12.25% which was obtained during January 2018. The additional interest was acquired with cash of \$309,515, 1,000,000 shares issued on November 22, 2017 fair valued at \$90,000 and a further share issuance of 500,000 shares on January 30, 2018 fair valued at \$67,500 for total consideration of \$467,015. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey

towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1,100 to 1,800 meters.

Bakuk gas field

The Company also owns a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

6. Property and Equipment

	Operating lease asset	Leasehold improvements	Other equipment	Total
January 1, 2018	\$ -	\$ 82,069	\$ 15,708	\$ 97,777
Foreign currency translation change	-	(17,793)	(13,155)	(30,948)
Expenditures	-	897	84,827	85,724
Disposals	-	-	(16,990)	(16,990)
Depreciation	-	(20,697)	(8,711)	(29,408)
December 31, 2018	\$ -	\$ 44,476	\$ 61,679	\$ 106,155
Additions	60,390	-	-	60,390
Foreign currency translation change	(5,453)	(3,738)	(4,807)	(13,998)
Depreciation	(8,216)	(6,504)	(8,927)	(23,646)
June 30, 2019	\$ 46,721	\$ 34,235	\$ 47,945	\$ 128,901

7. Note Receivable

In April 2015, the Company loaned \$38,570 to a Bulgarian company pursuant to a revolving credit facility, enabling such Bulgarian company to buy and manage land in Bulgaria to be leased by the Company for future well sites. The credit facility has a maximum loan obligation of BGN 1,000,000 (\$581,155 USD at June 30, 2019) bears interest at 6.32%, has a five-year term and is secured by the land the Bulgarian company buys. Payment on the facility is due the earlier of the end of the five-year term (April 6, 2020) or demand by the Company. As of June 30, 2019, the outstanding balance on the loan obligation was \$48,859 (December 31, 2018: \$49,192). The change in balance was due to changes in foreign currency translations.

8. Loans Payable

As at	June 30, 2019	December 31, 2018
Interest bearing loans	\$ 389,099	\$ 368,113
Non-interest-bearing loans	150,069	11,955
Total	\$ 539,168	\$ 380,068

Loans bearing interest, accrue at 10% per annum are all unsecured. All loans are due on demand.

9. Leases

The Company leases certain assets under lease agreements. The lease liability consists of a single lease for office space which was classified as an operating lease. Upon adoption of Topic 842, on January 1, 2019 the Company recognized an addition to right-of-use assets of \$60,390 and lease liabilities of \$59,076. The difference between the recorded right-of-use assets and lease liabilities is mainly due to the reclassification of prepaid leasehold improvements incurred in lieu of twelve months rent which was included within the right-of-use asset recognized upon transition. As of June 30, 2019, the lease had remaining terms of 2.75 years and a weighted average remaining lease term of 2.75 years. Operating right-of-use assets and lease liabilities have been included within property and equipment and lease liabilities on the Company's condensed consolidated balance sheet as follows:

Right-of-use asset	June 30, 2019	
Lease asset	\$	46,721
Leasehold improvements		34,235
Total right-of-use asset	\$	80,956

Lease liability	June 30, 2019	
Current portion	\$	15,522
Long-term portion		31,176
Total lease liability	\$	46,698

Operating lease liabilities are measured at the commencement date based on the present value of future lease payments. As the Company's lease did not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The Company used a weighted average discount rate of 10% in determining its lease liabilities. The discount rate was derived from the Company's assessment of current borrowings.

Operating lease right-of-use assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Accretion on operating lease liabilities for the three and six months ended June 30, 2019 was \$1,209 and \$2,633, respectively. Principal payments against the operating lease liabilities for the three and six months ended June 30, 2019 was \$4,813 and \$10,077, respectively.

Future minimum lease payments to be paid by the Company as a lessee for operating leases as of June 30, 2019 for the next four years are as follows:

2019	\$	9,747
2020		19,493
2021		19,493
2022		4,873
Total future minimum lease payments	\$	53,606
Discount		(6,907)
Total	\$	46,699

10. Asset Retirement Obligations

Asset retirement obligations ("AROs") associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date. The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company's credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. Our ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs.

The Company estimated an ARO for the addition of 12.25% of the South Akcakoca Sub Basin as disclosed in Note 2. For the current period addition, the Company used 2.5% as inflation rate and used a risk-free rate of 10% to present value the obligation.

The following is a description of the Company's asset retirement obligations:

	June 30, 2019	December 31, 2018
Asset retirement obligations at beginning of period	\$ 4,026,129	\$ 2,527,259
Additions	-	1,127,344
Accretion expense	203,823	371,526
Asset retirement obligations at end of period	<u>\$ 4,229,952</u>	<u>\$ 4,026,129</u>

11. Common Stock

For the six months ended June 30, 2019

On February 15, 2019, the Company issued 112,500 at \$0.10 per share for gross proceeds of \$11,250, pursuant to a private placement closed on November 12, 2018, and included in stock subscriptions and to be issued as of December 31, 2018. Each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 56,250 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

On February 15, 2019, the Company issued 150,000 common shares at \$0.15 per share for gross proceeds of \$22,500, pursuant to a private placement closed on November 12, 2018, and included in stock subscriptions and to be issued as of December 31, 2018. Each common share having one share purchase warrant attached, resulting in the issuance of 150,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

For the six months ended June 30, 2018

During the period, the Company closed several private placements with the issuance of 6,750,000 shares of common stock, at \$0.10 per share for gross proceeds of \$675,000. Each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 3,375,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

The Company received a further \$210,000 in subscriptions, which were closed subsequent to period end and issued 670,000 shares to management and a consultant valued at \$80,400, which were outstanding at December 31, 2017.

On a private placement, a broker fee of \$7,250 was paid and offset against paid up capital.

On January 30, 2018, the Company issued 500,000 shares of the Company's common stock as partial consideration of an additional 12.25% of the South Akcakoca Sub Basin ("SASB") gas field. The common shares were fair valued at \$67,500 based on the closing price of the stock on the date of issuance.

On March 5, 2018 the Company settled note payables of \$250,000 for 2,500,000. The market price of the stock on the date of settlement was \$0.141 and loss of \$102,500 was recorded.

12. Stock Options

The Board of Directors adopted the Park Place Energy Corp. 2013 Long-Term Incentive Equity Plan (the “Incentive Plan” or “2013 Plan”) effective as of October 29, 2013. The Incentive Plan permits grants of stock options (including incentive stock options and nonqualified stock options), stock appreciation rights, restricted stock awards, and other stock-based awards.

The Incentive Plan authorizes the following types of awards:

- incentive stock options and nonqualified stock options to purchase Common Stock at a set price per share;
- stock appreciation rights (“SARs”) to receive upon exercise Common Stock or cash equal to the appreciation in value of a share of Common Stock;
- restricted stock, which are shares of Common Stock granted subject to a restriction period and/or a condition which, if not satisfied, may result in the complete or partial forfeiture of the shares;
- other stock-based awards, which provide for awards denominated in or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock of the Company, which may include performance shares or options and restricted stock units which provide for shares to be issued or cash to be paid upon the lapse of predetermined restrictions.

Under the 2013 Plan, the maximum number of shares of authorized stock that may be delivered is 10% of the total number of shares of common stock issued and outstanding of the Company as determined on the applicable date of grant of an award under the 2013 Plan. Under the 2013 Plan, the exercise price of each option (or other stock-based award) shall not be less than the market price of the Company’s stock as calculated immediately preceding the day of the grant. The vesting schedule for each option or other stock-based award shall be specified by the Board of Directors at the time of grant. The maximum term of options or other stock-based award granted is ten years or such lesser time as determined by the Board of Directors at the time of grant.

A continuity of the Company’s outstanding stock options for the six months ended June 30, 2019 is presented below:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2018	4,565,000	\$ 0.13
Expired	(115,000)	0.10
Outstanding, June 30, 2019	<u>4,450,000</u>	<u>\$ 0.13</u>

At June 30, 2019, the Company had the following outstanding stock options:

Number	Exercise Price	Expiry Date	Number Vested
100,000	\$ 0.19	March 14, 2020	100,000
900,000	\$ 0.18	March 26, 2021	900,000
1,000,000	\$ 0.12	September 15, 2022	1,000,000
2,450,000	\$ 0.12	October 24, 2023	2,450,000
<u>4,450,000</u>			<u>4,450,000</u>

As of June 30, 2019, all stock options have fully vested. The weighted average remaining contractual life of outstanding stock options is 3.47 years (December 31, 2018: 3.87). The aggregate intrinsic value of the stock options at June 30, 2019 is \$34,500 (December 31, 2018: \$Nil).

There was no compensation expense related to stock options recognized during the three and six months ended June 30, 2019 and 2018. At June 30, 2019, the Company has no unrecognized compensation expense related to stock options.

13. Warrants

A continuity of the Company's outstanding share purchase warrants for the three months ended June 30, 2019 is presented below:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2018	17,498,532	\$ 0.25
Issued	206,250	0.30
Outstanding, June 30, 2019	<u>17,704,782</u>	\$ 0.25

At June 30, 2019, the Company had the following outstanding share purchase warrants:

Number	Exercise Price	Expiry Date
1,650,000	\$ 0.30	January 30, 2020
700,000	0.30	February 9, 2020
500,000	0.30	February 21, 2020
1,675,000	0.30	March 7, 2020
50,000	0.30	April 8, 2020
50,000	0.30	May 20, 2020
1,000,000	0.30	July 1, 2020
350,000	0.30	August 19, 2020
160,531	0.30	August 20, 2020
4,538,000	0.30	October 26, 2020
1,125,000	0.30	November 7, 2020
200,001	0.30	November 23, 2020
5,500,000	0.15	November 30, 2020
206,250	0.30	February 15, 2021
<u>17,704,782</u>		

The weighted average remaining contractual life of outstanding warrants is 1.16 years (December 31, 2018: 1.65).

14. Related Party Transactions

At June 30, 2019, \$146,852 of accounts payable were to related parties as compared to \$67,345 at December 31, 2018 for outstanding management and consulting fees. The amounts owed, and owing are unsecured, non-interest bearing, and due on demand.

During the three and six months ended June 30, 2019, included in general and administrative expenses is \$37,000 and \$67,500 respectively, in respect of directors and management fees, as well as \$7,000 debenture fee.

15. Segment Information

During 2019 and 2018, the Company's operations were in the resource industry in Bulgaria, and Turkey with head offices in the United States and a satellite office in Sofia, Bulgaria. The Company operated a few segments, a head office in Canada, an oil and natural gas operations in Turkey and its oil and natural gas properties are located in Bulgaria.

For the period ended June 30, 2019

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and natural gas sales	\$ -	-	\$ 2,024,472	\$ 2,024,472
Cost and expenses				
Production	-	-	1,327,195	1,327,195
Depletion	-	-	316,253	316,253
Depreciation	-	-	23,646	23,646
Accretion of asset retirement obligation	-	-	203,823	203,823
General and administrative	882	308,323	492,965	802,170
Total (recovery) expenses	\$ 882	\$ 308,323	\$ 2,363,882	\$ 2,673,087
Income (loss) before other income (expenses)	\$ (882)	\$ (308,323)	\$ (339,410)	\$ (648,615)
Other income (expenses)				
Interest income	-	-	14,169	14,169
Interest expense	-	(18,775)	-	(18,775)
Accretion of lease liability	-	-	(2,633)	(2,633)
Foreign exchange gain (loss)	-	2,067	(9,607)	(7,540)
Other expense	-	-	68,057	68,057
Total other income (expense)	\$ -	\$ (16,708)	\$ 69,986	\$ 53,278
Net Income (loss)	\$ (882)	\$ (325,031)	\$ (269,424)	\$ (595,337)
Long Lived Assets	\$ 3,116,781	\$ -	\$ 3,383,799	\$ 6,500,580

For the period ended June 30, 2018

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and natural gas sales	\$ -	-	\$ 2,089,575	\$ 2,089,575
Cost and expenses				
Production	-	-	1,440,894	1,440,894
Depletion	-	-	353,394	353,394
Depreciation	-	-	15,239	15,239
Accretion of asset retirement obligation	-	-	177,525	177,525
General and administrative	1,115	327,745	534,826	863,686
Total (recovery) expenses	\$ 1,115	\$ 327,745	\$ 2,521,878	\$ 2,850,738

Income (loss) before other income (expenses)	\$ (1,115)	\$ (327,745)	\$ (432,303)	\$ (761,163)
Other income (expenses)				
Interest income	-	-	5,582	5,582
Interest expense	-	(37,098)	-	(37,0968)
Foreign exchange gain (loss)	-	4,082	(30,246)	(26,164)
Other income	-	-	332,239	332,239
Loss on debt settlement	-	(102,500)	-	(102,500)
Total other income (expense)	\$ -	\$ (135,516)	\$ 307,575	\$ 172,059
Net Income (loss)	\$ (1,115)	\$ (463,261)	\$ (124,728)	\$ (589,104)
Long Lived Assets	\$ -	\$ -	\$ 4,039,068	\$ 4,039,068

16. Income Taxes

The Company is subject to United States federal and state income taxes at a rate of 21%. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	Six Months Ended June 30,	
	2019	2018
Benefit at statutory rate	\$ (118,616)	\$ (123,712)
Permanent differences and other:	-	-
Valuation allowance change	118,616	123,712
Income tax provision	\$ -	\$ -

17. Other Income

The Company received \$332,239 in other income from the government. This amount relates to the settlement of a legal and tax dispute with General Directorate of Petroleum Affairs (GDPA) relating to a taxation liability that the Company was assessed for training costs commencing 2008. The Company disputed the assessment but was previously unsuccessful in its application. In 2018, the Company was successful in negotiating a non-legal settlement, overturning the training cost obligation.

The "training obligation" was imposed by GDPA in relation to SASB Project pursuant to former Turkish Petroleum Law no. 6326. Because of the 2008 assessment, the Company was forced to follow the amounts and percentages set in 2008. The Law states that petroleum right holders in Turkey are obliged to train Turkish citizens against each foreign citizen recruited in petroleum activities. This obligation is determined by taking 25% of the total number of the days the foreigners worked for the petroleum activity.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide readers of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Executive Summary
- Results of Operations
- Liquidity and Capital Resources
- Forward-Looking Information

Our MD&A should be read in conjunction with our unaudited financial statements of Trillion Energy International Inc. (“Trillion Energy”, Company”, “we”, and “our” and formerly known as Park Place Energy, Inc.) and related Notes in Part I, Item 1 of the Quarterly Report on Form 10-Q and Item 8, Financial Statements and Supplementary Data, of the Annual Report on Form 10-K for the year ended December 31, 2018.

Our website can be found at www.trillionenergy.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or furnished to the U.S. Securities and Exchange Commission (“SEC”), pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (“Exchange Act”), can be accessed free of charge by linking directly from our website under the “Investor Relations - SEC Filings” caption to the SEC’s Edgar Database.

Executive Summary

Trillion Energy is a U.S. based oil and natural gas exploration and production company focused on expanding its portfolio of projects in Southeast Europe, Turkey, and countries in the immediate vicinity. The Company’s concentration is on recently acquired oil and natural gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

On January 11, 2019, the Company filed a preliminary non-offering prospectus with the British Columbia Securities Commission (“BCSC”). The prospectus is being filed in accordance with the provisions of Canadian National Instrument 41-101 – General Prospectus Requirements to qualify the distribution of the Company’s common shares in Canada. No new securities are being registered for offer. Concurrently with the filing, the Corporation is making an application to list the Corporation’s common shares on the Canadian Securities Exchange. The listing is subject to a number of conditions, including the filing of, and acceptance by, a final non-offering prospectus with the BCSC, and acceptance and approval by the Canadian Securities Exchange.

Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFE). The Company’s new CUSIP is 89621V103.

Turkey

On January 18, 2017, the Company completed the acquisition of three oil and natural gas producing fields in Turkey. The purchase price for the acquisition of the Trillion Energy Turkey Companies from Tiway Oil B.V. was \$2.1 million. At June 30, 2019 net production from these fields was around 398 boepd (barrel of oil equivalent per day).

The primary asset of the Trillion Energy Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company’s interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API. After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production.

The field started to produce water during the first year of production. As of August 1, 2019, 20.4 MMbbls of oil have been produced from the Cendere Field. During July 2019, the Company's average net oil was 126 bopd at 96% water cut.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Derdere Formation is the main reservoir in Cendere Field and has dolomitization and fracturing which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field.

The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline.

There are 20 well pads which currently house 16 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The Cendere Field is a long term low decline oil reserve. The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 125 and 145 bopd (barrels oil per day) net to the Company.

At June 30, 2019, the gross oil production rate for the producing wells in Cendere was 137 bbls/day net to the Trillion Energy Turkey Companies; the average daily 2018 gross production rate for the field was 127 bbls/day net to the Trillion Energy Turkey Companies. As of July 2019, oil is currently sold at a price of approximately US\$63.63 per barrel for a netback per barrel of approximately US\$31.51. At year-end 2018, the Cendere field was producing 170 barrels of oil per day, net to the Trillion Energy Turkey Companies; and averaged 150 barrels per day during 2018 net to the Trillion Energy Turkey Companies.

The main producing asset was a 36.75% interest in an offshore gas development project called the South Akçakoca Sub-Basin (SASB). The Company further acquired from its partner Foinavon Energy Turkey Inc. 12.25% working interest in the same license for 1,500,000 shares of the Company and \$275,000 on February 8, 2018 to have a total of 49%. This field has four offshore platforms connected to an onshore gas plant. On June 30, 2019, net gas production to the Company was around 503 Mcfd (thousand cubic feet per day) from six producing wells. The SASB field potentially holds significant upside.

At SASB, the Company plans to reprocess the 3D seismic to facilitate a potential future program of drilling to bring discovered undeveloped gas pools on to production.

