

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2020**

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-55539**

TRILLION ENERGY INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-4488552

(IRS Employer
Identification No.)

Turan Gunes

**Bulvari, Park Oran Ofis Plaza, 180-y, Daire:45, Kat:14, 06450,
Oran, Cankaya, Ankara, Turkey**

(Address of principal executive offices)

(Zip Code)

778-819-8503

Registrant's telephone number, including area code

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.00001 per share

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's stock held by non-affiliates of the registrant as of December 31, 2020, computed by reference to the price at which such stock was last sold on the OTC Bulletin Board (\$0.062) on that date, was approximately \$4,204,769. For purposes of this computation, all officers, directors and 10% beneficial owners of the registrant are deemed to be affiliates. Such

determination should not be deemed an admission that such officers, directors or 10% beneficial owners are, in fact, affiliates of the registrant.

The registrant had 143,987,815 shares of common stock outstanding as of March 31, 2021.

TRILLION ENERGY INTERNATIONAL INC.
FORM 10-K
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Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K constitute “forward-looking statements” within the meaning of applicable U.S. securities legislation. Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future, by us or on our behalf. Such statements are generally identifiable by the terminology used such as “plans,” “expects,” “estimates,” “budgets,” “intends,” “anticipates,” “believes,” “projects,” “indicates,” “targets,” “objective,” “could,” “should,” “may” or other similar words.

By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements, including the factors discussed under Item 1A. Risk Factors in this Annual Report on Form 10-K. Such factors include, but are not limited to, the following: fluctuations in and volatility of the market prices for oil and natural gas products; the ability to produce and transport oil and natural gas; the results of exploration and development drilling and related activities; global economic conditions, particularly in the countries in which we carry on business, especially economic slowdowns; actions by governmental authorities including increases in taxes, legislative and regulatory initiatives related to fracture stimulation activities, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflicts; the negotiation and closing of material contracts; future capital requirements and the availability of financing; estimates and economic assumptions used in connection with our acquisitions; risks associated with drilling, operating and decommissioning wells; actions of third-party co-owners of interests in properties in which we also own an interest; our ability to effectively integrate companies and properties that we acquire; our limited operating history; our history of operating losses; our lack of insurance coverage; and the other factors discussed in other documents that we file with or furnish to the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”). The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors and our course of action would depend upon our assessment of the future, considering all information then available. In that regard, any statements as to: future oil or natural gas production levels; capital expenditures; the allocation of capital expenditures to exploration and development activities; sources of funding for our capital expenditure programs; drilling of new wells; demand for oil and natural gas products; expenditures and allowances relating to environmental matters; dates by which certain areas will be developed or will come on-stream; expected finding and development costs; future production rates; ultimate recoverability of reserves, including the ability to convert probable and possible reserves to proved reserves; dates by which transactions are expected to close; future cash flows, uses of cash flows, collectability of receivables and availability of trade credit; expected operating costs; changes in any of the foregoing and other statements using forward-looking terminology are forward-looking statements, and there can be no assurance that the expectations conveyed by such forward-looking statements will, in fact, be realized.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity, achievements or financial condition.

Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results that may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us, including factors that potentially could materially affect our financial results, may emerge from time to time. We do not intend to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

PART I

ITEM 1. BUSINESS

Name and Organization

Trillion Energy International Inc. (formerly Park Place Energy, Inc.) and its consolidated subsidiaries, (“Trillion Energy”, “Company”, “we” or “our”) is headquartered out of Turan Gunes with operations based primarily from Turkey at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:45, Kat:14, 06450, Oran, Cankaya, Ankara, Turkey. The Company also has registered offices in Canada and Bulgaria. The Company was incorporated in Delaware in 2015.

General

Trillion Energy International Inc. is focused on its oil and gas assets in Turkey, where it intends to exponentially expand natural gas production on the SASB Gas Field in the offshore Black Sea through exploitation of existing reserves, to drill an oil exploration well in the Zagros basin, Turkey as well as drilling a gas exploration well on its Vranino 1-11 exploration license in Bulgaria.

Oil and Gas Operations

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey (the “PPE Companies”). As a result of the acquisition of the PPE Companies, the Company now owns interests in the producing Cendere oil field, in the producing South Akcakoca Sub-Basin (“SASB”) gas field, and in the shut in Bakuk gas field. The Company has an office in Ankara with nine full time employees.

Cendere Oil Field

We own 19.6% interest in the onshore Cendere oil field except three wells where we own 9.8% interest. We own a 49% working interest in the offshore SASB. At December 31, 2020, the gross oil production rate for the producing wells in Cendere oil field was 1,086 bbls/day; the average daily 2020 gross production rate for the field was 737 bbls/day. Oil is currently sold at a price of approximately US\$62.4 per barrel for a netback per barrel of approximately US\$33/Bbl. At December 31, 2020, net production to us was 190 barrels of oil equivalent per day or Boe/d. For the year 2020, net production to us averaged 178 Boe/d.

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 February 28, 2021, 20.88MMbbls of oil have been produced from the Cendere Field. During February 2021, the Company’s average net oil was 139 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 Dardere 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.

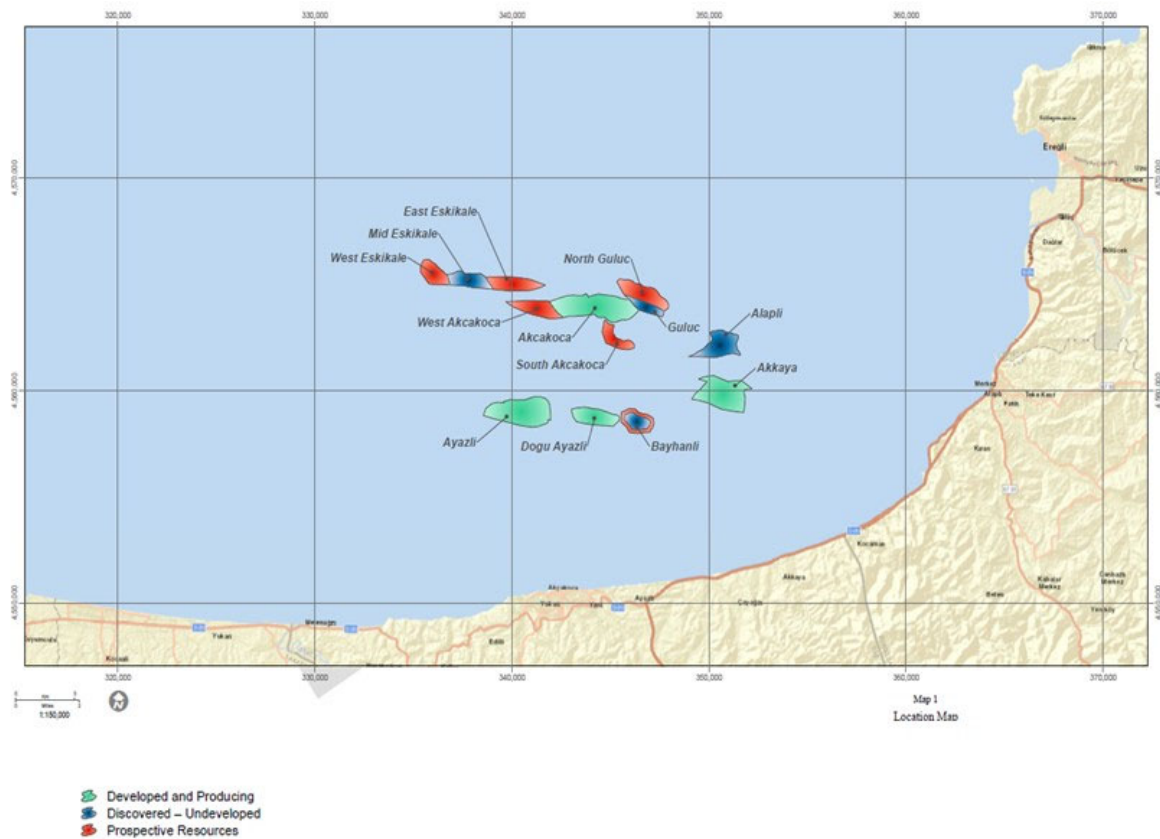
The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

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.

SASB Gas Fields

As at December 31, 2020, four wells were producing at the SASB gas fields, each of which is tied into a production platform. The SASB fields are connected through subsea pipelines to an onshore gas plant which is tied into a national pipeline. Gas is sold to a local utility on a take-or pay basis. The SASB gas fields are located in shallow water (60-100m) off the north coast of Turkey towards the western end of the Black Sea. Total gross natural gas production to date from the SASB gas fields since inception in 2007 is more than 41 BCF. The SASB Gas field has four proved undeveloped discoveries which contain an estimated proven and probable reserves of 41 BCF of natural gas set out in the Company's December 31, 2020 year end reserve report prepared by GLJ Consultants, as discussed herein. A map of the gas field prepared by GLJ Consultants is below:

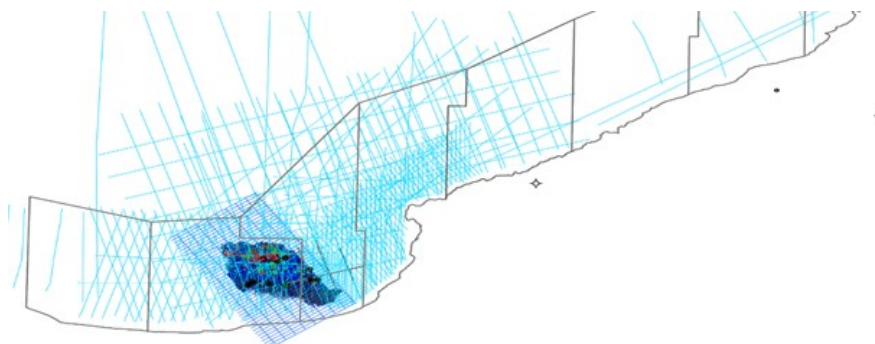


During the year, the Company assessed several additional low risk gas prospects on SASB directly contiguous to the proven reserves. The chance of discovery for these prospects as assessed by GLJ ranging from 60-90%. Historically, the Company has a greater than 80% success rate at SASB when drilling exploration wells based on 3D seismic interpretation. As a result, the Company intends to drill an additional 6 low risk gas pools based on these prospects to establish additional reserves and production. The Company also has numerous exploration prospects that have not yet been assessed by GLJ Consultants on the SASB block which require the existing 3D seismic to be reprocessed.