Bulgaria

The Company entered into an exploration license over a 98,000 acre block in northeast Bulgaria in 2014. The overall five year and our first year work programs were approved by the Ministry of Environment ("MEW"), however, the MEW approval was appealed in an administrative proceeding. The administrative court remanded the matter to MEW in May 2017 for a determination by the MEW as to whether an ecological evaluation of the license area should be required. This matter was determined in 2017 and we are in the progress of obtaining an environmental report which will cost an estimated \$100,000. Upon the license becoming effective our exploration program will commence in 2019 for a term of five (5) years.

We are required to post a bond (105,000 Euros) upon the 5 year license term commencement. The license period may be extended for up to 5 additional years and may then be converted into an exploitation concession, which can last for up to 35 years. The Company's initial 5 year commitment involves geological and geophysical exploration activities for the first 3 years followed by drilling at least 10,000 meters (approximately 32,800 feet) of new wellbore in years 4 and 5.

Strategic Focus

Oil and natural gas prices in Turkey and throughout Southeast Europe make this region highly attractive for oil and gas exploration and production. Most of the countries, including Turkey and Bulgaria, import nearly all of their oil and natural gas and consumption is projected to increase. Turkey also contains many opportunities for additional oil and coal bed methane production as well as enhanced oil and natural gas recovery from existing fields. The Company will evaluate these opportunities as they appear. The fiscal terms are highly attractive. In Turkey, there is a 20% corporate tax and a 12.5% royalty. In Bulgaria, the corporate tax rate is 10% and the royalties are on a sliding rate starting at 3.5% up to 13.5%.

The license area holds great attraction as a potential coal bed methane exploration project. The license area was extensively drilled for coal exploration from 1964 to 1990. It was determined that coal mining was not technically feasible. However, the coal exploration drilling provided us with an extensive database.

Results of Operations

The following summary of our results of operations should be read in conjunction with our unaudited consolidated financial statements for the periods ended June 30, 2019 and 2018 which are included herein.

Revenue

Revenue decreased from \$1,125,553 to \$999,688, a decrease of 11.2%, for the three months ended June 30, 2019 and decreased from \$2,089,575 to \$2,024,472, a decrease of 3.1%, for the six months ended June 30, 2019. Revenues decreased solely due to a devaluation of the Turkish Lira compared to the US dollar of approximately 27.5% over the comparable period.

Expenses

Our general and administrative expenses for the six months ended June 30, 2019 were \$802,170 compared to \$863,686 for the six months ended June 30, 2018. \$308,323 in expenses were from the North American head office compared to \$327,745 in the six months ended June 30, 2018, which resulted in a year over year decrease of \$19,422. The decrease is mostly attributable to a decrease in general & administrative expenses in the North American operations; \$116,534 was for consulting and management fees (2018 - \$224,754) which decreased due to a reduction in the number of consultants due to inactivity during the current period. This was partially offset by increased legal and professional fees of \$79,540 (2018 - \$24,793) and audit and financial services of \$86,487 (2018 - \$36,635) which increased in relation to the preparation of the Preliminary Non-Offering Prospectus filed in the first quarter of 2019 and the application to list the Company's common shares on the Canadian Securities Exchange (the "CSE").

The decrease in general and administrative expenses was also due to a decrease in Turkey general and administrative expenses which accounted for \$492,965 of the total general and administrative for 2019 compared to \$534,826 for the six months ended June 30, 2018 resulting in a year over year decrease of \$41,861. General and administrative expenses in Turkey decreased due to a devaluation of the Turkish Lira compared to the US dollar of approximately 27.5%.

The Company incurred production expenses related to its Tiway operations of \$1,327,195 (2018 - \$1,440,894), depletion charges of \$316,253 (2018 - \$353,394), depreciation expense of \$23,646 (2018 - \$15,239) and accretion expense of \$203,823 (2018 - \$177,525) for the six months ended June 30, 2019. Although production outputs increased during the current period, production and depletion expenses decreased by \$150,840 for the period due to a strengthening of the US dollar compared to the Turkish Lira of approximately 27.5%. This was partially offset by an increase to accretion of asset retirement costs of \$26,298 due to the increase in the cost base to the asset retirement obligation from the Foinovan interest acquisition and an increase to depreciation of \$8,407 due to the transition to Topic 842 for lease assets and liabilities.

For the three months ended June 30, 2019, general and administrative expenses decreased by \$58,030 from \$442,720 to \$384,690. This decrease was due to a number of factors as described above. General and administrative expenses in Turkey decreased by \$55,867 due to a devaluation of the Turkish Lira compared to the US dollar of approximately

27.5% and general and administrative expenses in North America decreased by \$2,163 due to overall inactivity in the Company during the current period.

The Company incurred production expenses related to its Tiway operations of \$668,732 (2018 - \$729,273), depletion charges of \$164,853 (2018 - \$190,345), depreciation expense of \$11,293 (2018 - \$9,891) and accretion expense of \$103,170 (2018 - \$93,467) for the three months ended June 30, 2019. Although production outputs increased during the current period, production and depletion expenses decreased by \$86,033 for the period due to a strengthening of the US dollar compared to the Turkish Lira of approximately 27.5%. This was partially offset by an increase to accretion of asset retirement costs of \$9,703 due to the increase in the cost base to the asset retirement obligation from the Foinovan interest acquisition and an increase to depreciation of \$1,402 due to the transition to Topic 842 for lease assets and liabilities.

Other Income (Expense)

For the six months ended June 30, 2019, other income decreased to income of \$53,278 compared to income of \$172,059 for the same period in 2018.

For the three months ended June 30, 2019, the Company recorded decreased other income of \$52,740 compared to income of \$301,202 for the same period in 2018.

The overall decrease in other income is related to a one-time cost recovery of \$332,239 for training costs recorded by the Turkey operations in June 2018 of which was partially offset by a loss on debt settlement of \$102,500. This was also partially offset by a decrease in interest expense during the current period related to a reduction in interest bearing loans as a result of debt settlements which occurred during the fourth quarter of fiscal 2018.

Loss

Our net loss for the six months ended June 30, 2019 was \$595,337 compared to \$589,104 for the six months ended June 30, 2018.

Our net loss for the three months ended June 30, 2019 was \$280,310 compared to \$38,941 for the three months ended June 30, 2018.

The changes in overall net losses are a result of the factors as described above.

Liquidity and Capital Resources

The following table summarizes our liquidity position:

	June 30, 2019	December 31, 2018
	(Unaudited)	
Cash	\$ 638,747	\$ 795,520
Working capital deficiency	(217,186)	(11,817)
Total assets	8,426,989	8,662,675
Total liabilities	6,258,622	5,791,591
Stockholders' equity	2,168,367	2,871,084

Cash Used in Operating Activities

We used cash of \$177,687 from operating activities for the six months ended June 30, 2019 compared to \$215,208 for the six months ended June 30, 2018. The loss of \$595,337 was offset by \$559,947 in non-cash expenses for the six months ended June 30, 2019. An increase of \$422,413 in receivables from the additional output associated with the increase in working interest pushed operating outflows to \$177,687. Accounts payable and accrued liabilities increased cash inflows by \$120,599 and prepaid expenses by \$159,517.

Cash Flow from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was \$37,448 compared to \$385,505 in the comparative period due to the Company adding a further interest to the SASB field in the first quarter of 2018.

Cash Provided by Financing Activities

We have funded our business to date primarily from sales of our common stock through private placements and loans. During the six months ended June 30, 2019, we received net cash of \$8,000 for stock subscriptions and \$184,615 in proceeds from notes payable while repaying \$44,290 in loans payable and operating lease payments of \$10,077. During the six months ended June 30, 2018, we received net cash of \$885,000 for stock subscriptions while repaying \$124,058 in loans payable.

Future Operating Requirements

The Turkey assets consist of oil and gas exploration and production companies which have producing oil and gas fields in Turkey, one of which is offshore and the other onshore. The principal producing field is Cendere oil field, which is described below. The Cendere Field is a long-term low decline oil reserve. The Company has about 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 125 and 145 bopd (barrels oil per day) net to the Company.

Based on our current plan of operations, we estimate that we will require approximately \$600,000 to pursue our plan of operations over the next 12 months. We plan to spend approximately \$50,000 on the Turkish properties primarily for engineering and reports based on reprocessing of data and \$50,000 on an environmental report for our Bulgarian natural gas exploration property. We also plan to improve our working capital deficit by paying off loans and accounts payable of \$100,000. The operations in Turkey are self-sustaining and will generate net cash flow sufficient to fund in-country general and administrative expenses as well as a portion of our head office overhead. We will require approximately \$250,000 for general and administrative expenses. We plan to spend \$20,000 on a CSE stock exchange listing.

Our current plan of operations in the period 12 months from now contemplates reprocessing of data for the Turkish and Bulgarian properties.

Mid-term (1 to 4 years) milestones include drilling additional oil and gas wells in Bulgaria and Turkey. The Company's share of the cost of drilling and completing horizontal wells on the Cendere Oil Field is approximately \$1,000,000 each (based on our 19.6% working interest in the Cendere Oil Field—the total cost per well is \$5,000,000). The Company's share of the cost to drill and complete additional directional wells on the SASB Gas Field is approximately \$3,900,000 per well (based on our 49% working interest in the SASB Gas Field—the total cost per well is \$8,000,000). Actual drilling and completion costs are constantly fluctuating and may significantly change at the time drilling commences. Additionally, the Company plans to drill one oil exploration well on the Derrick exploration license in Turkey. The Company anticipates undertaking work on the Derrick license in cooperation with a farm-out partner. No prospective farm-out partner has been identified as at the date of this prospectus and there is no guarantee that a suitable partner will be secured.

Long-term (4+ years) milestones include conducting seismic, and one re-entry well in Bulgaria, at an estimated aggregate cost of \$3,000,000 of which the Company anticipates paying 100%.

As of June 30, 2019, the Company had unrestricted cash of \$638,747. The Company is attempting to raise additional capital to fund future exploration and operating requirements. The Company will seek to raise between \$500,000 and \$1,000,000 in August and September 2019, subsequent to the anticipated listing of its common shares on the CSE. This will be accomplished by private placement or public equity offering. Until that time, the Company intends to rely on its current working capital and, as necessary, a reduction of operating costs, the sale of non-material assets, deferring accounts payable, and smaller private placement equity or debt financings to address day to day operating requirements.

Off-Balance Sheet Arrangements

On October 1, 2018 the Company entered into an agreement to grant to a consultant of the Company a 2% (two percent) gross overriding royalty on petroleum substances produced from certain of its currently undeveloped exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advisory services.

On October 1, 2018 the Company entered into an agreement to grant to the CEO of the Company a 0.5% (one half of one percent) gross overriding royalty on petroleum substances produced from certain of its currently undeveloped exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advisory services.

TRILLION ENERGY INTERNATIONAL INC.**Audited Financial Statements for the years ended December 31, 2018 and 2017:**

Report of Independent Public Accounting Firm	A-23
Balance Sheets	A- 24
Statements of Operations	A- 25
Statements of Shareholders' equity	A- 26
Statements of Cash Flows	A- 28
Notes to the Financial Statements	A-29-48

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Trillion Energy International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Trillion Energy International, Inc. and subsidiaries (the “Company” and formerly known as Park Place Energy, Inc.) as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the entity has suffered recurring losses from operations, has a working capital deficit, and expects continuing future losses and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Whitley Penn LLP

We have served as the Company’s auditor since 2014

Houston, TX
April 16, 2019

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Consolidated Balance Sheets
(Expressed in U.S. dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 795,520	\$ 130,476
Account receivables	661,298	600,312
Prepaid expenses and deposits	296,827	316,694
Total current assets	1,753,645	1,047,482
Oil and gas properties, net	6,650,932	5,723,394
Property and equipment, net	106,155	97,777
Restricted cash	102,751	127,688
Note receivable	49,192	46,109
Total assets	<u>\$ 8,662,675</u>	<u>\$ 7,042,450</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,385,394	\$ 1,584,050
Loans payable	380,068	965,287
Total current liabilities	1,765,462	2,549,337
Asset retirement obligation	4,026,129	2,527,259
Total liabilities	5,791,591	5,076,596
Stockholders' equity:		
Common stock; authorized: 250,000,000 shares, par value \$0.00001; issued and outstanding: 83,360,966 and 58,243,904 shares, respectively	834	582
Additional paid-in capital	26,220,157	22,905,377
Stock subscriptions and stock to be issued	41,302	80,400
Accumulated other comprehensive loss	(130,660)	(135,469)
Accumulated deficit	(23,260,549)	(20,885,036)
Total stockholders' equity	<u>2,871,084</u>	<u>1,965,854</u>
Total liabilities and stockholders' equity	<u>\$ 8,662,675</u>	<u>\$ 7,042,450</u>

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in U.S. dollars)

	Year Ended December 31,	
	2018	2017
Revenue		
Oil and gas revenue	\$ 4,253,326	\$ 3,883,059
Cost and expenses		
Production	2,802,080	2,814,672
Depletion	700,219	774,547
Depreciation	29,408	21,390
Accretion of asset retirement obligation	371,526	224,759
Stock-based compensation	337,227	229,961
General and administrative	2,118,213	2,001,109
Total expenses	6,358,673	6,066,438
Loss before other income (expense)	(2,105,347)	(2,183,379)
Other income (expense)		
Interest income	27,267	-
Interest expense	(61,196)	(76,026)
Foreign exchange gain (loss)	56,236	(15,512)
Other gain	259,930	63,023
Taxes	-	(11,767)
Gain on bargain purchase option	-	15,695
Loss on debt settlement	(77,735)	-
Warrant modification expense	(474,668)	(278,870)
Total other expense	(270,166)	(303,457)
Net loss	\$ (2,375,513)	\$ (2,486,836)
Loss per share, basic and diluted	\$ (0.03)	\$ (0.04)
Weighted average number of shares outstanding basic and diluted	70,624,497	56,001,794
Other comprehensive loss		
Foreign currency translation adjustments	\$ 4,809	\$ (140,087)
Comprehensive loss	\$ (2,370,704)	\$ (2,626,923)

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Consolidated Statements of Stockholders' Equity

(Expressed in U.S. dollars)

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Stock subscriptions and stock to be issued</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Accumulated deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2016	50,281,482	\$ 503	\$21,273,494	\$ 905,000	\$ 4,618	\$ (18,398,200)	\$ 3,785,415
Issuance of common stock	6,075,000	61	1,110,939	(1,011,000)	—	—	100,000
Stock subscriptions received	—	—	—	110,000	—	—	110,000
Stock issuance costs	—	—	(8,985)	(4,000)	—	—	(12,985)
Vesting of restricted stock units	887,422	8	—	—	—	—	8
Stock-based compensation expense	—	—	149,561	80,400	—	—	229,961
Warrant modification expense	—	—	278,870	—	—	—	278,870
Stock issued as deposit for oil and gas property	1,000,000	10	89,990	—	—	—	90,000
Restricted stock issued for oil and gas properties	—	—	11,508	—	—	—	11,508
Currency translation adjustment	—	—	—	—	(140,087)	—	(140,087)
Net loss	—	—	—	—	—	(2,486,836)	(2,486,836)

See accompanying notes to consolidated financial statements

Balance, December 31, 2017	58,243,904	\$582	\$22,905,377	\$ 80,400	\$(135,469)	\$(20,885,036)	\$ 1,965,854
Issuance of common stock	16,278,562	163	1,633,960	–	–	–	1,634,123
Stock subscriptions received	–	–	–	41,302	–	–	41,302
Stock issuance costs	–	–	(33,834)	–	–	–	(33,834)
Vesting of restricted stock units	1,190,000	12	137,938	(80,400)	–	–	57,550
Stock-based compensation expense	–	–	279,677	–	–	–	279,677
Warrant modification expense	–	–	474,668	–	–	–	474,688
Issuance of finders warrants	–	–	10,584	–	–	–	10,584
Stock-issued for debt settlement	7,236,000	73	744,292	–	–	–	744,365
Stock issued as deposit for oil and gas property	500,000	5	67,495	–	–	–	67,500
Returned to treasury	(87,500)	(1)	–	–	–	–	(1)
Currency translation adjustment	–	–	–	–	4,809	–	4,809
Net loss	–	–	–	–	–	(2,375,513)	(2,375,513)
Balance, December 31, 2018	83,360,966	\$834	\$26,220,157	\$ 41,302	\$(130,660)	\$(23,260,549)	\$ 2,871,084

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

	Year Ended December 31,	
	2018	2017
Operating activities:		
Net loss for the period	\$ (2,375,513)	\$ (2,486,836)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	337,227	229,961
Depletion	700,219	774,547
Depreciation	29,408	21,390
Accretion of asset retirement obligation	371,526	224,759
Gain on bargain purchase option	-	(15,695)
Unrealized foreign exchange gain	-	(3,218)
Interest from loans payable	61,196	84,169
Loss on settlement of debt	77,735	-
Warrant modification expense	474,668	278,870
Changes in operating assets and liabilities:		
Account receivables	(20,935)	(206,169)
Prepaid expenses and deposits	(132,834)	125,837
Accounts payable and accrued liabilities	210,082	495,434
Net cash used in operating activities	<u>(267,221)</u>	<u>(476,951)</u>
Investing activities:		
Acquisition of Tiway, net of cash and restricted cash acquired	-	(724,787)
Property and equipment expenditures	(85,724)	(119,167)
Oil and gas properties expenditures	(504,110)	(144,002)
Net cash used in investing activities	<u>(589,834)</u>	<u>(987,956)</u>
Financing activities:		
Proceeds from stock subscriptions received	1,634,123	210,000
Proceeds from stock to be issued	41,302	-
Stock issuance costs	(23,250)	(12,985)
Proceeds from loans payable	43,349	91,025
Repayment of loans payable	(212,506)	(122,000)
Net cash provided by financing activities	<u>1,483,018</u>	<u>166,040</u>
Effect of exchange rate changes on cash and cash equivalents	14,144	6,094
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>640,107</u>	<u>(1,292,773)</u>
Cash, cash equivalents and restricted cash, beginning of year	258,164	1,550,937
Cash, cash equivalents and restricted cash, end of year	<u>\$ 898,271</u>	<u>\$ 258,164</u>
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents, end of period	795,520	130,476
Restricted cash, end of period	102,751	127,688
Cash, cash equivalents and restricted cash, end of period	<u>\$ 898,271</u>	<u>\$ 258,164</u>
Non-cash investing and financing activities:		
Accounts payable settled by issuance of shares	\$ 165,500	\$ -
Debt settled by issuance of shares	\$ 501,130	\$ -
Stock issued for oil and gas property	\$ 67,500	\$ 90,000
Warrants issued as stock issuance costs	\$ 10,584	\$ -
Additions to asset retirement obligation	\$ 1,127,344	\$ 2,302,500

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 and 2017

(Expressed in U.S. dollars)

1. Organization

Trillion Energy International Inc. and its consolidated subsidiaries, (“Trillion Energy”, the “Company”) is a U.S. based oil and gas exploration and production company. Our corporate headquarters are located at Suite 700, 838 West Hastings Street, Vancouver, B.C., Canada. The Company also has registered offices in Turkey and Bulgaria. The Company was incorporated in Delaware in 2015.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation and Going Concern

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and are expressed in U.S. dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

The Company has suffered recurring losses from operations and the Company has a significant working capital deficiency. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

(b) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the estimated useful lives and recoverability of long-lived assets, impairment of oil and gas properties, fair value of stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

(d) Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”). The Company adopted this standard on a modified retroactive basis on January 1, 2018. No financial statement impact occurred upon adoption.