At December 31, 2020, the gross gas production rate for the three remaining producing wells in SASB was a nominal 0.70 MMcfd; the average daily 2020 gross production rate for the field was 0.945 MMcfd, which is a result of no new drillings or rig based workovers having been completed since 2011, a decrease over 95% since peak production occurred of over 11 BCF/annum (gross 100% interest) which occurred in 2011. At the end of February 2021, gas is currently sold at a price of approximately US\$5.72.

The Company continues to produce gas from SASB as a loss to avoid shutting in the field and facilities as commencing in August 2021 the Company plans to commence a revitalization program by drilling new wells which will ramp up production and generate positive net backs and earnings. Based on the current drilling schedule, two new wells and one well workover are anticipated to occur between August and October 2021, resulting in increased production revenues towards the end of September 2021. Another three wells and one workover will occur commencing February 2022 and will be brought into production at this time. This later drilling program will be followed an by additional 10 well drilling program on the four SASB gas fields commencing in 2022. 3-D seismic will be reprocessed to delineate existing targets and to expand the drilling program, where 13 additional targets have also been identified meriting further study, which will likely result in additional reserves and resources.

On March 2021, the Company announced its plans to investigate around the SASB development license area which is currently 12,385 hectares by applying for a Technical Investigation Survey Permit for 200,000 hectares of surrounding area “the Permit”. Upon receiving the Permit, the Company plans to reprocess existing 3D and 2D seismic with new technology which are expected to improve the resolution of the data defining new exploration targets proximate to the Production The below map sets out the 2D seismic (light blue) covering proposed exploration area relative to the Production Block (dark blue cross hatch):



Bakuk gas field

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 Bakuk field is shut-in with no plans to revive production in the near term.

Derecik exploration block

A 42,833 Hectares oil exploration property “Derecik” is located in the South West Turkey which lies within NW extension of Zagros fold & thrust belt, which has some of the largest oil reserves in the world on IRAQI side. The Company’s plan is to drill one exploration well on the license.

Bulgaria License

In October of 2010, the Company was awarded an exploration permit for the “Vranino 1-11 Block”, a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Counsel of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the “License Agreement”). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company’s work programs for the permit area. The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to the approval of the Bulgarian regulatory authorities.

Before the license for the Bulgarian CBM project is “effective”, the Company’s overall work program and first year annual work program must be approved by both the Bulgarian environmental ministry and the energy ministry. The Company is currently working on an environmental assessment in order to finalize the exploration permit.

Patents and Trademarks

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

Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

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.

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

Bulgaria imports nearly all of their natural gas requirements; Turkey imports a substantial quantity of the 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 so there is a vibrant market for natural gas produced in the country. In Bulgaria, currently one company, Gazprom, supplies Bulgaria with virtually all of its natural gas being marketed and consumed in Bulgaria through a pipeline that runs through Ukraine from Russia. 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.

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.

Employees, Officers and Directors

As of December 31, 2020, the Company has eight employees in Turkey, and three in North America. As of December 31, 2020, our business is generally conducted through our officers and directors of the Company. A description of officers and directors can be found in Item 10.

Where You Can Find More Information

Statements contained in this Annual Report as to the contents of any contract, agreement or other document referred to include those terms of such documents that we believe are material. Whenever a reference is made in this Annual Report to any contract or other document of ours, you should refer to the exhibits that are a part of the Annual Report for a copy of the contract or document.

You may read and copy all or any portion of the Annual Report or any other information that we file at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings, including the Annual Report, are also available to you on the SEC's website at www.sec.gov. For SEC filings for the period prior to November 13, 2015, documents will be found under Park Place Energy Corp. (Commission File No. 000-51712), and for SEC filings for the period on or after November 13, 2015, documents will be found under Trillion Energy International Inc. (Commission File No. 000-55539).

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 Securities Exchange Act of 1934 ("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.

ITEM 1A. RISK FACTORS

Risks Related to Our Business and the Oil and Gas Industry

We have a history of losses and may not achieve consistent profitability in the future.

We have incurred losses in prior years. We will need to generate and sustain increased revenue levels in future periods in order to become consistently profitable, and even if we do, we may not be able to maintain or increase our level of profitability. We may incur losses in the future for a number of reasons, including risks described herein, unforeseen expenses, difficulties, complications and delays, and other unknown risks.

Our exploration, development and production activities may not be profitable or achieve our expected returns.

The future performance of our business will depend upon our ability to develop oil and natural gas reserves that are economically recoverable. Success will depend upon our ability to develop prospects from which oil and natural gas reserves are ultimately discovered in commercial quantities. Without successful exploration activities, we will not be able to develop oil and natural gas reserves or generate revenues. There are no assurances that oil and natural gas reserves will be discovered in sufficient quantities to enable us to recover our exploration and development costs or sustain our business.