Revenue from Contracts with Customers

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration the Company expects to receive in exchange for those products.

Performance Obligations and Significant Judgments

The Company sells oil and natural gas products in Turkey. The Company enters into contracts that generally include one type of distinct product in variable quantities and priced based on a specific index related to the type of product.

The oil and natural gas are typically sold in an unprocessed state to processors and other third parties for processing and sale to customers. The Company recognizes revenue at a point in time when control of the oil is transferred. For oil sales, control is typically transferred to the customer upon receipt at the wellhead or a contractually agreed upon delivery point. Under the Company’s natural gas contracts with processors, control transfers upon delivery at the wellhead or the inlet of the processing entity’s system. For the Company’s other natural gas contracts, control transfers upon delivery to the inlet or to a contractually agreed upon delivery point. In the cases where the Company sells to a processor, the Company has determined that the Company is the principal in the arrangement and the processors are the Company’s customers. The Company recognizes the revenue in these contracts based on the net proceeds received from the processor.

Transfer of control drives the presentation of transportation and gathering costs within the accompanying unaudited consolidated statements of operations. Transportation and gathering costs incurred prior to control transfer are recorded within the transportation and gathering expense line item on the accompanying unaudited consolidated statements of operations, while transportation and gathering costs incurred subsequent to control transfer are recorded as a reduction to the related revenue.

A portion of the Company’s product sales are short-term in nature. For those contracts, the Company uses the practical expedient in Accounting Standards Codification (“ASC”) 606-10-50-14 exempting us from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For the Company’s product sales that have a contract term greater than one year, the Company uses the practical expedient in ASC 606-10-50-14(a) which states the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to an unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. The Company has no unsatisfied performance obligations at the end of each reporting period.

The Company does not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified. There is a low level of uncertainty due to the precision of measurement and use of index-based pricing with predictable differentials. Additionally, any variable consideration identified is not constrained.

(e) Accounts Receivable

Accounts receivable consist of oil and gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company deems all accounts receivable to be collectable and has not recorded any allowance for doubtful accounts.

(f) Long-Lived Assets

In accordance with ASC 360 “Property, Plant and Equipment”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the assets; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the assets; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the assets; and current expectation that the assets will more likely than not be sold or disposed significantly before the end of their estimated useful life. Recoverability is assessed based on the carrying amount of the assets and their fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the assets, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount of the assets is not recoverable and exceeds fair value.

(g) Oil and Gas Properties

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centers on a country-by-country basis. Costs include: license and land acquisition costs, geological, engineering, geophysical, seismic and other data, carrying charges on non-productive properties and costs of drilling and completing both productive and non-productive wells. General and administrative costs which are associated with acquisition, exploration and development activities are capitalized. General and administrative costs are capitalized other than to the extent of the Company’s working interest in operated capital expenditure programs on which operator’s fees have been charged equivalent to standard industry operating agreements.

The costs in each cost center, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs (less accumulated depletion and depreciation in each cost center) are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs, less accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centers, is further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centers less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly decrease the Company’s total proven reserves.

1 (h) Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives are: other assets are depreciated over 20 years; and leasehold improvements are depreciated over the term of the lease.

(i) Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset that is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(j) Financial Instruments and Fair Value Measurement

The carrying amounts reported in the consolidated balance sheets for cash equivalents, account receivables, notes receivable, accounts payable and accrued liabilities and loans payable approximate fair value because of the immediate or short-term maturity of these financial instruments. None of these instruments are held for trading purposes.

(k) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Accounting for Income Taxes". The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

As of December 31, 2018, and 2017, the Company did not have any amounts recorded pertaining to uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expense. The Company did not incur any penalties or interest during the years ended December 31, 2018 and 2017. On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act ("the Tax Act") which significantly changed U.S. tax law. The Tax Act lowered the Company's statutory federal income tax rate from a maximum of 39% to a rate of 21% effective January 1, 2018. The company has deferred tax losses and assets and they were adjusted as a result of the change in tax law reducing the federal income tax rate. The Company's tax years 2014 and forward remain open.

(l) Foreign Currency Translation

Operations outside the United States prepare financial statements in currencies other than the United States dollar. The income statement amounts are translated at average exchange rates for the year, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments are accumulated as a separate component of stockholders' equity and other comprehensive income. The functional currency of the Company's Bulgarian operations is considered to be the Bulgarian Lev. The functional currency of the Company's Turkish operations is considered to be the Turkish lira.

(m) Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718 (“Compensation – Stock Compensation”) using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by the Company’s stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to, the Company’s expected stock price volatility over the term of the awards, and actual and projected stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

(n) Loss per Share

The Company computes loss per share of Company stock in accordance with ASC 260 “Earnings per Share” which requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing the loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As of December 31, 2018 and 2017, the Company had 22,063,532 and 14,210,000 potentially dilutive shares outstanding, which were excluded from the calculation of diluted EPS, respectively.

(o) Comprehensive Loss

Comprehensive loss consists of net loss and foreign currency cumulative translation adjustment.

(p) Statement of Cash Flows

In November 2016, the FASB issued ASU No. 2016-18, (“ASU 2016-18”) Statement of Cash Flows (Topic 230): Restricted Cash. This ASU is intended to provide guidance on the presentation of restricted cash or restricted cash equivalents and reduce the diversity in practice. This ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts on the statement of cash flows. The Company adopted ASU 2016-18 retrospectively as of January 1, 2017 and has applied to all periods presented herein. The adoption of ASU 2016-18 had a material impact to the consolidated statements of cash flows, as the Company had \$127,688 in restricted cash as of the year ended December 31, 2017. The effect of the adoption of ASU 2016-18 on the consolidated statements of cash flows was to include restricted cash balances in the beginning and end of period balances of cash and cash equivalent and restricted cash. The change in restricted cash was previously disclosed in operating activities and financing activities in the consolidated statements of cash flows.

(q) Recently Issued Accounting Pronouncements

Applicable for fiscal years beginning after December 15, 2018:

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” This accounting standard seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Current U.S. GAAP does not require lessees to recognize assets and liabilities arising from operating leases on the balance sheet. This standard also provides guidance from the lessees’ perspective on how to determine if a lease is an operating lease or a financing lease and the differences in accounting for each. In January 2018, the FASB

issued ASU No. 2018-01, which allows for an entity to elect an optional transition practical expedient for land easements that exist or expired before adoption of Topic 842. The adoption of this standard is required for interim and fiscal periods beginning after December 15, 2018 and it is required to be applied using the modified retrospective approach. Early adoption is permitted.

The Company has evaluated the impact of the above standards on their consolidated financial statements. Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. Tiway Acquisition

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey from Tiway Oil B.V. in exchange for cash consideration of \$2,100,000, which included a deposit of \$500,000 paid in the prior year. On the date of acquisition, the fair value of the identifiable net assets exceeded the purchase consideration by \$15,695, which is included in the other income line of the accompanying consolidated statement of operations and comprehensive loss. The Company incurred acquisition related expenses of approximately \$39,000 which include legal and corporate matters.

The following table presents recognized fair value of the identifiable assets acquired and liabilities assumed at acquisition:

Assets:	
Cash	\$ 744,986
Accounts receivable	395,530
Prepaid and other current assets	330,765
Restricted cash	130,227
Oil and natural gas properties – proved	3,414,110
Total assets	<u>5,015,618</u>
Liabilities:	
Accounts payable and accrued liabilities	597,423
Asset retirement obligation	2,302,500
Total liabilities	<u>2,899,923</u>
Total identifiable net assets	2,115,695
Cash consideration	2,100,000
Bargain purchase gain	<u>\$ 15,695</u>

During the year ended December 31, 2018, revenues and operating expenses of approximately \$4,253,326 and \$5,015,000, respectively were recorded in the statement of operations related to the Tiway acquisition after the closing date and losses of approximately \$401,896 were generated. During the period between the acquisition date and December 31, 2017, revenues and operating expenses of approximately \$3,883,059 and \$5,065,496, respectively were recorded in the statement of operations related to the Tiway acquisition after the closing date and losses of approximately \$1,132,701 were generated.

4. Deposits

Included in prepaid expenses and deposits for the year ended December 31, 2018, is approximately \$237,791 relating to field insurance for the Turkey Operations.

Included in prepaid expenses and deposits for the year ended December 31, 2017, is the value of a stock grant for a deposit an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing the Company's total interest to 49%. The stock grant was 1,000,000 shares valued at the market price on the date of grant of \$0.09 per share, \$90,000. The acquisition closed subsequent to year end and was applied to the purchase price.

5. Restricted cash

The restricted cash relates to drilling bonds provided to GDPA (General Directorate of Petroleum Affairs) for the exploration licenses due to Turkish Petroleum Law. The amounts are for 2% of the annual work budget of the different Turkish licenses which is submitted to GDPA on an annual basis.

6. Oil and Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2017	\$ 2,939,829	\$ -	\$ 2,939,829
Expenditures	144,002	-	144,002
Acquisition	-	3,414,110	3,414,110
Depletion	-	(774,547)	(774,547)
December 31, 2017	3,083,831	2,639,563	5,723,394
Foreign currency translation change	(3,697)	-	(3,697)
Expenditures	37,095	467,015	504,110
Depletion	-	(700,219)	(700,219)
Asset retirement cost addition	-	1,127,344	1,127,344
December 31, 2018	<u>\$ 3,117,229</u>	<u>\$ 3,533,703</u>	<u>\$ 6,650,932</u>

Bulgaria

The Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with or exceeding its minimum work program obligation. The Company's commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the "Exploration and Geophysical Work Stage"), followed by drilling activities in years 4 and 5 of the initial term (the "Data Evaluation and Drilling Stage"). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs.

Turkey*Cendere oil field*

The primary asset of the PPE Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company's interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API.

The Cendere Field is a long term low decline oil reserve. The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces 150 bopd (barrels oil per day) net to the Company. During February 2019, the Company's average net oil was 145 bopd at 96% water cut.

At December 31, 2018, the Cendere field was producing 170 barrels of oil equivalent per day, net to the PPE Turkey Companies; and averaged 150 barrels of oil equivalent per day during 2018 net to the PPE Turkey Companies. After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. As of March 25, 2019, 20.3MMbbls of oil have been produced from the Cendere Field.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Derdere Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field. The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline. There are 20 well pads which currently house 16 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The South Akcakoca Sub-Basin (“SASB”)

The Company owns offshore production licenses called the South Akcakoca Sub-Basin (“SASB”). The Company now owns a 49% working interest in SASB, 12.25% which was obtained during January 2018. The additional interest was acquired with cash of \$309,515, 1,000,000 shares issued on November 22, 2017 fair valued at \$90,000 and a further share issuance of 500,000 shares on January 30, 2018 fair valued at \$67,500 for total consideration of \$467,015. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1,100 to 1,800 meters.

Bakuk gas field

The Company also owns a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

7. Property and equipment

	Leasehold improvements	Other equipment	Total
January 1, 2017	\$ -	\$ -	\$ -
Expenditures	102,586	16,581	119,167
Depreciation	(20,517)	(873)	(21,390)
December 31, 2017	<u>\$ 82,069</u>	<u>\$ 15,708</u>	<u>\$ 97,777</u>
Foreign currency translation change	(17,793)	(13,155)	(30,948)
Expenditures	897	84,827	85,724
Disposals	-	(16,990)	(16,990)
Depreciation	(20,697)	(8,711)	(29,408)
December 31, 2018	<u>\$ 44,476</u>	<u>\$ 61,679</u>	<u>\$ 106,155</u>

8. Note Receivable

In April 2015, the Company loaned \$38,570 to a Bulgarian company pursuant to a revolving credit facility, enabling such Bulgarian company to buy and manage land in Bulgaria to be leased by the Company for future well sites. The credit facility has a maximum loan obligation of BGN 1,000,000 (\$593,193 USD at September 30, 2018) bears interest at 6.32%, has a five-year term and is secured by the land the Bulgarian company buys. Payment on the facility is due the earlier of the end of the five-year term (April 6, 2020) or demand by the Company. As of December 31, 2018, the outstanding balance on the loan obligation was \$49,192 (December 31, 2017: \$46,109). The change in balance was due to changes in foreign currency translations.

9. Loans Payable

As of	December 31, 2018	December 31, 2017
Interest bearing loans	\$ 368,113	\$ 903,262
Non-interest-bearing loans	11,955	62,025
Total	\$ 380,068	\$ 965,287

Loans bearing interest, accrue at 10% per annum are all unsecured. All loans are due on demand.

10. Asset Retirement Obligations

Asset retirement obligations (“AROs”) associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date for business combinations (Note 3). The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company’s credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The Company’s ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs.

The following is a continuity of the Company’s asset retirement obligations:

	December 31, 2018	December 31, 2017
Asset retirement obligations at beginning of year	\$ 2,527,259	\$ -
Additions	1,127,344	2,302,500
Accretion expense	371,526	224,759
Asset retirement obligations at end of year	\$ 4,026,129	\$ 2,527,259

11. Common Stock

For the year ended December 31, 2018

- (a) During the first quarter of 2018, the Company closed a series of private placements with the issuance of 6,550,000 shares of common stock, at \$0.10 per share for gross proceeds of \$655,000. Each common share having ½ of one share purchase warrant attached, resulting in the issuance of 3,275,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. Cash finance fees of \$7,250 were paid to a broker and recorded to share issuance costs.
- (b) On January 30, 2018, the Company issued 500,000 shares of the company’s common stock as partial consideration of an additional 12.25% of the SASB gas field. The common shares were fair valued at \$67,500 based on the closing price of the stock on the date of issuance.
- (c) On February 9, 2018, the Company issued 670,000 shares to management and a consultant valued at \$80,400, which were outstanding at December 31, 2017.

- (d) On March 5, 2018, the Company settled note payables of \$250,000 for 2,500,000 shares of common stock. Each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 1,250,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. The market price of the stock on the date of settlement was \$0.141 and loss of \$102,500 was recorded.
- (e) On April 9, 2018, the Company closed a private placement with the issuance of 100,000 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 50,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (f) On May 21, 2018, the Company closed a private placement with the issuance of 100,000 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 50,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (g) On July 2, 2018, the Company closed a private placement with the issuance of 2,000,000 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 1,000,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (h) On August 20, 2018 the Company closed a private placement with the issuance of 700,000 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 350,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (i) On August 21, 2018, the Company closed a private placement with the issuance of 321,061 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 160,531 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (j) On October 5, 2018, the Company returned 87,500 shares to treasury.
- (k) On October 26, 2018, \$295,000 in debt was settled by issuing 2,950,000 shares at \$0.10 per unit. The settlement included \$238,048 in outstanding loans payable and an additional loss on settlement of \$56,955. Each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 1,475,000 warrants. The market price of the stock on the date of settlement was \$0.08 and a gain of \$2,045 was recorded.
- (l) On October 30, 2018, the Company closed a private placement with the issuance of 5,806,000 common shares of common stock, at \$0.10 per share. Each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 2,903,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. \$200,000 of this placement was closed by a broker and subject to cash finance fees of \$16,000 and 8% broker warrants for a total of 160,000 warrants with a strike price of \$0.30 and a term of two years. Of the shares issued, 4,020,000 were issued for cash at a price of \$0.10 per share for gross proceeds of \$402,000, and 1,786,000 shares were issued in settlement of debts in the amount of \$178,600. The market price of the stock on the date of settlement was \$0.08 and gain of \$22,7203 was recorded. As of December 31, 2018, \$8,000 in proceeds were not yet received and are netted against stock subscriptions and stock to be issued. Proceeds were received subsequent to year end.

- (m) On October 30, 2018, the Company issued 520,000 shares to management and consultants valued at \$57,550.
- (n) On November 7, 2018, the Company closed a private placement with the issuance of 2,250,000 common shares of common stock, at \$0.10 per share for gross proceeds of \$225,000. Each common share having ½ of one share purchase warrant attached, resulting in the issuance of 1,125,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.
- (o) On November 12, 2018, the Company closed a private placement with the issuance of 262,000 common shares of common stock, 112,500 at \$0.10 per share and 150,000 at \$0.15 per share for gross proceeds of \$33,750. Each common share having ½ of one share purchase warrant attached, resulting in the issuance of 131,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. As of December 31, 2018, the shares were not yet issued and are included in stock subscriptions and stock to be issued.
- (p) On November 23, 2018, the Company closed a private placement with the issuance of 200,001 common shares of common stock, at \$0.15 per share for gross proceeds of \$30,000. Each common share having one share purchase warrant attached, resulting in the issuance of 200,001 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.15 per share of common stock.