The successful development of oil and natural gas properties requires an assessment of recoverable reserves, future oil and natural gas prices and operating costs, potential environmental and other liabilities, and other factors. Such assessments are inherently uncertain. In addition, no assurance can be given that our exploration and development activities will result in the discovery of reserves. Operations may be curtailed, delayed or canceled as a result of lack of adequate capital and other factors, such as lack of availability of rigs and other equipment, title problems, weather, compliance with governmental regulations or price controls, mechanical difficulties, or unusual or unexpected formations, pressures and/or work interruptions. In addition, the costs of exploration and development may materially exceed our internal estimates.

We may be unable to acquire or develop additional reserves, which would reduce our cash flow and income.

In general, production from oil and natural gas properties declines over time as reserves are depleted, with the rate of decline depending on reservoir characteristics. If we are not successful in our exploration and development activities or in acquiring properties containing reserves, our reserves will generally decline as reserves are produced. Our oil and natural gas production will be highly dependent upon our ability to economically find, develop or acquire reserves in commercial quantities.

Our future oil and natural gas reserves, production, and cash flows, if any, are highly dependent upon us successfully exploiting known gas resources and proving reserves. A future increase in our reserves will depend not only on our ability to flow economic rates of natural gas and potentially develop the reserves we may have from time to time, but also on our ability to select and acquire suitable producing properties or prospects and technologies for exploitation. There are no absolute guarantees that our future efforts will result in the economic development of natural gas.

To the extent cash flow from operations is reduced, either by a decrease in prevailing prices for oil and natural gas or an increase in finding and development costs, and external sources of capital become limited or unavailable, our ability to make the necessary capital investment to maintain or expand our asset base of oil and natural gas reserves would be impaired. Even with sufficient available capital, our future exploration and development activities may not result in additional reserves, and we might not be able to drill productive wells at acceptable costs.

The development of prospective resources is uncertain. In addition, there are no assurances that our resources will be converted to proved reserves.

As at December 31, 2020, all of our Bulgarian oil and gas resources are classified as prospective resources as are a significant portion of the SASB resources. There is significant uncertainty attached to prospective resource estimates relating to Bulgaria. The discovery, determination and exploitation of such resources require significant capital expenditures and successful drilling and exploration programs. We may not be able to raise the additional capital that we need to develop these resources. There is no certainty that we will be able to convert prospective resources into proved reserves or that these resources will be economically viable or technically feasible to produce.

The establishment of proved reserves is subjective and subject to many uncertainties.

In general, estimates of recoverable natural resources are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates, which have inherent uncertainties, and the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the recoverable natural resources, the classification of such resources based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially.

We could lose permits or licenses on certain of our properties unless the permits or licenses are extended or we commence production and convert the permits or licenses to production leases or concessions.

Our Turkey producing properties are held in the form of production leases. Initially, our Bulgarian property will be held in the form of a license agreement. Future properties may be held in the form of permits, leases and/or license agreements that contain expiration dates and specific requirements and stipulations. If our permits or licenses expire, we will lose our right to explore and develop the related properties. If we fail to meet specific requirements of the permits, leases and/or license agreements, we may be in breach and may lose our rights or be liable for damages. Our drilling plans for these areas are subject to change based upon various factors, including factors that are beyond our control. Such factors include drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

We are subject to political, economic and other risks and uncertainties in the foreign countries in which we operate.

Any international operations performed may expose us to greater risks than those associated with more developed markets. Due to our foreign operations, we are subject to the following issues and uncertainties that can adversely affect our operations in Bulgaria or other countries in which we may operate properties in the future:

- the risk of, and disruptions due to, expropriation, nationalization, war, revolution, election outcomes, economic instability, political instability, or border disputes;
- the uncertainty of local contractual terms, renegotiation or modification of existing contracts and enforcement of contractual terms in disputes before local courts;
- the risk of import, export and transportation regulations and tariffs, including boycotts and embargoes;
- the risk of not being able to procure residency and work permits for our expatriate personnel;
- the requirements or regulations imposed by local governments upon local suppliers or subcontractors, or being imposed in an unexpected and rapid manner;
- taxation and revenue policies, including royalty and tax increases, retroactive tax claims and the imposition of unexpected taxes or other payments on revenues;
- exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over foreign operations;
- laws and policies of the United States and of the other countries in which we may operate affecting foreign trade, taxation and investment, including anti-bribery and anti-corruption laws;

- 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.

There can be no assurance that changes in conditions or regulations in the future will not affect our profitability or ability to operate in such markets.

The Company will comply with regulations adopted in Bulgaria adopting a moratorium on fracture stimulation activities, and the inability to conduct such activities could result in increased costs and additional operating restrictions or delays.

Fracture stimulation is a commonly used process for the completion of oil and natural gas wells and involves the pressurized injection of water, sand and chemicals into rock formations to stimulate production. Recently, there has been increased public concern regarding the potential environmental impact of fracture stimulation activities. Bulgaria has adopted regulations banning all fracture stimulation activities in Bulgaria. Consequently, the Company will not conduct such activities in Bulgaria.

We are subject to foreign currency risks.

Oil and gas operations in Turkey will generate revenues in Turkish Lira, while expenses will be incurred in Turkish Lira or U.S. dollars. Gas production in Turkey will generate Turkish Lira. Oil and gas operations in Bulgaria will generate revenues in Bulgarian Leva, while expenses will be incurred in Bulgarian Leva, U.S. dollars or Euros. Gas production in Bulgaria will generate Bulgarian Leva. As a result, any fluctuations of these currencies may result in a change in reported revenues, if any, that our projects could generate if they commence production. Accordingly, our future financial results are subject to risk based on changes to foreign currency rates.

If we lose the services of our management and key consultants, then our plan of operations may be delayed.

Our success depends to a significant extent upon the continued service of our executive management, directors and consultants. Losing the services of one or more key individuals could have a material adverse effect on the Company's prospective business until replacements are found.

Drilling for and producing oil and natural gas are high-risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Our future success depends on the success of our exploration, development and production activities in our prospects. These activities will be subject to numerous risks beyond our control, including the risk that we will be unable to economically produce our reserves or be able to find commercially productive oil or natural gas reservoirs. Our decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project unprofitable. Further, many factors may curtail, delay or prevent drilling operations, including:

- unexpected drilling conditions;

- pressure or irregularities in geological formations;
- equipment failures or accidents;
- pipeline and processing interruptions or unavailability;
- title problems;
- adverse weather conditions;
- lack of market demand for oil and natural gas;
- delays imposed by, or resulting from, compliance with environmental laws and other regulatory requirements;
- declines in oil and natural gas prices; and
- shortages or delays in the availability of drilling rigs, equipment and qualified personnel.

Our future drilling activities might not be successful, and drilling success rates overall or within a particular area could decline. We could incur losses by drilling unproductive wells. Shut-in wells, curtailed production and other production interruptions may materially adversely affect our business, financial condition and results of operations.

Shortages of drilling rigs, equipment, oilfield services and qualified personnel could delay our exploration and development activities and increase the prices that we pay to obtain such drilling rigs, equipment, oilfield services and personnel.

Our industry is cyclical and, from time to time, there may be a shortage of drilling rigs, equipment, oilfield services and qualified personnel in countries in which we may operate in the future. Shortages of drilling and workover rigs, pipe and other equipment may occur as demand for drilling rigs and equipment increases, along with increases in the number of wells being drilled. These factors can also cause significant increases in costs for equipment, oilfield services and qualified personnel. Higher oil and natural gas prices generally stimulate demand and result in increased prices for drilling and workover rigs, crews and associated supplies, equipment and services. It is beyond our control and ability to predict whether these conditions will exist in the future and, if so, what their timing and duration will be. These types of shortages or price increases could significantly increase our costs, decrease our cash provided by operating activities, or restrict our ability to conduct the exploration and development activities that we currently have planned and budgeted or that we may plan in the future. In addition, the availability of drilling rigs can vary significantly from region to region at any particular time. An undersupply of drilling rigs in any of the regions in which we may operate may result in drilling delays and higher costs for drilling rigs.

A substantial or extended decline in oil and natural gas prices may adversely affect our ability to meet our future capital expenditure obligations and financial commitments.

Revenues, operating results and future rate of growth are substantially dependent upon the prevailing prices of, and demand for, oil and natural gas. Lower oil and natural gas prices may also reduce the amount of oil and natural gas that we will be able to produce economically. Historically, oil and natural gas prices and markets have been volatile, and they are likely to continue to be volatile in the future. The recent decline in oil prices has highlighted the volatility and if oil prices remain at this level for an extended period of time, such lower prices could adversely affect our business, financial condition, and results of operations.

A decrease in oil or natural gas prices will not only reduce revenues and profits but will also reduce the quantities of reserves that are commercially recoverable and may result in charges to earnings for impairment of the value of these assets. If oil or natural gas prices decline significantly for extended periods of time in the future, we might not be able to generate sufficient cash flow from operations to meet our obligations and make planned capital expenditures. Oil and natural gas prices are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control. Among the factors that could cause fluctuations are:

- market expectations regarding supply and demand for oil and natural gas;
- levels of production and other activities of the Organization of Petroleum Exporting Countries and other oil and natural gas producing nations;
- market expectations about future prices for oil and natural gas;
- the level of global oil and natural gas exploration, production activity and inventories;
- political conditions, including embargoes, in or affecting oil and natural gas production activities; and
- the price and availability of alternative fuels.

Lower oil and natural gas prices may not only decrease our revenues on a per unit basis, but also may reduce the amount of oil and natural gas that we will be able to produce economically. A substantial or extended decline in oil or natural gas prices may have a material adverse effect on our business, financial condition and results of operations.

We are subject to operating hazards.

The oil and natural gas exploration and production business involves a variety of operating risks, including the risk of fire, explosion, blowout, pipe failure, casing collapse, stuck tools, uncontrollable flows of oil or natural gas, abnormally pressured formations and environmental hazards such as oil spills, surface cratering, natural gas leaks, pipeline ruptures, discharges of toxic gases, underground migration, surface spills, mishandling of fracture stimulation fluids, including chemical additives, and natural disasters. The occurrence of any of these events could result in substantial losses to us due to injury and loss of life, loss of or damage to well bores and/or drilling or production equipment, costs of overcoming downhole problems, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Gathering systems and processing facilities are subject to many of the same hazards and any significant problems related to those facilities could adversely affect our ability to market our production.