For the year ended December 31, 2017

- (q) In January 2017, the Company received subscriptions for 550,000 shares of common stock at \$0.20 per share for gross proceeds of \$110,000. The Company paid a finder fee of \$4,000 and 20,000 broker warrants. On January 17, 2017, the Company issued 5,075,000 shares of common stock for stock subscriptions received during 2017 and 2016. The Company paid a finder's fee of \$4,000.
- (r) On December 12, 2017, the Company closed a brokered private placement for 1,000,000 shares of common stock at \$0.10 per share for total proceeds of \$100,000. The Company paid a finder's fee of \$4,985.
- (s) During the year ended December 31, 2017, 887,422 restricted stock units vested and were issued.
- (t) As part of a deposit toward the additional 12.25% of the South Akcakoca Sub Basin gas field, 1,000,000 shares were issued as a deposit. The shares were valued at the market rate of \$0.09 per share for a total value of \$90,000.
- (u) The Company issued restricted stock in the amount of 670,000 shares for services rendered. The shares were valued at \$0.12 based on the price of the stock at the close on the last trading day of the effective date of the contract. The fair value assigned was \$80,400.

12. Stock Options

The Board of Directors adopted the Park Place Energy Corp. 2013 Long-Term Incentive Equity Plan (the "Incentive Plan" or "2013 Plan") effective as of October 29, 2013. The Incentive Plan permits grants of stock options (including incentive stock options and nonqualified stock options), stock appreciation rights, restricted stock awards, and other stock-based awards.

The Incentive Plan authorizes the following types of awards:

- incentive stock options and nonqualified stock options to purchase Common Stock at a set price per share;
- stock appreciation rights ("SARs") to receive upon exercise Common Stock or cash equal to the appreciation in value of a share of Common Stock;

- restricted stock, which are shares of Common Stock granted subject to a restriction period and/or a condition which, if not satisfied, may result in the complete or partial forfeiture of the shares;
- other stock-based awards, which provide for awards denominated in or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock of the Company, which may include performance shares or options and restricted stock units which provide for shares to be issued or cash to be paid upon the lapse of predetermined restrictions.

Under the 2013 Plan, the maximum number of shares of authorized stock that may be delivered is 10% of the total number of shares of common stock issued and outstanding of the Company as determined on the applicable date of grant of an award under the 2013 Plan. Under the 2013 Plan, the exercise price of each option (or other stock-based award) shall not be less than the market price of the Company's stock as calculated immediately preceding the day of the grant. The vesting schedule for each option or other stock-based award shall be specified by the Board of Directors at the time of grant. The maximum term of options or other stock-based award granted is ten years or such lesser time as determined by the Board of Directors at the time of grant.

A continuity of the Company's outstanding stock options for the years ended December 31, 2018 and 2017 is presented below:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2016	1,265,000	\$ 0.14
Granted	2,600,000	0.15
Forfeited	(200,000)	0.15
Expired	(350,000)	0.24
Outstanding, December 31, 2017	3,315,000	0.14
Granted	2,450,000	0.12
Expired	(1,200,000)	0.14
Outstanding, December 31, 2018	4,565,000	\$ 0.13

At December 31, 2018, the Company had the following outstanding stock options:

Number	Exercise Price	Expiry Date	Number Vested
115,000	\$ 0.10	January 21, 2019	115,000
100,000	0.19	March 14, 2020	100,000
900,000	0.18	March 26, 2021	900,000
1,000,000	0.12	September 15, 2022	1,000,000
2,450,000	\$ 0.12	October 24, 2023	2,450,000
4,565,000			4,565,000

As of December 31, 2018, all stock options have fully vested. The weighted average remaining contractual life of outstanding stock options is 3.87 years (December 31, 2017: 2.99). The aggregate intrinsic value of the stock options at December 31, 2018 is \$Nil (December 31, 2017: \$103,050).

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2018	2017
Risk-free interest rate	2.95%	1.45%
Expected life (years)	4.29	2.50
Expected volatility	211.4%	314%
Weighted average fair value per share	\$ 0.11	\$ 0.11

There was \$279,677 in stock based compensation expense related to stock options recognized during the year ended December 31, 2018 (2017: \$142,267), that was recorded as stock-based compensation. At December 31, 2018 and 2017, the Company has no unrecognized compensation expense related to stock options.

13. Warrants

On January 17, 2017, the Company issued 5,395,000 share purchase warrants with an exercise price of \$0.40 per share with an expiration date of January 17, 2018.

On March 27, 2017, the Company amended the expiration date on 5,500,000 of the 11,000,000 share purchase warrants from August 27, 2017 to August 27, 2018. No other terms of the warrants were amended. The Company recognized expense of \$278,870 related to the amendment of the warrants.

During the year ending December 31, 2018, the Company issued 11,998,532 share purchase warrants with an exercise price of \$0.30 per share and expiring 24 months from the date of issuance.

On November 23, 2018, the Company reissued the 5,500,000 share purchase warrants which expired on August 27, 2018, for a further two year period, expiring on November 30, 2020, with an exercise price to \$0.15. The warrants were fair valued using the Black Scholes model using the following inputs; risk-free interest rate 2.81%, expected life (years) 2.02, expected volatility 237.27% and weighted average fair value per share of \$0.13. The Company recognized expense of \$474,668 related to the reissuance of the warrants.

A continuity of the Company's outstanding share purchase warrants for the years ended December 31, 2018 and 2017 is presented below:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2016	11,000,000	\$ 0.20
Issued	5,395,000	0.40
Expired	<u>(5,500,000)</u>	0.20
Outstanding, December 31, 2017	10,895,000	0.30
Issued	17,498,532	0.25
Expired	<u>(10,895,000)</u>	0.30
Outstanding, December 31, 2018	<u>17,498,532</u>	\$ 0.25

At December 31, 2018, the Company had the following outstanding share purchase warrants:

Number	Exercise Price	Expiry Date
1,650,000	\$ 0.30	January 30, 2020
700,000	0.30	February 9, 2020
500,000	0.30	February 21, 2020
1,675,000	0.30	March 7, 2020
50,000	0.30	April 8, 2020
50,000	0.30	May 20, 2020
1,000,000	0.30	July 1, 2020
350,000	0.30	August 19, 2020
160,531	0.30	August 20, 2020
4,538,000	0.30	October 26, 2020
1,125,000	0.30	November 7, 2020
200,001	0.30	November 23, 2020
5,500,000	0.15	November 30, 2020
<u>17,498,532</u>		

The weighted average remaining contractual life of outstanding warrants is 1.65 years (December 31, 2017: 0.35).

14. Restricted Stock Units

For consideration of management and consulting contracts, 520,000 restricted stock units (“RSUs”) were granted and vested immediately for the year ended December 31, 2018.

The RSUs were fair valued at \$57,550 based on the fair market value of the closing price of the common stock of the Company at the grant date. At the option of the holders, one third of the restricted stock units are eligible to be redeemed for cash. These shares were issued on October 30, 2018.

For the years ended December 31, 2018 and 2017, restricted stock expense recorded as stock-based compensation was \$57,550 and \$80,400, respectively.

	Number of restricted stock units	Weighted average fair value per award
Balance, December 31, 2016	2,711,797	\$ 0.17
Forfeited	(1,265,049)	\$ 0.15
Vested	(1,446,748)	0.15
Balance, December 31, 2017	–	\$ –
Granted	520,000	\$ 0.12
Vested	(520,000)	0.12
Balance, December 31, 2018	–	\$ –

On February 23, 2017, the Company changed the vesting date for the RSUs issued in 2014 to February 23, 2017 and changed the vesting date for the RSUs issued in 2015 to December 1, 2017. During the year ending December 31, 2017, owing to a consultant were 559,326 RSUs which vested during the year and were not issued. These were settled for cash on April 1, 2018 for \$37,463.

15. Related Party Transactions

At December 31, 2018, \$67,345 of accounts payable were to related parties as compared to \$132,249 at December 31, 2017. The amounts owed, and owing are unsecured, non-interest bearing, and due on demand.

During the year ended December 31, 2018, included in general and administrative expenses is \$175,000 (2017: \$89,100) in respect of directors and management fees. The Company also recorded \$78,432 (2017: \$94,784) in respect of share based compensation expense for the vesting of stock options granted to directors and officers of the Company, and \$23,750 (2017: \$63,600) in respect of restricted stock unit awards granted under management contracts.

16. Segment Information

During 2018 and 2017, the Company's operations were in the resource industry in Bulgaria, and Turkey with head offices in the United States and a satellite office in Sofia, Bulgaria. The Company's operating segments included, a head office in Canada, oil and gas operations in Turkey and oil and gas properties located in Bulgaria.

For the year ended December 31, 2018

	<u>Bulgaria</u>	<u>North America</u>	<u>Turkey</u>	<u>Total</u>
Revenue				
Oil and gas sales	\$ -	\$ -	\$ 4,253,326	\$ 4,253,326
Cost and expenses				
Production	-	-	2,802,080	2,802,080
Depletion	-	-	700,219	700,219
Depreciation	-	-	29,408	29,408
Accretion of asset retirement obligation	-	-	371,526	371,526
Stock-based compensation	-	337,227	-	337,227
General and administrative	(778)	1,007,224	1,111,767	2,118,213
Total expenses	(778)	1,344,451	5,015,000	6,358,673
Income (loss) before other income (expenses)	778	(1,344,451)	(761,674)	(2,105,347)
Other income (expenses)				
Interest expense	-	(61,196)	-	(61,196)
Interest income	-	-	27,267	27,267
Foreign exchange gain	-	13,655	42,581	56,236
Other gain (loss)	-	(30,000)	289,930	259,930
Warrant modification expense	-	(474,668)	-	(474,668)
Loss on settlement of debt	-	(77,735)	-	(77,735)
Total other income (expense)	-	(629,944)	359,778	(270,166)
Net income (loss)	\$ 778	\$ (1,974,395)	\$ (401,896)	\$ (2,375,513)
Long-term assets	3,117,229	-	3,634,480	6,751,709

For the year ended December 31, 2017

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and gas sales	\$ -	\$ -	\$ 3,883,059	\$ 3,883,059
Cost and expenses				
Production	-	-	2,814,672	2,814,672
Depletion	-	-	774,547	774,547
Depreciation	-	-	21,390	21,390
Accretion of asset retirement obligation	-	-	224,759	224,759
Stock based compensation	-	229,961	-	229,961
General and administrative	382	770,599	1,230,128	2,001,109
Total expenses	382	1,000,560	5,065,496	6,066,438
Loss before other income (expenses)	(382)	(1,000,560)	(1,182,437)	(2,183,379)
Other income (expenses)				
Interest expense	-	(84,208)	8,182	(76,026)
Foreign exchange loss	-	5,957	(21,469)	(15,512)
Other gain	-	-	63,023	63,023
Taxes	-	(11,767)	-	(11,767)
Warrant modification expense	-	(278,870)	-	(278,870)
Gain on bargain purchase option	-	15,695	-	15,695
Total other income (expense)	-	(353,193)	49,736	(303,457)
Net loss	\$ (382)	\$ (1,353,753)	\$ (1,132,701)	\$ (2,486,836)
Long-term assets	3,083,831	-	2,737,340	5,723,394

17. Income Taxes

The Company has net operating losses carried forward of \$14,620,816 available to offset taxable income in future years which expire beginning in fiscal 2025.

The Company is subject to United States federal and state income taxes at a rate of 21% in 2018 (2017: 35%). The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	2018	2017
Benefit at statutory rate	\$ (498,858)	\$ (845,524)
Permanent differences and other:	-	-
Change in tax rates	(170,498)	2,383,436
Valuation allowance change	669,356	(1,537,912)
Income tax provision	\$ -	\$ -

The significant components of deferred income tax assets and liabilities as of December 31, 2018 and 2017 are as follows:

	2018	2017
Net operating losses carried forward	\$ 3,391,039	\$ 2,892,181
Oil and gas properties	77,556	77,556
Stock compensation expense	1,050,695	880,197
Other	233	233
Total deferred income tax assets	4,519,523	3,850,167
Valuation allowance	(4,519,523)	(3,850,167)
Net deferred income tax asset	\$ –	\$ –

18. Other Income

The Company received \$332,239 in other income from the government, included in other income (expense) for the year ended December 31, 2018. This amount relates to the settlement of a legal and tax dispute with General Directorate of Petroleum Affairs (GDPA) relating to a taxation liability that the Company was assessed for training costs commencing 2008. The Company disputed the assessment but was previously unsuccessful in its application. During 2018, the Company was successful in negotiating a non-legal settlement, overturning the training cost obligation.

The “training obligation” was imposed by GDPA in relation to SASB Project pursuant to former Turkish Petroleum Law no. 6326. Because of the 2008 assessment, the Company was forced to follow the amounts and percentages set in 2008. The Law states that petroleum right holders in Turkey are obliged to train Turkish citizens against each foreign citizen recruited in petroleum activities. This obligation is determined by taking 25% of the total number of the days the foreigners worked for the petroleum activity.

19. Subsequent Events

On January 11, 2019, the Company filed a preliminary non-offering prospectus with the British Columbia Securities Commission (“BCSC”). The prospectus is being filed in accordance with the provisions of Canadian National Instrument 41-101 – General Prospectus Requirements to qualify the distribution of the Company’s common shares in Canada. No new securities are being registered for offer. Concurrently with the filing, the Corporation is making an application to list the Corporation’s common shares on the Canadian Securities Exchange. The listing is subject to a number of conditions, including the filing of, and acceptance by, a final non-offering prospectus with the BCSC, and acceptance and approval by the Canadian Securities Exchange.

Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFE). The Company’s new CUSIP is 89621V103.

Supplemental Information
(unaudited)

Supplemental oil and natural gas reserves information (unaudited)

As required by the FASB and the SEC, the standardized measure of discounted future net cash flows (the “Standardized Measure”) presented below is computed by applying first-day-of-the-month average prices, year-end costs and legislated tax rates and a discount factor of 10% to proved reserves. We do not believe the Standardized Measure provides a reliable estimate of our expected future cash flows to be obtained from the development and production of its oil and natural gas properties or of the value of its proved oil and natural gas reserves. The Standardized Measure is prepared on the basis of certain prescribed assumptions including first-day-of-the-month average prices, which represent discrete points in time and therefore may cause significant variability in cash flows from year-to-year as prices change.

Users of this information should be aware that the process of estimating quantities of proved and proved developed oil and natural gas reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. The data for a given reservoir also may change substantially over time as a result of numerous factors, including additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Consequently, revisions to existing reserves estimates may occur from time to time. Although every reasonable effort is made to ensure reserves estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various reservoirs make these estimates generally less precise than other estimates included in the financial statement disclosures. Proved reserves are those quantities of oil and natural gas that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. We engaged GLJ Petroleum Consultants to prepare our reserves estimates in Turkey.

The following unaudited schedules are presented in accordance with required disclosures about oil and natural gas producing activities to provide users with a common base for preparing estimates of future cash flows and comparing reserves among companies.

All of our proved reserves are located in Turkey and all prices are held constant in accordance with SEC rules.

Oil and natural gas prices used to estimate reserves were computed by applying the volume-weighted, arithmetic average of the closing price on the first day of each month for the 12-month period prior to December 2018, 2017, and 2016. The oil and natural gas prices used to estimate reserves are shown in the table below.

	12- Month Average Price	
	Oil per (Bbl)	Natural Gas per (Mcf)
Turkey		
2018	\$ 66.21	\$ 3.07
2017	\$ 51.69	\$ 3.00

The following table sets forth our estimated net proved reserves, including changes therein, and proved developed reserves:

Disclosure of reserves quantities

	Oil per (Bbl)	Gas per (Mcf)	Oil per Boe
Proved producing reserves			
January 1, 2018	200,000	736,941	322,824
Purchased	-	343,100	57,183
Production	(47,426)	(146,291)	(71,808)
Revisions of estimates	-	-	-
December 31, 2018	<u>152,574</u>	<u>933,751</u>	<u>308,199</u>
Proved developed reserves			
December 31, 2018			
Proved developed producing	152,574	933,751	308,199
Proved developed non-producing	-	-	-
Total	<u>152,574</u>	<u>933,751</u>	<u>308,199</u>
	Oil per (Bbl)	Gas per (Mcf)	Oil per Boe
Proved producing reserves			
January 1, 2017	-	-	-
Purchased	220,400	1,029,300	391,950
Production	(45,030)	(292,359)	(93,757)
Revisions of estimates	24,630	-	24,630
December 31, 2017	<u>200,000</u>	<u>736,941</u>	<u>322,824</u>
Proved developed reserves			
December 31, 2017			
Proved developed producing	200,000	736,941	322,824
Proved developed non-producing	7,000	-	7,000
Total	<u>207,000</u>	<u>736,941</u>	<u>329,824</u>

Standardized measure of discounted future net cash flows

The Standardized Measure relating to estimated proved reserves as of December 31, 2018 is shown in the table below. In our calculation of Standardized Measure, we have utilized statutory tax rates of 20% for Turkey. GLJ Petroleum Consultants did not estimate the Standardized Measure or future income tax expense.