Our oil and natural gas operations are subject to extensive and complex laws and government regulation, and compliance with existing and future laws may increase our costs or impair our operations.

Our oil and natural gas operations in countries in which we operate or may operate in the future will be subject to numerous laws and regulations, including those related to the environment, employment, immigration, labor, oil and natural gas exploration and development, payments to local, foreign and provincial officials, taxes and the repatriation of foreign earnings. If we fail to adhere to any applicable laws or regulations, or if such laws or regulations restrict exploration or production, or negatively affect the sale, of oil and natural gas, our business, prospects, results of operations, financial condition or cash flows may be impaired. We may be subject to governmental sanctions, such as fines or penalties, as well as potential liability for personal injury, property or natural resource damage and might be required to make significant capital expenditures to comply with federal, state or international laws or regulations. In addition, existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations, could adversely affect our business or operations, or substantially increase our costs and associated liabilities.

In addition, exploration for, and exploitation, production and sale of, oil and natural gas in countries in which we operate or may operate in the future are subject to extensive national and local laws and regulations requiring various licenses, permits and approvals from various governmental agencies. If these licenses or permits are not issued or unfavorable restrictions or conditions are imposed on our exploration or drilling activities, we might not be able to conduct our operations as planned. Alternatively, failure to comply with these laws and regulations, including the requirements of any licenses or permits, might result in the suspension or termination of operations and subject us to penalties. Our costs to comply with such laws, regulations, licenses and permits are significant.

Specifically, our oil and natural gas operations in countries in which we operate or may operate in the future will be subject to stringent laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in the imposition of administrative, civil and/or criminal penalties, incurring investigatory or remedial obligations and the imposition of injunctive relief.

Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. Although we intend to comply in all material respects with applicable environmental laws and regulations, there can be no assurance that we will be able to comply with existing or new regulations. In addition, the risk of accidental spills, leakages or other circumstances could expose us to extensive liability. We are unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially adversely increase our cost of doing business or affect operations in any area.

Under certain environmental laws that impose strict, joint and several liability, we may be required to remediate our contaminated properties regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were or were not in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property may result from environmental and other impacts of our operations. Moreover, new or modified environmental, health or safety laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. Therefore, the costs to comply with environmental, health or safety laws or regulations or the liabilities incurred in connection with them could significantly and adversely affect our business, financial condition or results of operations.

In addition, many countries have agreed to regulate emissions of “greenhouse gases.” Methane, a primary component of natural gas, and carbon dioxide, a by-product of burning of oil and natural gas, are greenhouse gases. Regulation of greenhouse gases could adversely impact some of our operations and demand for some of our services or products in the future.

Competition in the oil and natural gas industry for licenses 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..20.

We might not be able to obtain necessary permits, approvals or agreements from one or more government agencies, surface owners, or other third parties, which could hamper our exploration, development or production activities.

There are numerous permits, approvals, and agreements with third parties that will be necessary in order to enable us to proceed with our exploration, development or production activities and otherwise accomplish our objectives. The government agencies in international countries have discretion in interpreting various laws, regulations, and policies governing operations under licenses such as the license we are obtaining in Bulgaria. Further, we may be required to enter into agreements with private surface owners to obtain access to, and agreements for, the location of surface facilities. In addition, because many of the laws governing oil and natural gas operations in international countries have been enacted relatively recently, there is only a relatively short history of the government agencies handling and interpreting those laws, including the various regulations and policies relating to those laws. This short history does not provide extensive precedents or the level of certainty that allows us to predict whether such agencies will act favorably toward us. The governments have broad discretion to interpret requirements for the issuance of drilling permits. Our inability to meet any such requirements could have a material adverse effect on our exploration, development or production activities.

Risks Related to Our Common Stock

The value of our common stock may be affected by matters not related to our own operating performance.

The value of our common stock may be affected by matters that are not related to our operating performance and are outside of our control. These matters include the following:

- general economic conditions in the United States and globally;
- industry conditions, including fluctuations in the price of oil and natural gas;
- governmental regulation of the oil and natural gas industry, including environmental regulation and regulation of fracture stimulation activities;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in oil and natural gas operations;
- geological, technical, drilling and processing problems;
- unanticipated operating events that can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- worldwide supplies and prices of, and demand for, oil and natural gas;
- political conditions and developments in each of the countries in which we operate;
- political conditions in oil and natural gas producing regions;
- revenue and operating results failing to meet expectations in any particular period;

- investor perception of the oil and natural gas industry;
- limited trading volume of our common shares;
- announcements relating to our business or the business of our competitors;
- the sale of assets;
- our liquidity;
- our ability to raise additional funds; and
- the uncertain impact of the COVID-19 pandemic on our operations and the economy.

In the past, some companies that have experienced volatility in the trading price of their common stock have been the subject of securities class action litigation. We might become involved in securities class action litigation in the future. Such litigation often results in substantial costs and diversion of management's attention and resources and could have a material adverse effect on our business, financial condition and results of operation.

Investment in our common stock is speculative due to the nature of our business.

An investment in our common stock is speculative due to the nature of our involvement in the acquisition and exploration of oil and natural gas properties.

Our shareholders may experience dilution as a result of our issuance of additional common stock or the exercise of outstanding options and warrants.

We may enter into commitments in the future that would require the issuance of additional common stock. We may also grant additional share purchase warrants, restricted stock units or stock options. The exercise of share purchase warrants, restricted stock units or stock options and the subsequent resale of common stock in the public market could adversely affect the prevailing market price and our ability to raise equity capital in the future. Any stock issuances from our treasury will result in immediate dilution to existing shareholders.

We have never declared or paid cash dividends on our common stock.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our Board of Directors considers relevant. Accordingly, investors may only see a return on their investment if the value of our securities appreciates.

Our stock price is volatile.

Our common stock is traded on the OTC Bulletin Board and the OTCQB. There can be no assurance that an active public market will continue for our common stock, or that the market price for our common stock will not decline below its current price. Such price may be influenced by many factors, including, but not limited to, investor perception of us and our industry and general economic and market conditions. The trading price of our common stock could be subject to wide fluctuations in response to a variety of matters and market conditions.

Our common stock will be subject to the "Penny Stock" Rules of the SEC.

Our securities will be subject to the "penny stock rules" adopted pursuant to Section 15(g) of the Exchange Act. The penny stock rules apply generally to companies whose common stock trades at less than \$5.00 per share, subject to certain limited exemptions. Such rules require, among other things, that brokers who trade "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Some brokers have decided not to trade "penny stock" because of the requirements of the "penny stock rules" and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the "penny stock rules" for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the "penny stock rules," investors will find it more difficult to dispose of our securities.

A decline in the price of our common stock could affect our ability to raise further working capital and create additional dilution to existing shareholders upon any financings.

A decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise additional capital for our operations. Because our operations to date have been principally financed through the sale of equity securities, a decline in the price of our common stock could have an adverse effect upon our liquidity; and if we sell such equity securities at a lower price, such sales could cause excessive dilution to existing shareholders.

We may issue debt to acquire assets or for working capital.

From time to time our Company may enter into transactions to acquire assets or the stock of other companies or we may require funding for general and administrative purposes. These transactions may be financed partially or wholly with debt, which may increase our debt levels above industry standards. Our governing documents do not limit the amount of indebtedness that our Company may incur. The level of our indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

We may issue additional equity securities without the consent of shareholders. The issuance of any additional equity securities would further dilute our shareholders.

Our Board of Directors has the authority, without further action by the shareholders, to issue up to 250,000,000 shares of common stock authorized under our charter documents, of which 125,339,156 shares were issued and outstanding as of December 31, 2020. We may issue additional shares of common stock or other equity securities, including securities convertible into shares of common stock, in connection with capital raising activities. The issuance of additional common stock would also result in dilution to existing shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. PROPERTIES

Turkey Properties

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey (the "PPE Companies"). As a result of the acquisition of the PPE Companies, the Company now owns interests in three producing oil and gas fields in Turkey, one of which is offshore and the other two are onshore.

SASB

The primary asset of the PPE Turkey is the offshore production license called the South Akcakoca Sub-Basin ("SASB"). PPE Turkey owns a 49% working interest in SASB which 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.

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 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 gas discoveries in SASB that have not yet been developed. Also, there are several additional prospects defined by 3D seismic data.

As of December 31, 2020, there are four production wells over 4 platforms. 5 wells were drilled and tested and temporarily abandoned pending connection to production pipeline (“Undeveloped Discoveries”), several wells require workovers to restore production. The total gross acreage of the SASB is 12,385 hectares. There was no new drilling during the fiscal year, however, well maintenance has occurred.

Cendere

With the acquisition of the PPE Turkey, the Company also acquired a 19.6% interest in the Cendere field except three wells where the Company has a 9.8% interest, a producing oil field located in Central Turkey. At year-end 2020, the Cendere field was producing 150 barrels of oil per day, net to the PPE Turkey Companies; and averaged 118 barrels per day during 2020 net to the PPE Turkey.

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 Dardere 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.

Bakuk

A 50% operated interest in the shut-in Bakuk gas field located near the Syrian border.

Bulgarian Property

In October of 2010, the Company was awarded an exploration permit for the “Vranino 1-11 Block”, a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Counsel of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the “License Agreement”). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company’s work programs for the permit area. The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to approval of the Bulgarian regulatory authorities.

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.

Pursuant to the License Agreement, the Company is obligated to incur minimum costs during the initial term as follows:

- (i) \$925,000 for the Exploration and Geophysical Work Stage; and
- (ii) \$3,675,000 for the Data Evaluation and Drilling Stage.