As of and for the year ended December 31,	2018	2017
(in thousands)		
Future cash inflows	\$ 15,858	\$ 13,668
Future production costs	(9,193)	(8,834)
Future development costs	-	-
Future income tax expense	(1,390)	(966)
Future net cash flows	5,275	3,868
10% annual discount for estimated timing of cash flows	(1,490)	(1,033)
Standardized measure of discounted future net cash flows related to proved reserves	\$ 3,785	\$ 2,835

A summary of the changes in the standardized measure of discounted future net cash flows applicable to proved oil and natural gas reserves is as follows:

As of and for the year ended December 31, (in thousands)	<u>2018</u>	<u>2017</u>
Balance, beginning of period	2,755	-
Additions during the year	-	3,414
Net change in sales and transfer prices and in production (lifting) costs related to future production	1,302	663
Changes in estimated future development costs	(37)	-
Sales and transfers of oil and gas produced during the period	(1,451)	(1,076)
Previously estimated development costs incurred during the period	39	-
Accretion of discount	497	63
Other	1,094	683
Net change in income taxes	(414)	(912)
Balance, end of period	<u>\$ 3,785</u>	<u>2,835</u>

PARK PLACE ENERGY INC.**Audited Financial Statements for the years ended December 31, 2017 and 2016:**

Report of Independent Public Accounting Firm	A-50
Balance Sheets	A-51
Statements of Operations	A-52
Statements of Cash Flows	A-53
Statements of Shareholders equity	A-54
Notes to the Financial Statements	A-55 – A-70

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Park Place Energy Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Park Place Energy, Inc. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the entity has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Whitley Penn LLP

We have served as the Company’s auditor since 2014

Houston, TX
August 10, 2018

PARK PLACE ENERGY INC.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Current assets:		
Cash	\$ 130,476	\$ 1,550,937
Account receivables	600,312	21
Prepaid expenses and deposits	316,694	10,924
Deposit for Tiway acquisition	-	500,000
Total current assets	<u>1,047,482</u>	<u>2,061,882</u>
Oil and gas properties, net	5,723,394	2,939,829
Property and equipment, net	97,777	-
Restricted cash	127,688	-
Note receivable	46,109	40,453
Total assets	<u>\$ 7,042,450</u>	<u>\$ 5,042,164</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,584,050	\$ 357,749
Loans payable	965,287	899,000
Total current liabilities	<u>2,549,337</u>	<u>1,256,749</u>
Asset retirement obligation	2,527,259	-
Total liabilities	<u>5,076,596</u>	<u>1,256,749</u>
Stockholders' equity:		
Common stock Authorized: 250,000,000 shares, par value \$0.00001 Issued and outstanding: 58,243,904 and 50,281,482 shares, respectively	582	503
Additional paid-in capital	22,905,377	21,273,494
Stock subscriptions and stock to be issued	80,400	905,000
Accumulated other comprehensive income (loss)	(135,469)	4,618
Accumulated deficit	(20,885,036)	(18,398,200)
Total stockholders' equity	<u>1,965,854</u>	<u>3,785,415</u>
Total liabilities and stockholders' equity	<u>\$ 7,042,450</u>	<u>\$ 5,042,164</u>

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.Consolidated Statements of Operations and Comprehensive Loss
(Expressed in U.S. dollars)

	Year Ended December 31,	
	2017	2016
Revenue		
Oil and gas revenue	\$ 3,883,059	\$ -
Cost and expenses		
Production	2,814,672	-
Depletion	774,547	-
Depreciation	21,390	-
Accretion of asset retirement obligation	224,759	-
General and administrative	2,509,940	3,985,026
Total expenses	6,345,308	3,985,026
Loss before other income (expense)	(2,462,249)	(3,985,026)
Other income (expense)		
Interest income	-	2,420
Interest expense	(76,026)	(12,396)
Foreign exchange loss	(15,512)	(4,089)
Other gain	63,023	-
Taxes	(11,767)	-
Gain on bargain purchase option	15,695	-
Total other income (expense)	(24,587)	(14,065)
Net loss	\$ (2,486,836)	\$ (3,999,091)
Loss per share, basic and diluted	\$ (0.04)	\$ (0.08)
Weighted average number of shares outstanding basic and diluted	56,001,794	50,462,715
Other comprehensive loss		
Change in foreign currency translation adjustments	\$ (140,087)	\$ 3,428
Comprehensive loss	\$ (2,626,923)	\$ (3,995,663)

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.
Consolidated Statements of Stockholders' Equity
(Expressed in U.S. dollars)

	Common Stock		Additional paid-in capital	Stock subscriptions and stock to be issued	Accumulated other comprehensive Income (loss)	Accumulated Deficit	Total
	Shares	Amount					
Balance, December 31, 2015	45,731,482	\$ 457	\$17,258,619	\$ 350,000	\$ 1,190	\$ (14,399,109)	\$ 3,211,157
Issuance of common stock	4,250,000	43	424,957	(425,000)	—	—	—
Stock subscriptions received	—	—	—	980,000	—	—	980,000
Exercise of stock options	300,000	3	29,997	—	—	—	30,000
Stock-based compensation expense	—	—	3,481,386	—	—	—	3,481,386
Restricted stock issued for oil and gas properties	—	—	78,535	—	—	—	78,535
Currency translation adjustment	—	—	—	—	3,428	—	3,428
Net loss	—	—	—	—	—	(3,999,091)	(3,999,091)
Balance, December 31, 2016	50,281,482	\$ 503	\$21,273,494	\$ 905,000	\$ 4,618	\$ (18,398,200)	\$ 3,785,415
Issuance of common stock	6,075,000	61	1,110,939	(1,011,000)	—	—	100,000
Stock subscriptions received	—	—	—	110,000	—	—	110,000
Stock issuance costs	—	—	(8,985)	(4,000)	—	—	(12,985)
Vesting of restricted stock units	887,422	8	—	—	—	—	8
Stock-based compensation expense	—	—	428,431	80,400	—	—	508,831
Stock issued as deposit for oil and gas property	1,000,000	10	89,990	—	—	—	90,000
Restricted stock issued for oil and gas properties	—	—	11,508	—	—	—	11,508
Currency translation adjustment	—	—	—	—	(140,087)	—	(140,087)
Net loss	—	—	—	—	—	(2,486,836)	(2,486,836)
Balance, December 31, 2017	58,243,904	\$ 582	\$22,905,377	\$ 80,400	\$ (135,469)	\$ (20,885,036)	\$ 1,965,854

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	Year Ended December 31,	
	2017	2016
Operating activities:		
Net loss for the period	\$ (2,486,836)	\$ (3,999,091)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	508,831	3,481,386
Depletion	774,547	-
Depreciation	21,390	-
Accretion of asset retirement obligation	224,759	-
Gain on bargain purchase option	(15,695)	-
Unrealized foreign exchange gain	(3,218)	-
Interest from loans payable	84,169	-
Changes in operating assets and liabilities:		
Account receivables	(206,169)	562
Restricted cash	2,873	-
Prepaid expenses and deposits	125,837	2,423
Accounts payable and accrued liabilities	495,434	117,479
Net cash used in operating activities	<u>(474,078)</u>	<u>(397,241)</u>
Investing activities:		
Acquisition of Tiway, net of cash acquired	(855,014)	-
Issuance of note receivable	-	(963)
Property and equipment expenditures	(119,167)	-
Oil and gas properties expenditures	(144,002)	(38,848)
Net cash used in investing activities	<u>(1,118,183)</u>	<u>(39,811)</u>
Financing activities:		
Proceeds from stock subscriptions received	210,000	980,000
Proceeds from exercise of stock options	-	30,000
Stock issuance costs	(12,985)	-
Proceeds from loans payable	91,025	1,376,500
Repayment of loans payable	(122,000)	-
Repayment of stockholder loans	-	(477,500)
Net cash provided by financing activities	<u>166,040</u>	<u>1,909,000</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,760</u>	<u>3,428</u>
Change in cash and cash equivalents	<u>(1,420,461)</u>	<u>1,475,376</u>
Cash and cash equivalents, beginning of year	<u>1,550,937</u>	<u>75,561</u>
Cash and cash equivalents, end of year	<u>\$ 130,476</u>	<u>\$ 1,550,937</u>
Non-cash investing and financing activities:		
Oil and gas expenditures included in accounts payable	\$ -	\$ 121,264
Restricted stock issued for oil and gas properties	\$ -	\$ 78,535
Stock issued for deposit on oil and gas property	\$ 90,000	\$ -

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

1. Organization

Park Place Energy Inc. and its consolidated subsidiaries, (“Park Place”, “Company”, “we” or “our”) is a U.S. based oil and gas exploration and production company. Our corporate headquarters are located at Suite 700, 838 West Hastings Street, Vancouver, B.C., Canada. The Company also has registered offices in Turkey and Bulgaria. Park Place was incorporated in Delaware in 2015.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements of Park Place Energy Inc. (“Park Place”, “Company”, “we” or “our”) have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are expressed in U.S. dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The Company has suffered recurring losses from operations and the Company has a significant working capital deficiency. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

(b) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the estimated useful lives and recoverability of long-lived assets, impairment of oil and gas properties, fair value of stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

(d) Accounts receivable

Accounts receivable consist of oil and gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company deems all accounts receivable to be collectable and has not recorded any allowance for doubtful accounts.

(e) Long-lived Assets

In accordance with Accounting Standards Codification (“ASC”) 360, “Property, Plant and Equipment”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the assets; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the assets; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the assets; and current expectation that the assets will more likely than not be sold or disposed significantly before the end of their estimated useful life. Recoverability is assessed based on the carrying amount of the assets and their fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the assets, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount of the assets is not recoverable and exceeds fair value.

(f) Oil and Gas Properties

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centers on a country-by-country basis. Costs include: license and land acquisition costs, geological, engineering, geophysical, seismic and other data, carrying charges on non-productive properties and costs of drilling and completing both productive and non-productive wells. General and administrative costs which are associated with acquisition, exploration and development activities are capitalized. General and administrative costs are capitalized other than to the extent of the Company’s working interest in operated capital expenditure programs on which operator’s fees have been charged equivalent to standard industry operating agreements.

The costs in each cost center, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs (less accumulated depletion and depreciation in each cost center) are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs, less accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centers, is further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centers less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly decrease the Company's total proven reserves.

(g) Property and equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives are: other assets are depreciated over 20 years; and leasehold improvements are depreciated over the term of the lease.

(h) Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset that is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(i) Financial Instruments and Fair Value Measures

The carrying amounts reported in the consolidated balance sheets for cash equivalents, notes and accounts receivable, loans payable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. None of these instruments are held for trading purposes.

(j) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Accounting for Income Taxes". The asset and liability method provide that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

As of December 31, 2017, and 2016, the Company did not have any amounts recorded pertaining to uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expense. We did not incur any penalties or interest during the years ended December 31, 2017 and 2016. On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act ("the Tax Act") which significantly changed U.S. tax law. The Tax Act lowered the Company's statutory federal income tax rate from a maximum of 39% to a rate of 21% effective January 1, 2018. The company has deferred tax losses and assets and they were adjusted as a result of the change in tax law reducing the federal income tax rate. The Company's tax years 2014 and forward remain open.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

(k) Foreign Currency Translation

Operations outside the United States prepare financial statements in currencies other than the United States dollar. The income statement amounts are translated at average exchange rates for the year, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments are accumulated as a separate component of stockholders' equity and other comprehensive income. The functional currency of our Bulgarian operations is considered to be the Bulgarian Lev. The functional currency of our Turkish operations is considered to be the Turkish lira.

(l) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718 ("Compensation – Stock Compensation") using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

(m) Loss Per Share

The Company computes loss per share of Company stock in accordance with ASC 260 ("Earnings per Share"), which requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing the loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As of December 31, 2017 and 2016, the Company had 14,210,000 and 14,976,797 potentially dilutive shares outstanding, which were excluded from the calculation of diluted EPS, respectively.

(n) Comprehensive Loss

Comprehensive loss consists of net loss and foreign currency cumulative translation adjustment.

(o) Related Party Transactions

Amounts owing to directors and officers incurred in the course of regular operations are classified in accounts payable. At December 31, 2017, \$132,249 of accounts payable were to related parties and \$212,738 at December 31, 2016.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

(p) Recently Issued Accounting Pronouncements

For fiscal years beginning after December 15, 2018:

In February 2016, the FASB issued ASC 2016-02 “Leases (Topic 842)” a comprehensive standard related to lease accounting to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Most significantly, the new guidance requires lessees to recognize operating leases with a term of more than 12 months as lease assets and lease liabilities. The adoption will require a modified retrospective approach at the beginning of the earliest period presented. Early adoption permitted.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes most current revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgement and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for us beginning 2018. We will be using the following transition method: a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We do not believe the adoption of this guidance will have a material impact on our financial statements.

The Company is currently evaluating the impact of the above standards on the consolidated financial statements. Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

3. Tiway Acquisition

On January 18, 2017, Park Place completed the acquisition of three oil and gas exploration and production companies operating in Turkey from Tiway Oil B.V. in exchange for cash consideration of \$2,100,000, which included a deposit of \$500,000 paid in the prior year. On the date of acquisition, the fair value of the identifiable net assets exceeded the purchase consideration by \$15,695, which is included in the other income line of the accompanying consolidated statement of. We incurred acquisition related expenses of approximately \$39,000 which include legal and corporate matters.

The following table presents recognized fair value of the identifiable assets acquired and liabilities assumed at acquisition:

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

Assets:	
Cash	\$ 744,986
Accounts receivable	395,530
Prepaid and other current assets	330,765
Restricted cash	130,227
Oil and natural gas properties – proved	3,414,110
Total assets	<u>5,015,618</u>
Liabilities:	
Accounts payable and accrued liabilities	597,423
Asset retirement obligation	2,302,500
Total liabilities	<u>2,899,923</u>
Total identifiable net assets	2,115,695
Cash consideration	2,100,000
Bargain purchase gain	<u>\$ 15,695</u>

During the period between the acquisition date and December 31, 2017, revenues and operating expenses of approximately \$3,883,059 and \$5,065,496 were recorded in the statement of operations related to the Tiway acquisition after the closing date and we generated losses of approximately \$1,132,701.

4. Deposits

Included in prepaid expenses and deposits for the year ended December 31, 2017, is the value of a stock grant for a deposit an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing the Company’s total interest to 49%. The stock grant was 1,000,000 shares valued at the market price on the date of grant of \$0.09 per share, \$90,000. The acquisition closed subsequent to year end and was applied to the purchase price.

5. Restricted cash

The restricted cash is related with the drilling bonds provided to GDPA (General Directorate of Petroleum Affairs) for the exploration licenses due to Turkish Petroleum Law. The amounts are for 2% of the annual work budget of the different Turkish licenses which is submitted to GDPA on annual basis.

6. Oil and Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2016	\$ 2,701,182	\$ -	\$ 2,701,182
Expenditures	238,647	-	238,647
December 31, 2016	\$ 2,939,829	\$ -	\$ 2,939,829
Expenditures	144,002	-	144,002
Acquisition	-	3,414,110	3,414,110
Depletion	-	(774,547)	(774,547)
December 31, 2017	<u>\$ 3,083,831</u>	<u>\$ 2,639,563</u>	<u>\$ 5,723,394</u>

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

Bulgaria

The Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with or exceeding its minimum work program obligation. The Company's commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the "Exploration and Geophysical Work Stage"), followed by drilling activities in years 4 and 5 of the initial term (the "Data Evaluation and Drilling Stage"). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs.

Turkey

The primary asset of the PPE Turkey Companies is the offshore production license called the South Akcakoca Sub-Basin ("SASB"). The Company now owns a 36.75% working interest in SASB. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to 1800 meters.

Park Place also acquired two other oil and gas assets: a 19.6% interest in the Cendere field, a producing oil field located in Central Turkey, and a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

7. Property and equipment

	Leasehold improvements	Other equipment	Total
January 1, 2017	\$ -	\$ -	\$ -
Expenditures	102,586	16,581	119,167
Depreciation	(20,517)	(873)	(21,390)
December 31, 2017	<u>\$ 82,069</u>	<u>\$ 15,708</u>	<u>\$ 97,777</u>

8. Note Receivable

In April 2015, the Company loaned \$38,570 to a Bulgarian company pursuant to a revolving credit facility, enabling such Bulgarian company to buy and manage land in Bulgaria to be leased by the Company for future well sites. The credit facility has a maximum loan obligation of BGN 1,000,000 (\$535,980 at December 31, 2016), bears interest at 6.32%, has a five-year term and is secured by the land the Bulgarian company buys. Payment on the facility is due the earlier of the end of the five-year term (April 6, 2020) or demand by the Company. As of December 31, 2017, and 2016, the outstanding balance on the receivable was \$46,109 and \$40,453, respectively.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

9. Loans Payable

As of	December 31, 2017	December 31, 2016
Interest bearing loans	\$ 903,262	\$ 899,000
Non-interest-bearing loans	62,025	-
Total	\$ 965,287	\$ 899,000

Loans bearing interest, accrue at 10% per annum are all unsecured. All loans are due on demand. No interest has been imputed on the non-interest-bearing loans as it would be immaterial to the financial statements.

10. Asset Retirement Obligations

Asset retirement obligations (“AROs”) associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date for business combination (see footnote 3). The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company’s credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. Our ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs.

The following is a description of the Company’s asset retirement obligations:

	December 31, 2017
Asset retirement obligations at beginning of year	\$ —
Additions	2,302,500
Accretion expense	224,759
Asset retirement obligations at end of year	\$ 2,527,259

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements
 For the year ended December 31, 2017 and 2016
 (Expressed in U.S. dollars)

11. Common Stock

For the year ended December 31, 2017

- (a) In January 2017, the Company received subscriptions for 550,000 shares of common stock at \$0.20 per share for gross proceeds of \$110,000. The Company paid a finder fee of \$4,000 and 20,000 broker warrants. On January 17, 2017, the Company issued 5,075,000 shares of common stock for stock subscriptions received during 2017 and 2016. The Company paid a finder's fee of \$4,000.
- (b) On December 12, 2017, the Company closed a brokered private placement for 1,000,000 shares of common stock at \$0.10 per share for total proceeds of \$100,000. The Company paid a finder's fee of \$4,985.
- (c) During the year ended December 31, 2017, 887,422 restricted stock units vested and were issued.
- (d) As part of a deposit toward the additional 12.25% of the South Akcakoca Sub Basin gas field, 1,000,000 shares were issued as a deposit. The shares were valued at the market rate of \$0.09 per share for a total value of \$90,000.
- (e) The Company issued restricted stock in the amount of 670,000 shares for services rendered. The shares were valued at \$0.12 based on the price of the stock at the close on the last trading day of the effective date of the contract. The fair value assigned was \$80,400.

For the year ended December 31, 2016

- (f) In March 2016, the Company received subscriptions for 250,000 shares of common stock at \$0.10 per share for total proceeds of \$25,000.
- (g) In April 2016, the Company received subscriptions for 500,000 shares of common stock at \$0.10 per share for total proceeds of \$50,000.
- (h) In April 2016, the Company issued 4,250,000 shares of common stock for the stock subscriptions received during 2015, the quarter ended March 31, 2016 and in April 2016.
- (i) In quarter ended December 31, 2016, the Company received subscriptions for 4,525,000 shares of common stock at \$0.20 per share for total proceeds of \$905,000.

12. Stock Options

Stock options (and other stock-based awards) have been issued pursuant to the Incentive Plans. The 2013 Plan permits grants of stock options, stock appreciation rights, restricted stock awards and other stock-based awards. Under the 2013 Plan, the maximum number of shares of authorized stock that may be delivered is 10% of the total number of shares of common stock issued and outstanding of the Company as determined on the applicable date of grant of an award under the 2013 Plan. Under the 2013 Plan, the exercise price of each option (or other stock-based award) shall not be less than the market price of the Company's stock as calculated immediately preceding the day of the grant. The vesting schedule for each option (or other stock-based award) shall be specified by the Board of Directors at the time of grant. The maximum term of options (or other stock-based award) granted is ten years or such lesser time as determined by the Board of Directors at the time of grant.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

The following table summarizes the continuity of the Company's stock options:

Outstanding, December 31, 2015	2,250,000
Granted	165,000
Exercised	(300,000)
Expired	(850,000)
Outstanding, December 31, 2016	1,265,000
Granted	2,600,000
Exercised	-
Forfeited	(200,000)
Expired	(350,000)
Outstanding, December 31, 2017	3,315,000

As of December 31, 2017, all stock options have fully vested. The weighted average remaining life of the stock options are 2.99 years (December 31, 2016: 0.7). The weighted average exercise price at the year ended December 31, 2017 is \$0.14 (December 31, 2016: \$0.14). The aggregate intrinsic value of the stock options at December 31, 2017 is \$103,050 (December 31, 2016: \$173,450).

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2017	2016
Risk-free interest rate	1.45%	1.10%
Expected life (in years)	2.5	3.0
Expected volatility	314%	330%
Weighted average fair value per share	\$ 0.11	\$ 0.11

The fair value of stock options vested during the year ended December 31, 2017 and 2016 was \$142,267 and \$5,696, respectively, that was recorded as stock-based compensation and included in general and administrative expenses. At December 31, 2017, the Company has no unrecognized compensation expense related to stock options.

13. Warrants

During the quarter ended March 31, 2016, the Company amended and restated the terms of the 11,000,000 stock purchase warrants with an exercise price of \$0.20 per share issued in 2013 to extend the expiration date one year from August 27, 2016 to August 27, 2017. No other conditions of the warrants were amended. The amended and restated warrants vested immediately. The Company recognized expense of \$3,421,501 related to the amendment and restatement of the warrants.

On January 17, 2017, the Company issued 5,395,000 stock purchase warrants with an exercise price of \$0.40 per share with an expiration date of January 17, 2018.

On March 27, 2017, the Company amended the expiration date on 5,500,000 of the 11,000,000 stock purchase warrants from August 27, 2017 to August 27, 2018. No other conditions of the warrants were amended. The Company recognized expense of \$278,870 related to the amendment of the warrants.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

The following table summarizes the share purchase warrants:

	Number of warrants	Weighted average exercise price	Expire
Outstanding, December 31, 2016	11,000,000	\$ 0.20	2017
Issued	5,395,000	\$ 0.40	2018
Expired	(5,500,000)	\$ 0.20	
Outstanding, December 31, 2017	<u>10,895,000</u>	<u>\$ 0.30</u>	

14. Restricted Stock Units

No new RSU grants were issued in 2017. During 2016, the Company granted 593,796 restricted units (“RSUs”) with vesting periods ranging from fourteen to nineteen months and a fair value of \$68,775 to officers of the Company. In addition, the Company extended the vesting date for 2,118,001 RSUs to April 30, 2017.

For the years ended December 31, 2017 and 2016, restricted stock expense recorded as stock-based compensation was \$7,294 and \$54,190, respectively, and capitalized stock-based compensation was \$8,214 and \$46,803, respectively.

	Number of restricted stock units	Weighted average fair value per award
Balance, December 31, 2015	2,118,001	\$ 0.18
Granted	593,796	\$ 0.15
Vested	—	—
Balance, December 31, 2016	2,711,797	\$ 0.17
Granted	—	\$ —
Forfeited	(1,265,049)	0.15
Vested	(1,446,748)	0.15
Balance, December 31, 2017	<u>—</u>	<u>\$ —</u>

On February 23, 2017, the Company changed the vesting date for the RSUs issued in 2014 to February 23, 2017 and changed the vesting date for the RSUs issued in 2015 to December 1, 2017.

559,326 RSUs owed to a consultant vested during the year and were not issued. These were settled for cash on April 1st, 2018 for \$37,463.

15. Related party transactions

At December 31, 2017, \$132,249 of accounts payable were to related parties as compared to \$212,738 at December 31, 2016. The amounts owed, and owing are unsecured, non-interest bearing, and due on demand.

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

16. Segment Information

During 2017, the Company's operations were in the resource industry in Bulgaria, and Turkey with head offices in the United States and a satellite office in Sofia, Bulgaria. The Company operated a few segments, a head office in Canada, an oil and gas operations in Turkey and its oil and gas properties are located in Bulgaria.

During the 2016, the Company operated as a single reportable segment and its oil and gas properties were only located in Bulgaria.

For the year ended December 31, 2017

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and gas sales	\$ -	\$ -	\$ 3,883,059	\$ 3,883,059
Cost and expenses				
Production	-	-	2,814,672	2,814,672
Depletion	-	-	774,547	774,547
Depreciation	-	-	21,390	21,390
Accretion of asset retirement obligation	-	-	224,759	224,759
General and administrative	382	1,279,430	1,230,128	2,509,940
Total expenses	<u>\$ 382</u>	<u>\$ 1,279,430</u>	<u>\$ 5,065,496</u>	<u>\$ 6,345,308</u>
Loss before other income (expenses)	<u>\$ (382)</u>	<u>\$ (1,279,430)</u>	<u>\$ (1,182,437)</u>	<u>\$ (2,462,249)</u>
Other income (expenses)				
Interest expense	-	(84,208)	8,182	(76,026)
Foreign exchange loss	-	5,957	(21,469)	(15,512)
Other gain	-	-	63,023	63,023
Taxes	-	(11,767)	-	(11,767)
Gain on bargain purchase option	-	15,695	-	15,695
Total other income (expense)	<u>\$ -</u>	<u>\$ (74,323)</u>	<u>\$ 49,736</u>	<u>\$ (24,587)</u>
Net loss	<u>\$ (382)</u>	<u>\$ (1,353,753)</u>	<u>\$ (1,132,701)</u>	<u>\$ (2,486,836)</u>
Long Lived Assets	-	-	2,737,340	2,737,340

17. Income Taxes

The Company has net operating losses carried forward of \$13,772,292 available to offset taxable income in future years which expire beginning in fiscal 2024.

The Company is subject to United States federal and state income taxes at a rate of 34%. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

	<u>2017</u>	<u>2016</u>
Benefit at statutory rate	\$ (845,524)	\$ (1,359,691)
Permanent differences and other:	-	237
Change in tax rates	2,383,436	
Valuation allowance change	(1,537,912)	1,359,454
Income tax provision	<u>\$ -</u>	<u>\$ -</u>

The significant components of deferred income tax assets and liabilities as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Net operating losses carried forward	\$ 2,892,181	\$ 4,010,057
Oil and gas properties	77,556	125,566
Stock compensation expense	880,197	1,252,079
Other	233	377
Total deferred income tax assets	<u>3,850,167</u>	<u>5,388,079</u>
Valuation allowance	(3,850,167)	(5,388,079)
Net deferred income tax asset	<u>\$ -</u>	<u>\$ -</u>

18. Subsequent Events

On February 28, 2018, Park Place Energy Inc. closed a private placement with the issuance of 11,750,000 shares of common stock, with each common share having ½ of one share purchase warrant attached, resulting in the issuance of 5,875,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. Of the shares issued, 7,550,000 were issued to fourteen investors at a price of \$0.10 per share for gross proceeds of \$755,000, and 4,200,000 shares were issued in settlement of debts in the amount of \$420,000 with two creditors.

On February 20, 2018, Park Place Energy Inc. acquired an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing our total interest to 49%. The purchase price for the additional interest was US\$265,000 and 1.5 million shares of the company’s common stock. 1 million were previously issued and disclosed in note 11(d) and a further 500,000 shares were issued subsequent to year end and fair valued at \$67,500. The company completed the purchase on February 8, 2018. Approval was received by regulators in late 2017, thereby allowing for the acquisition to proceed. The Company issued 1.5 million common shares as consideration for the acquisition.

On March 5, the Company settled note payables of \$250,000 for 2,500,000. The market price of the stock on the date of settlement was \$0.141 and loss of \$102,500 was recorded.

On June 20, 2018, Park Place Energy Inc. closed a private placement with the issuance of 2,000,000 shares of common stock at \$0.10 per common share with each common share having ½ of one share purchase warrant attached, resulting in the issuance of 1,000,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. We issued the above 2,000,000 common shares to five (5) non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S of the Securities Act of 1933, as amended. See 8-k dated June 20, 2018

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

On July 10, 2018 the Company closed a private placement with the issuance of 1,500,000 shares of common stock at \$0.10 per common share with each common share having $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 1,000,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. We are obligated to issue 1,500,000 common shares to eight (8) non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S of the Securities Act of 1933, as amended.

Supplemental Information
(unaudited)

Supplemental oil and natural gas reserves information (unaudited)

As required by the FASB and the SEC, the standardized measure of discounted future net cash flows (the “Standardized Measure”) presented below is computed by applying first-day-of-the-month average prices, year-end costs and legislated tax rates and a discount factor of 10% to proved reserves. We do not believe the Standardized Measure provides a reliable estimate of our expected future cash flows to be obtained from the development and production of its oil and natural gas properties or of the value of its proved oil and natural gas reserves. The Standardized Measure is prepared on the basis of certain prescribed assumptions including first-day-of-the-month average prices, which represent discrete points in time and therefore may cause significant variability in cash flows from year-to-year as prices change.

Users of this information should be aware that the process of estimating quantities of proved and proved developed oil and natural gas reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. The data for a given reservoir also may change substantially over time as a result of numerous factors, including additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Consequently, revisions to existing reserves estimates may occur from time to time. Although every reasonable effort is made to ensure reserves estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various reservoirs make these estimates generally less precise than other estimates included in the financial statement disclosures. Proved reserves are those quantities of oil and natural gas that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. We engaged GLJ Petroleum Consultants to prepare our reserves estimates in Turkey.

The following unaudited schedules are presented in accordance with required disclosures about oil and natural gas producing activities to provide users with a common base for preparing estimates of future cash flows and comparing reserves among companies.

All of our proved reserves are located in Turkey and all prices are held constant in accordance with SEC rules.

Oil and natural gas prices used to estimate reserves were computed by applying the volume-weighted, arithmetic average of the closing price on the first day of each month for the 12-month period prior to December 2017, 2016 and 2015. The oil and natural gas prices used to estimate reserves are shown in the table below.

	12- Month Average Price	
	Oil per (Bbl)	Natural Gas per (Mcf)
Turkey		
2017	\$ 51.69	\$ 3.00
2016	\$ 44.68	\$ 2.57
2015	\$ 50.82	\$ 2.67

The following table sets forth our estimated net proved reserves, including changes therein, and proved developed reserves:

Disclosure of reserves quantities

	Oil per (Bbl)	Gas per (Mcf)	Oil per Boe
Proved producing reserves			
January 1, 2017	-	-	-
Purchased	220,400	1,029,300	391,950
Production	(45,030)	(292,359)	(93,757)
Revisions of estimates	24,630	-	24,630
December 31, 2018	<u>200,000</u>	<u>736,941</u>	<u>322,824</u>
Proved developed reserves			
December 31, 2018			
Proved developed producing	200,000	736,941	322,824
Proved developed non-producing	7,000	-	7,000
Total	<u>207,000</u>	<u>736,941</u>	<u>329,824</u>

Standardized measure of discounted future net cash flows

The Standardized Measure relating to estimated proved reserves as of December 31, 2017 is shown in the table below. In our calculation of Standardized Measure, we have utilized statutory tax rates of 20% for Turkey. GLJ Petroleum Consultants did not estimate the Standardized Measure or future income tax expense.

	(in thousands)
As of and for the year ended December 31, 2017	
Future cash inflows	\$ 13,668
Future production costs	(8,834)
Future development costs	-
Future income tax expense	<u>(966)</u>
Future net cash flows	3,868
10% annual discount for estimated timing of cash flows	<u>(1,033)</u>
Standardized measure of discounted future net cash flows related to proved reserves	\$ 2,835

A summary of the changes in the standardized measure of discounted future net cash flows applicable to proved oil and natural gas reserves is as follows:

	(in thousands)
Balance, beginning of period	-
Additions during the year	3,414
Net change in sales and transfer prices and in production (lifting) costs related to future production	663
Sales and transfers of oil and gas produced during the period	(1,076)
Accretion of discount	63
Other	683
Net change in income taxes	<u>(912)</u>
Balance, end of period	<u>\$ 2,835</u>

FORM 51-101F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Park Place Energy Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2018. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2018, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2017, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

<u>Independent Qualified Reserves Evaluator or Auditor</u>	<u>Effective Date of Evaluation Report</u>	<u>Location of Reserves (Country or Foreign Geographic Area)</u>	<u>Net Present Value of Future Net Revenue (before income taxes, 10% discount rate – US M\$)</u>			
			<u>Audited</u>	<u>Evaluated</u>	<u>Reviewed</u>	<u>Total</u>
GLJ Petroleum Consultants	Dec. 31, 2018	Turkey	-	6,035	-	6,035

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, February 22, 2019

“Orig
inally
Signed by” _____ Patrick A. Olenick, P. Eng. Manager, Engineering

Form 51-101F3**Report of Management and Directors
on Reserves Data and Other Information**

Management of Park Place Energy Inc., is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2018, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- d) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- e) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- f) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) Arthur Halleran

Arthur Halleran, CEO & President

(signed) David Thompson

David Thompson, CFO & Secretary

(signed) Arthur Halleran

Arthur Halleran, Director

(signed) David Thompson

David Thompson, Director

(signed) Barry Wood

Barry Wood, Director

April 9, 2019

APPENDIX D**RESERVES DATA AND OTHER OIL AND GAS INFORMATION****TABLE OF CONTENTS**

	Page
OUTLINE	D-2
DISCUSSION	D-3
AFTER TAX FORECAST PRICING RESERVES DATA	
Table FP-1 Summary of Oil and Gas Reserves	D-7
Table FP-2 Summary Net Present Values of Future Net Revenue	D-8
Table FP-3 Total Future Net Revenue (Undiscounted)	D-9
Table FP-4 Future Net Revenue by Product Type	D-10
Table FP-5 Forecast Prices Used	D-11
Table FP-6A Table FP-6A Reserves Reconciliation - Current Year	D-12
Table FP-6B Reserves Reconciliation - Previous Year	D-13
Table FP-7 Undeveloped Reserves Attributed In Current Year	D-14
Table FP-8 Summary of First Year Production	D-15
AFTER TAX CONSTANT PRICING RESERVES DATA	
Table CP-1 Summary of Oil and Gas Reserves	D-16
Table CP-2 Summary Net Present Values of Future Net Revenue	D-17
Table CP-3 Total Future Net Revenue (Undiscounted)	D-18
Table CP-4 Future Net Revenue by Product Type	D-19
Table CP-5 Constant Prices Used	D-20
Table CP-6 Reserves Reconciliation	D-21
Table CP-7 Undeveloped Reserves Attributed In Current Year	D-22
Table CP-8 Summary of First Year Production	D-23

SECURITIES REPORTING OUTLINE**PART 1 DATE OF STATEMENT**

- 1.1 Relevant Dates
 - 1. Effective Date
 - 2. Data Date
 - 3. Preparation Date

PART 2 DISCLOSURE OF RESERVES DATA

- 2.1 Reserves Data (Forecast Prices and Costs)
 - 1. Breakdown of Proved Reserves
 - 2. Net Present Value of Future Net Revenue
 - 3. Additional Information Concerning Future Net Revenue

PART 3 PRICING ASSUMPTIONS

- 3.2 Forecast Prices Used in Estimates

PART 4 RECONCILIATION OF CHANGES IN RESERVES

- 4.1 Reserves Reconciliation

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

- 5.1 Undeveloped Reserves
- 5.2 Significant Factors or Uncertainties
- 5.3 Future Development Costs

PART 6 OTHER OIL AND GAS INFORMATION

- 6.3 Forward Contracts
- 6.5 Tax Horizon
- 6.8 Production Estimates

SECURITIES REPORTING DISCUSSION

The Canadian Securities Administrators (CSA) have set out disclosure standards for Canadian publicly traded oil and gas companies in National Instrument 51-101 (NI 51-101).

This section presents reserves data following the item numbering and formatting in CSA Form 51- 101F1 and the sample tables contained in Appendix 1 to the NI 51-101 Companion Policy (51- 101CP). This section has been provided to assist the Company in preparing the disclosure required by NI 51-101 and is not intended to be reproduced "as is" in order to satisfy those requirements. The information provided relates only to certain parts of the disclosure required by NI 51-101 and, as a whole, is not presented in a format suitable for compliance with those requirements. It is the Company's responsibility to prepare the format for its disclosure and to ensure compliance with the disclosure requirements of NI 51-101.

The Report on Reserves Data, Form 51-101F2, is provided separately.

Note Regarding Nomenclature:

Throughout this report, “Company Interest” reserves refers to the sum of royalty interest* and working interest reserves before deduction of royalty burdens payable. “Working Interest” reserves equate to those reserves that are referred to as “Company Gross” reserves by the Canadian Securities Administrators (CSA) in NI 51-101.

In this Securities Reporting section, Company Gross (or working interest) volumes are presented in tables to correspond to NI 51-101 disclosure requirements.

**Royalty interest reserves include royalty volumes derived only from other working interest owners.*

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. Effective Date:

The effective date of the reserves estimates and revenue projections in this report is December 31, 2018

2. Data Date:

Estimates of reserves and projections of production were prepared using well information and production data provided by the Company to December 31, 2018.

The Company has provided GLJ with a representation letter confirming that complete and correct information has been provided to GLJ.

3. Preparation Date:

The preparation date (the latest date of receipt of information relevant to this evaluation) of this report is February 14, 2019.

PART 2 DISCLOSURE OF RESERVES DATA

Item 2.1 Reserves Data (Forecast Prices and Costs)

1. Breakdown of Reserves (Forecast Case)
Refer to Table FP-1
2. Net Present Value of Future Net Revenue (Forecast Case)
Refer to Table FP-2
3. Additional Information Concerning Future Net Revenue (Forecast Case)
 - (a) and (b) Undiscounted Revenue and Costs
Refer to Table FP-3

(c) Discounted Future Net Revenue by Product Type
Refer to Table FP-4

Item 2.2 Reserves Data (Constant Prices and Costs) [OPTIONAL DISCLOSURE]

Note: Effective January 1, 2008, all information relating to Constant prices and Costs is optional disclosure under NI 51-101.

1. Breakdown of Reserves (Constant Case)
Refer to Table CP-1
2. Net Present Value of Future Net Revenue (Constant Case)
Refer to Table CP-2
3. Additional Information Concerning Future Net Revenue (Constant Case)
 - (a) and (b) Undiscounted Revenue and Costs
Refer to Table CP-3

(c) Discounted Future Net Revenue by Product Type
Refer to Table CP-4

PART 3 PRICING ASSUMPTIONS**Item 3.1 Constant Prices Used in Estimates *[OPTIONAL DISCLOSURE]***

The reference benchmark prices (reflecting the average of the first day posted prices in each of the 12 months of the Company's fiscal year) used in the Constant price analysis, are provided in Table CP-5.

Item 3.2 Forecast Prices Used in Estimates

1. (a) The forecast reference prices used in preparing the Company's reserves data are provided in Table FP-5.

This price forecast is GLJ's standard price forecast effective January 1, 2019.

PART 4 RECONCILIATION OF CHANGES IN RESERVES**Item 4.1 Reserves Reconciliation**

Tables FP-6A and FP-6B provide reconciliations of Company Gross reserves based on forecast prices and costs for the current and prior year-end evaluations, respectively.

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA**Item 5.1 Undeveloped Reserves****1.(a) and 2.(a) Year First Attributed**

Table FP-7 provides a summary of the undeveloped reserves first attributed during the current fiscal year and the Company total at the current year-end effective date.

1.(b) and 2.(b) General Basis for Reserves and Timing of Development Proved and probable undeveloped reserves have been estimated in accordance with procedures and standards contained in the COGE Handbook.

There are no undeveloped reserves associated with the Company's reserves assets.

Item 5.2 Significant Factors or Uncertainties

The evaluated oil and gas properties of the Company have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing company.

Item 5.3 Future Development Costs

There are no development costs.

PART 6 OTHER OIL AND GAS INFORMATION**Item 6.3 Forward Contracts**

In accordance with the provisions in NI 51-101, the impact of the Company's financial hedges has not been included in this report.

Item 6.5 Tax Horizon

Based on after tax economic forecasts prepared by GLJ, income taxes are not payable by the Company in the total proved reserves category and are payable in 2022 in the total proved plus probable reserves category. After tax revenue projections are provided in the After Tax Analysis section of this report.

Item 6.8 Production Estimates

Table FP-8 presents a forecast of the Company's production by product type in the first year of forecast.

Production for properties which individually account for 20 percent or more of the Company's forecast production (total proved plus probable reserves, boe basis) in the first year of forecast has been identified separately in these tables.

Table FP-1

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **GLJ (2019-01)**
 Effective Date: **December 31, 2018**

Summary Of Oil And Gas Reserves

Medium Oil	Light &		Oil Equivalent		
	Company Gross Reserves Category	Mbbl	Company Net Mbbl	Company Gross Mboe	Company Net Mboe
PROVED					
Producing		255	223	255	223
Developed Non-Producing		0	0	0	0
Undeveloped		0	0	0	0
TOTAL PROVED		255	223	255	223
TOTAL PROBABLE		69	60	69	60
TOTAL PROVED PLUS PROBABLE		324	284	324	284
TOTAL POSSIBLE		66	58	66	58
TOTAL PPP		390	342	390	342

Table FP-2

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class:
 Development Class:
 Pricing:
 Effective Date:

Various Classifications
GLJ (2019-01)
December 31, 2018

Summary Net Present Values of Future Net Revenue

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Net Present Values of Future Net Revenue After Income Taxes Discounted At(%/year)					Unit Value Before Income Tax Discounted at 10%/year	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	\$/boe	\$/Mcfe
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$		
PROVED												
Producing	6,485	5,638	4,973	4,444	4,018	6,485	5,638	4,973	4,444	4,018	22.26	3.71
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0	0.00	0.00
Undeveloped	0	0	0	0	0	0	0	0	0	0	0.00	0.00
TOTAL PROVED	6,485	5,638	4,973	4,444	4,018	6,485	5,638	4,973	4,444	4,018	22.26	3.71
TOTAL PROBABLE	1,999	1,433	1,063	813	641	1,631	1,182	886	686	547	17.59	2.93
TOTAL PROVED PLUS PROBABLE	8,484	7,072	6,035	5,258	4,659	8,117	6,821	5,859	5,130	4,565	21.27	3.54
TOTAL POSSIBLE	1,932	1,267	873	631	475	1,846	1,226	854	621	470	15.09	2.52
TOTAL PPP	10,416	8,338	6,909	5,888	5,135	9,962	8,047	6,712	5,751	5,036	20.22	3.37

Notes

1. Unit values are based on Company Net Reserves.

Table FP-3

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **GLJ (2019-01)**
 Effective Date: **December 31, 2018**

Total Future Net Revenue (Undiscounted)

Future Capital Revenue Category	Royalties M\$	Costs M\$	Costs M\$	Net Revenue Development Costs M\$	Aband. & Recl. Income Taxes M\$	Net Revenue Before Tax M\$	Operating Income M\$	Future After Reserves M\$
Proved Producing	18,123	2,265	9,194	0	179	6,485	-	6,485
Proved Developed Non-Producing	0	0	0	0	0	0	-	-
Proved Undeveloped	0	0	0	0	0	0	-	-
Total Proved	18,123	2,265	9,194	0	179	6,485	-	6,485
Total Probable	5,679	710	2,960	0	11	1,999	368	1,631
Total Proved Plus Probable	23,802	2,975	12,153	0	189	8,484	368	8,117
Total Possible	5,746	718	3,086	0	10	1,932	86	1,846
Total PPP	29,548	3,694	15,239	0	199	10,416	454	9,962

Notes

1. Disclosure is required for Total Proved and Proved Plus Probable reserves

Table FP-4

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **GLJ (2019-01)**
 Effective Date: **December 31, 2018**

Future Net Revenue by Product Type

Future Net Revenue Before Income Taxes [2] (Discounted at 10% per year)

	M\$	\$/boe	\$/Mcf
Proved Producing			
Light & Medium Oil [1]	4,973	22.26	3.71
Total: Proved Producing	4,973	22.26	3.71
Proved Developed Non-Producing			
Light & Medium Oil [1]	0	0.00	0.00
Total: Proved Developed Non-Producing	0	0.00	0.00
Proved Undeveloped			
Light & Medium Oil [1]	0	0.00	0.00
Total: Proved Undeveloped	0	0.00	0.00
Total Proved			
Light & Medium Oil [1]	4,973	22.26	3.71
Total: Total Proved	4,973	22.26	3.71
Total Probable			
Light & Medium Oil [1]	1,063	17.59	2.93
Total: Total Probable	1,063	17.59	2.93
Total Proved Plus Probable			
Light & Medium Oil [1]	6,035	21.27	3.54
Total: Total Proved Plus Probable	6,035	21.27	3.54
Total Possible			
Light & Medium Oil [1]	873	15.09	2.52
Total: Total Possible	873	15.09	2.52
Total PPP			
Light & Medium Oil [1]	6,909	20.22	3.37
Total: Total PPP	6,909	20.22	3.37

Notes

- Including solution gas and other by-products
- Other company revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on Company Net Reserves.

Percentage of Future Net Revenue (10% DCF)

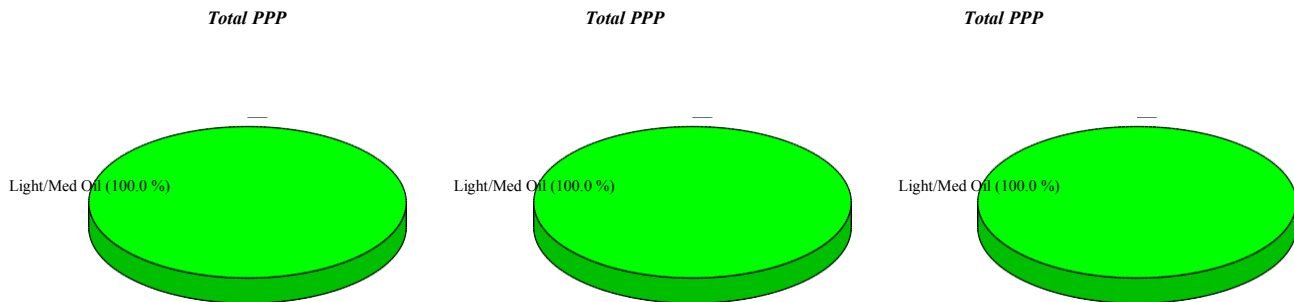


Table FP-5 (1 of 4)
GLJ Petroleum Consultants

Crude Oil and Natural Gas Liquids

GLJ (2019-01)
Effective January 1, 2019

MSW, Light Crude Oil at CADUSD Exchange	Bow River	Inflation	Rate	NYMEX WTI Near Month Futures Contract		Brent Blend	Crude Oil	Crude Oil	WCS	Heavy	Light Sour	Medium	Alberta Natural Gas Liquids (Then Current Dollars)			
				Cushing, Oklahoma	FOB North	Crude Oil (40 API, 0.3%S)	Stream Quality	Crude Oil Stream Quality	Crude Oil Proxy (12 API)	Crude Oil (35 API, 1.2%S)	Crude Oil (29 API, 2.0%S)	Edmonton Ethane	Edmonton Propane	Edmonton Butane	Edmonton C5+ Stream Quality	
Year	%	USD/CAD	Constant 2019 \$	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Spec Ethane	Edmonton Propane	Edmonton Butane	Edmonton C5+ Stream Quality
2019	0.0	0.7500	56.25	56.25	63.25	63.33	48.17	47.67	37.65	62.07	58.90	5.69	25.33	21.45	67.67	
2020	2.0	0.7700	61.76	63.00	68.50	75.32	58.94	58.44	51.21	73.82	70.05	7.20	32.39	37.66	79.22	
2021	2.0	0.7900	64.40	67.00	71.25	79.75	66.32	65.82	59.51	78.15	74.16	8.51	36.68	47.85	83.54	
2022	2.0	0.8100	65.96	70.00	73.00	81.48	68.40	67.90	61.62	79.85	75.78	9.27	39.11	57.04	85.49	
2023	2.0	0.8200	66.98	72.50	75.50	83.54	70.62	70.12	63.82	81.87	77.69	10.12	41.77	58.48	87.80	
2024	2.0	0.8250	67.93	75.00	78.00	86.06	73.23	72.73	66.45	84.34	80.04	10.42	43.03	60.24	90.30	
2025	2.0	0.8250	68.82	77.50	80.50	89.09	76.26	75.76	69.48	87.31	82.85	10.78	44.55	62.36	93.33	
2026	2.0	0.8250	70.00	80.41	83.41	92.62	79.78	79.28	73.01	90.77	86.13	11.03	46.31	64.83	96.86	
2027	2.0	0.8250	70.00	82.02	85.02	94.57	81.74	81.24	74.96	92.68	87.95	11.27	47.28	66.20	98.81	
2028	2.0	0.8250	70.00	83.66	86.66	96.56	83.72	83.22	76.95	94.63	89.80	11.48	48.28	67.59	100.80	
2029	2.0	0.8250	70.00	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	

Historical futures contract price is an average of the daily settlement price of the near month contract over the calendar month.

**Table FP-5 (2 of 4) GLJ Petroleum Consultants Natural Gas and Sulphur
GLJ (2019-01)
Effective January 1, 2019**

Midwest															
Near Month Contract															
Constant 2019 \$ Year	Price at Chicago		Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago	Price at Chicago
	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current
USD/MMBtu	USD/MMBtu	USD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	CAD/MMBtu	USD/MMBtu	CAD/MMBtu	CAD/MMBtu	USD/lt	CAD/lt
2019	3.00	3.00	2.90	1.85	2.47	1.64	1.64	1.64	1.74	1.95	2.73	1.52	1.32	130.00	123.33
2020	3.09	3.15	3.05	2.29	2.29	2.03	2.07	2.07	2.17	2.19	2.70	2.04	1.83	132.60	122.21
2021	3.22	3.35	3.25	2.67	2.67	2.35	2.44	2.44	2.54	2.57	2.90	2.42	2.21	135.25	121.20
2022	3.30	3.50	3.40	2.90	2.90	2.51	2.66	2.66	2.76	2.80	3.05	2.65	2.43	137.96	120.32
2023	3.35	3.63	3.53	3.14	3.14	2.69	2.91	2.91	3.01	3.04	3.18	2.94	2.73	140.72	121.61
2024	3.35	3.70	3.60	3.23	3.23	2.71	2.99	2.99	3.09	3.13	3.25	3.13	2.91	143.53	123.98
2025	3.35	3.77	3.67	3.34	3.34	2.75	3.10	3.10	3.20	3.24	3.32	3.24	3.02	146.40	127.45
2026	3.35	3.85	3.75	3.41	3.41	2.76	3.17	3.17	3.27	3.31	3.40	3.31	3.09	149.32	130.99
2027	3.35	3.93	3.83	3.48	3.48	2.76	3.24	3.24	3.34	3.38	3.48	3.38	3.16	152.31	134.62
2028	3.35	4.00	3.90	3.54	3.54	2.76	3.30	3.30	3.40	3.44	3.55	3.44	3.22	152.31	134.62
2029	3.35	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.76	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Unless otherwise stated, the gas price reference point is the receipt point on the applicable provincial gas transmission system known as the plant gate. The plant gate price represents the price before raw gathering and processing charges are deducted.

Table FP-5 (3 of 4) GLJ Petroleum Consultants

International GLJ (2019-01)

Effective January 1, 2019

Year	Inflation %	CADUSD Exchange Rate USD/CAD	GBPUSD Exchange Rate USD/GBP	EURUSD Exchange Rate USD/EUR	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma		Light Louisiana Sweet Crude Oil	Maya Crude Oil		Brent Blend Crude Oil FOB North Sea		NYMEX Henry Hub Near Month Contract		National Balancing Point (UK)		
					Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current	Then Current		
					USD/bbl	CAD/bbl	USD/bbl	CAD/bbl	USD/bbl	CAD/bbl	USD/MMBtu	CAD/MMBtu	USD/MMBtu	CAD/MMBtu		
2019	0.0	0.7500	1.2750	1.1400	56.25	75.00	61.75	82.33	55.03	73.37	63.25	84.33	3.00	4.00	8.10	10.80
2020	2.0	0.7700	1.3000	1.1500	63.00	81.82	67.00	87.01	59.60	77.40	68.50	88.96	3.15	4.09	7.90	10.26
2021	2.0	0.7900	1.3000	1.1500	67.00	84.81	71.00	89.87	61.99	78.47	71.25	90.19	3.35	4.24	7.75	9.81
2022	2.0	0.8100	1.3000	1.1500	70.00	86.42	74.00	91.36	63.51	78.41	73.00	90.12	3.50	4.32	7.60	9.38
2023	2.0	0.8200	1.3000	1.1500	72.50	88.41	76.50	93.29	65.68	80.10	75.50	92.07	3.63	4.43	7.60	9.27
2024	2.0	0.8250	1.3000	1.1500	75.00	90.91	79.00	95.76	67.86	82.25	78.00	94.55	3.70	4.48	7.60	9.21
2025	2.0	0.8250	1.3000	1.1500	77.50	93.94	81.50	98.79	70.03	84.89	80.50	97.58	3.77	4.57	7.60	9.21
2026	2.0	0.8250	1.3000	1.1500	80.41	97.47	84.41	102.32	72.57	87.96	83.41	101.10	3.85	4.67	7.75	9.39
2027	2.0	0.8250	1.3000	1.1500	82.02	99.42	86.02	104.27	73.97	89.66	85.02	103.05	3.93	4.76	7.90	9.58
2028	2.0	0.8250	1.3000	1.1500	83.66	101.41	87.66	106.25	75.39	91.39	86.66	105.04	4.00	4.85	7.90	9.58
2029	2.0	0.8250	1.3000	1.1500	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Historical futures contract price is an average of the daily settlement price of the near month contract over the calendar month.

Table FP-5 (4 of 4)
GLJ Petroleum Consultants
US Liquids and Natural Gas
GLJ (2019-01)
Effective January 1, 2019

E/P Mix Year	US Natural Gas Liquids (Then Current Dollars)					US Natural Gas (Then Current Dollars)				
	Conway			Mont Belvieu			Algonquin Rockies Natural Gas	City-Gates Natural Gas		
	80%-20%	Propane	Butane	Condensate	Ethane	Propane	Butane	Condensate	USD/MMBtu	USD/MMBtu
	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl		
2019	7.50	29.25	36.56	52.31	10.50	33.75	39.38	54.56	2.70	4.40
2020	7.88	32.76	40.95	58.59	11.03	37.80	44.10	61.11	2.85	4.55
2021	8.38	34.84	43.55	62.31	11.72	40.20	46.90	64.99	3.05	4.55
2022	8.75	36.40	45.50	65.10	12.25	42.00	49.00	67.90	3.20	4.50
2023	9.08	37.70	47.13	67.42	12.71	43.50	50.75	70.33	3.33	4.63
2024	9.25	39.00	48.75	69.75	12.95	45.00	52.50	72.75	3.40	4.70
2025	9.42	40.30	50.38	72.08	13.19	46.50	54.25	75.17	3.47	4.77
2026	9.63	41.81	52.27	74.78	13.47	48.25	56.29	78.00	3.55	4.85
2027	9.83	42.65	53.31	76.28	13.75	49.21	57.41	79.56	3.63	4.93
2028	10.00	43.50	54.38	77.80	14.00	50.20	58.56	81.15	3.70	5.00
2029	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Butane prices at Conway and Mont Belvieu represent a blended price of two thirds normal butane and one third iso-butane.

TABLE FP-6A
PARK PLACE ENERGY INC. DECEMBER 31, 2018
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE

FORECAST PRICES AND COSTS

FACTORS	Total Light and Medium Crude			Total Heavy Crude			Total Natural Gas			Total Natural Gas Liquids			BOE		
	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (MMcf)	Probable (MMcf)	Proved + Probable (MMcf)	Proved (Mbbbl)	Probable (Mbbbl)	Proved + Probable (Mbbbl)	Proved (Mboe)	Probable (Mboe)	Proved + Probable (Mboe)
December 31, 2017	237	68	305	0	0	0	0	0	0	0	0	0	237	68	305
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extensions*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infill Drilling*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Revisions	66	1	67	0	0	0	5	0	5	0	0	0	67	1	68
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production	(47)	0	(47)	0	0	0	(5)	0	(5)	0	0	0	(48)	0	(48)
December 31, 2018	255	69	324	0	0	0	0	0	0	0	0	0	255	69	324

* The above change categories correspond to standards set out in the Canadian Oil and Gas Evaluation Handbook. For reporting under NI 51-101, reserves additions under Infill Drilling, Improved Recovery and Extensions should be combined and reported as "Extensions and Improved Recovery".

TABLE FP-6B
PARK PLACE ENERGY INC. DECEMBER 31, 2017
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE
FORECAST PRICES AND COSTS

	Total Light and Medium Crude			Total Heavy Crude			Total Natural Gas			Total Natural Gas Liquids			BOE		
	Proved (Mbbbl)	Probable (Mbbbl)	+ Proved (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	+ Proved (Mbbbl)	Proved (MMcf)	Probable (MMcf)	+ Proved (MMcf)	Proved (Mbbbl)	Probable (Mbbbl)	+ Proved (Mbbbl)	Proved (Mboe)	Probable (Mboe)	+ Proved (Mboe)
COMPANY TOTAL GROSS															
FACTORS															
December 31, 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Product Type Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted December 31, 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extensions*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infill Drilling*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	9	9	9	0	0	0	0	2	2
Acquisitions	282	68	350	0	0	0	9	(9)	0	0	0	0	284	66	350
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production	(45)	0	(45)	0	0	0	(9)	0	(9)	0	0	0	(47)	0	(47)
December 31, 2017	237	68	305	0	0	0	0	0	0	0	0	0	237	68	305
Conventional Reservoirs															
FACTORS															
December 31, 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Product Type Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted December 31, 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extensions*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infill Drilling*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	9	9	9	0	0	0	0	2	2
Acquisitions	282	68	350	0	0	0	9	(9)	0	0	0	0	284	66	350
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production	(45)	0	(45)	0	0	0	(9)	0	(9)	0	0	0	(47)	0	(47)
December 31, 2017	237	68	305	0	0	0	0	0	0	0	0	0	237	68	305

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Table FP-7

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **GLJ (2019-01)**
 Effective Date: **December 31, 2018**

Undeveloped Reserves Attributed in Current Year

Proved Undeveloped

Light & Medium Oil (Mbbl)		Conventional Natural Heavy Oil (Mbbl)		Gas (MMcf)		Natural Gas Liquids (Mbbl)		BOE (Mboe)	
Attributed This Year*	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
0	0	0	0	0	0	0	0	0	0

Probable Undeveloped

Light & Medium Oil (Mbbl)		Conventional Natural Heavy Oil (Mbbl)		Gas (MMcf)		Natural Gas Liquids (Mbbl)		BOE (Mboe)	
Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
0	0	0	0	0	0	0	0	0	0

* Refers to reserves first attributed in this fiscal year ending on the effective date.

BOE Factors: HVY OIL 1.0 RES GAS 6.0 PROPANE 1.0 ETHANE 1.0
 COND 1.0 SLN GAS 6.0 BUTANE 1.0 SULPHUR 0.0

		Table FP-8		Reserve Class:		Various	
Company: Park Place Energy Inc.				Development Class: Pricing:		Classifications	
Property: Corporate				Effective Date:		GLJ (2019-01)	
Description: Summary with After Tax						December 31, 2018	
SUS Dollars							
Summary of First Year Production							
		Light & Medium Oil		Oil Equivalent			
		Company Net bbl/d		Company Gross		Company Net	
Entity Description		Company Gross bbl/d		boe/d		boe/d	
Proved Producing		127					
Cendere				111		127	
Total: Proved Producing		127		111		127	
Total Proved		127					
Cendere				111		127	
Total: Total Proved		129		111		127	
Total Proved Plus Probable		129					
Cendere				113		129	
Total: Total Proved Plus Probable		130		113		129	
Total PPP		130					
Cendere				114		130	
Total: Total PPP				114		130	

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Table CP-1

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **SEC 2018-Dec-31 Posted (12 Month Avg.)**
 Effective Date: **December 31, 2018**

Summary Of Oil And Gas Reserves

Medium Oil Company Gross Reserves Category	Light &		Oil Equivalent	
	Mbbl	Company Net Mbbl	Company Gross Mboe	Company Net Mboe
PROVED				
Producing	255	224	255	224
Developed Non-Producing	0	0	0	0
Undeveloped	0	0	0	0
TOTAL PROVED	255	224	255	224
TOTAL PROBABLE	69	60	69	60
TOTAL PROVED PLUS PROBABLE	324	283	324	283
TOTAL POSSIBLE	66	58	66	58
TOTAL PPP	390	342	390	342

Table CP-2

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **SEC 2018-Dec-31 Posted (12 Month Avg.)**
 Effective Date: **December 31, 2018**

Summary Net Present Values of Future Net Revenue

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)					Unit Value Before Income Tax	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	\$/boe	\$/Mcf
PROVED												
Producing	6,799	5,977	5,326	4,805	4,381	6,754	5,936	5,289	4,770	4,348	23.83	3.97
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0	0.00	0.00
Undeveloped	0	0	0	0	0	0	0	0	0	0	0.00	0.00
TOTAL PROVED	6,799	5,977	5,326	4,805	4,381	6,754	5,936	5,289	4,770	4,348	23.83	3.97
TOTAL PROBABLE	1,755	1,278	963	749	599	1,427	1,037	779	605	483	16.06	2.68
TOTAL PROVED PLUS PROBABLE	8,554	7,255	6,289	5,554	4,980	8,180	6,973	6,068	5,374	4,831	22.19	3.70
TOTAL POSSIBLE	1,614	1,083	764	564	434	1,575	1,065	756	560	432	13.13	2.19
TOTAL PPP	10,169	8,339	7,054	6,118	5,414	9,755	8,038	6,823	5,934	5,263	20.64	3.44

Notes

- Unit values are based on Company Net Reserves.

Table CP-3

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
\$US Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **SEC 2018-Dec-31 Posted (12 Month Avg.)**
 Effective Date: **December 31, 2018**

Total Future Net Revenue (Undiscounted)

Future Capital	Royalties M\$	Costs M\$	Costs M\$	Net Revenue Development Costs M\$	Aband. & Recl. Income Taxes M\$	Net Revenue Before Tax M\$	Operating Income M\$	Future After Reserves M\$
Proved Producing	17,544	2,193	8,414	0	137	6,799	45	6,754
Proved Developed Non-Producing	0	0	0	0	0	0	-	-
Proved Undeveloped	0	0	0	0	0	0	-	-
Total Proved	17,544	2,193	8,414	0	137	6,799	45	6,754
Total Probable	4,706	588	2,363	0	0	1,755	328	1,427
Total Proved Plus Probable	22,250	2,781	10,777	0	137	8,554	374	8,180
Total Possible	4,567	571	2,381	0	0	1,614	40	1,575
Total PPP	26,817	3,352	13,159	0	137	10,169	414	9,755

Notes

1. Disclosure is required for Total Proved and Proved Plus Probable reserves

Table CP-4

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **SEC 2018-Dec-31 Posted (12 Month Avg.)**
 Effective Date: **December 31, 2018**

Future Net Revenue by Product Type

Future Net Revenue Before Income Taxes [2] (Discounted at 10% per year)

	M\$	\$/boe	\$/Mcf
<i>Proved Producing</i>			
Light & Medium Oil [1]	5,326	23.83	3.97
Total: Proved Producing	5,326	23.83	3.97
<i>Total Proved</i>			
Light & Medium Oil [1]	5,326	23.83	3.97
Total: Total Proved	5,326	23.83	3.97
<i>Total Proved Plus Probable</i>			
Light & Medium Oil [1]	6,289	22.19	3.70
Total: Total Proved Plus Probable	6,289	22.19	3.70
<i>Total PPP</i>			
Light & Medium Oil [1]	7,054	20.64	3.44
Total: Total PPP	7,054	20.64	3.44

Notes

1. Including solution gas and other by-products
2. Other company revenue and costs not related to a specific production group have been allocated proportionately to production groups. Unit values are based on Company Net Reserves.

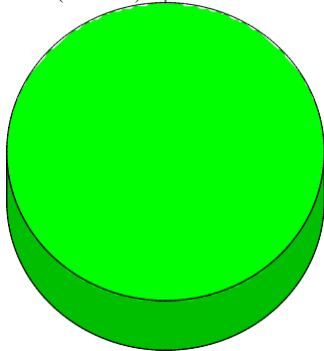
Percentage of Future Net Revenue (10% DCF)

Total Proved

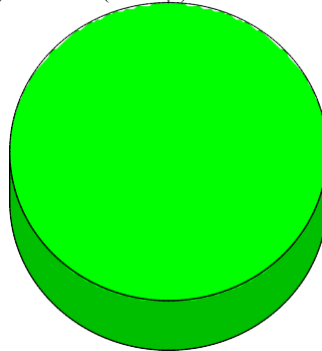
Total Proved Plus Probable

Total PPP

Light/Med Oil (100.0 %)



Light/Med Oil (100.0 %)



Light/Med Oil (100.0 %)

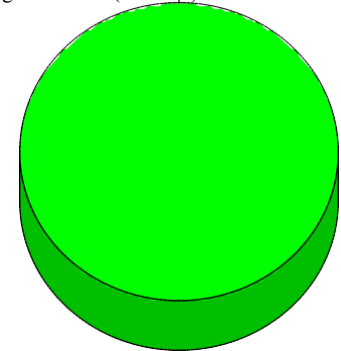


Table CP-5

GLJ Petroleum Consultants Crude Oil and Natural Gas Liquids

SEC 2018-Dec-31 Posted (12 Month Avg.) Effective January 1, 2019

Light, Sweet NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma	CADUSD Exchange Rate USD/CAD	Constant		Then		Then		Then		Then		Alberta Natural Gas Liquids (Then Current Dollars)		Edmonton
		2019 \$ USD/bbl	Then Current USD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Spec Ethane CAD/bbl	Edmonton Propane CAD/bbl
Inflation %	0.7754	65.56	65.56	71.54	70.07	50.41	50.44	40.76	73.74	70.42	4.35	27.77	33.82	79.39

Table CP-5

GLJ Petroleum Consultants Natural Gas and Sulphur

SEC 2018-Dec-31 Posted (12 Month Avg.) Effective January 1, 2019

NYMEX Henry Hub Near Month Contract	Midwest Price at Chicago		AECO/NIT Spot	Alliance Transfer Pool Spot	Alberta Plant Gate Spot		Saskatchewan SaskEnergy CAD/MMBtu	n Plant Gate Spot CAD/MMBtu	Sumas Spot USD/MMBtu	British Columbia		Alberta Sulphur FOB Vancouver USD/lt	Sulphur at Plant Gate CAD/lt	
	Constant 2019 \$ USD/MMBtu	Then Current USD/MMBtu	Then Current USD/MMBtu	Then Current CAD/MMBtu	Then Current CAD/MMBtu	Constant 2019 \$ CAD/MMBtu				Then Current CAD/MMBtu	ARP CAD/MMBtu	Westcoast Station 2 CAD/MMBtu	Spot Plant Gate CAD/MMBtu	136.71
3.10	3.10	3.05	1.46	1.46	1.25	1.25	1.25	1.35	1.56	2.70	1.44	1.23	136.71	126.31

Table CP-5

GLJ Petroleum Consultants International

SEC 2018-Dec-31 Posted (12 Month Avg.) Effective January 1, 2019

Inflation %	CADUSD Exchange Rate USD/CAD	GBPUSD Exchange Rate USD/GBP	EURUSD Exchange Rate USD/EUR	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma		Light Louisiana Sweet Crude Oil		Maya Crude Oil		Brent Blend Crude Oil FOB North Sea		NYMEX Henry Hub Near Month Contract		National Balancing Point (UK)	
				Then Current USD/bbl	Then Current CAD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current USD/MMBtu	Then Current CAD/MMBtu	Then Current USD/MMBtu	Then Current CAD/MMBtu
0.0	0.7754	1.3379	1.1827	65.56	84.55	70.52	90.95	63.04	81.30	71.54	92.26	3.10	4.00	7.78	10.03

Table CP-5
GLJ Petroleum Consultants
US Liquids and Natural Gas
SEC 2018-Dec-31 Posted (12 Month Avg.)
Effective January 1, 2019

US Natural Gas Liquids (Then Current Dollars)								US Natural Gas (Then Current Dollars)	
Conway				Mont Belvieu				Rockies	Algonquin
80%-20% E/P Mix	Propane	Butane	Condensate	Ethane	Propane	Butane	Condensate	Natural Gas	City-Gates
USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/bbl	USD/MMBtu	Natural Gas USD/MMBtu
6.05	31.32	39.74	54.71	13.50	37.65	45.61	60.42	2.74	3.22

TABLE CP-6 RESERVES RECONCILIATION

A reserves reconciliation for the constant price analysis has not been prepared.

Table CP-7

Company: **Park Place Energy Inc.**
 Property: **Corporate**
 Description: **Summary with After Tax**
SUS Dollars

Reserve Class: **Various**
 Development Class: **Classifications**
 Pricing: **SEC 2018-Dec-31 Posted (12 Month Avg.)**
 Effective Date: **December 31, 2018**

Undeveloped Reserves Attributed in Current Year

Proved Undeveloped

Light & Medium Oil (Mbbl)		Conventional Natural Heavy Oil (Mbbl)		Gas (MMcf)		Natural Gas Liquids (Mbbl)		BOE (Mboe)	
Attributed This Year*	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
0	0	0	0	0	0	0	0	0	0

Probable Undeveloped

Light & Medium Oil (Mbbl)		Conventional Natural Heavy Oil (Mbbl)		Gas (MMcf)		Natural Gas Liquids (Mbbl)		BOE (Mboe)	
Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total	Attributed This Year	Current Total
0	0	0	0	0	0	0	0	0	0

* Refers to reserves first attributed in this fiscal year ending on the effective date.

BOE Factors: HVY OIL 1.0 RES GAS 6.0 PROPANE 1.0 ETHANE 1.0
 COND 1.0 SLN GAS 6.0 BUTANE 1.0 SULPHUR 0.0

Company: Park Place Energy Inc. Property: Corporate Description: Summary with After Tax SUS Dollars		Reserve Class: Development Class: Pricing: Effective Date:		Various Classifications SEC 2018-Dec-31 Posted (12 Month Avg.) December 31, 2018	
Table CP-8					
Summary of First Year Production					
Entity Description	Company Gross bbl/d	Light & Medium Oil		Oil Equivalent	
		Company Net bbl/d		Company Gross boe/d	Company Net boe/d
Proved Producing		127			
Cendere			111	127	111
Total: Proved Producing		127	111	127	111
Total Proved		127			
Cendere			111	127	111
Total: Total Proved		129	111	127	111
Total Proved Plus Probable		129			
Cendere			113	129	113
Total: Total Proved Plus Probable		130	113	129	113
Total PPP		130			
Cendere			114	130	114
Total: Total PPP			114	130	114

CERTIFICATE OF THE COMPANY

Dated: October 21, 2019

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

“Arthur Halleran”
Arthur Halleran
President and Chief Executive Officer

“David Thompson”
David Thompson
Chief Financial Officer, Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

“Arthur Halleran”
Arthur Halleran
Director

“David Thompson”
David Thompson
Director

“Barry Wood”
Barry Wood
Director

“Kubilay Yildirim ”
Kubilay Yildirim
Director

CERTIFICATE OF THE PROMOTERS

Dated: October 21, 2019

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

“Arthur Halleran”

Arthur Halleran
President and Chief Executive Officer

“David Thompson”

David Thompson
Chief Financial Officer, Secretary