In addition, during the term of the License Agreement, the Company is obligated to pay an annual land rental fee of 15,897 BGN (US \$9,814 based on the exchange rate of 0.62 Lev to U.S. Dollar as of March 3, 2021). The Company is permitted to commence limited production during the initial term of the License Agreement. Upon confirmation of a commercial discovery, the Company is entitled to convert the productive area of the license to an exploitation concession that may last for up to 35 years provided that the minimum work commitments are satisfied.

Before the license for the Bulgarian CBM project is “effective”, the Company’s overall work program and first year annual work program must be approved by both the Bulgarian environmental ministry and the energy ministry. On August 26, 2014, the Bulgarian environmental agency approved the Company’s overall work program and first year annual work program. The Company is in the process of obtaining an environmental impact study which is required for the work program to commence. This report is expected to be obtained later this year.

Reserves Reported to Other Agencies

We have not filed estimates of total in-place resources or proved oil and gas reserves with any other federal authority or agency in the United States, Canada, Turkey or Bulgaria at this time. Presently, we are not required to prepare an estimate with respect to the Bulgarian property because our license has not yet become effective. We will file such reports as and when required under applicable regulations after receiving the Bulgarian exploration permit.

Reserves

SUMMARY OF OIL AND GAS RESERVES AS OF FISCAL-YEAR END BASED ON AVERAGE FISCAL-YEAR PRICES

Reserves category	Reserves	
	Oil (mmbbls)	Natural gas (mmcf)
PROVED		
Developed:		
Turkey	233	
Undeveloped:		
Turkey	-	11,571
TOTAL PROVED	233	11,571
PROBABLE		
Developed:		
Turkey	70	
Undeveloped:		
Turkey	-	8,610
TOTAL PROVED AND PROBABLE	303	20,182
POSSIBLE		
Developed:		
Turkey	67	
Undeveloped:		
Turkey	-	11,073
TOTAL PROVED, PROBABLE AND POSSIBLE	370	31,255

An independent firm, GLJ Petroleum Consultants (GLJ or GLJ Consultants) completed an independent reserves assessment and evaluation of the oil and gas properties located in Turkey of Trillion Energy International Inc. The effective date of this evaluation is December 31, 2020. The evaluation was prepared in accordance with procedures and standards contained in the Canadian Oil and Gas Evaluation (COGE) Handbook.

Undeveloped Acreage

The following table sets forth the amounts of our undeveloped acreage as of December 31, 2020 as awarded in the Bulgarian License Agreement and Turkey Hakkari:

Area	Undeveloped Acreage ⁽¹⁾	
	Gross	Net
Bulgaria Vranino	98,205	98,205
Turkey, Hakkari	85,756	85,756
TOTAL	183,961	183,961

⁽¹⁾ Undeveloped acreage is considered to be those lease hectares on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves.

Present Activities

For SASB the Company is negotiating funding for development of the natural gas reserves and low risk resources on the license area to implement its 17 well drill program planned in stages. At present, the Company plans to commence operations in August 2021, at which time, two new wells and one well workover will occur. This will be followed by a three to four month break, where The Company is in discussions with offshore rig drilling companies to formalize the timing of the SASB development drilling program.

The Company continues to conduct workovers in the Cendere Field, which has resulted in increased production at its current net rate of 150 bopd or to improve same.

In Bulgaria, the Company has not commenced most of its work to evaluate the opportunity for the exploration of natural gas and planning future operations on the permit area. Our evaluation and analysis based on the data available to us is mostly complete. The Company recently completed an environmental baseline survey over the entire permit area. In addition, the Company has purchased one drill site to enable it to conduct its planned work programs once those work programs receive all required regulatory approvals. The Company has evaluated and identified at least one existing well for re-entry and several potential drilling locations for new wells.

ITEM 3. LEGAL PROCEEDINGS

We are not party to any material legal proceedings and, to our knowledge, no such proceedings are threatened or contemplated.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Shares of our common stock have been quoted on the OTC Bulletin Board since June 20, 2006 and the OTCQB since November 16, 2013, and presently trade under the symbol “PKPL”. Effective April 1, 2019, the Company changed its name from Park Place Energy Inc. (OTC: PKPL) to Trillion Energy International Inc. (OTC: TCFF). The Company’s new CUSIP is 89621V103.

2020	High Bid	Low Bid
4 th Quarter	\$ 0.090	\$ 0.048
3 rd Quarter	\$ 0.100	\$ 0.037
2 nd Quarter	\$ 0.080	\$ 0.026
1 st Quarter	\$ 0.100	\$ 0.023
2019		
4 th Quarter	\$ 0.104	\$ 0.060
3 rd Quarter	\$ 0.137	\$ 0.047
2 nd Quarter	\$ 0.239	\$ 0.075
1 st Quarter	\$ 0.183	\$ 0.033

Holdings

The number of record holders of our common stock, \$0.00001 par value, as of March 31, 2020, was approximately 1,150.

Dividends

We have not, since the date of our incorporation, declared or paid any dividends on our common stock. We anticipate that we will retain future earnings and other cash resources for the operation and development of our business for the foreseeable future. The payment of dividends in the future will depend on our earnings, if any, and our financial condition and such other factors as our Board of Directors considers appropriate.

Equity Compensation Plans

Long-Term Incentive Equity Plans

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.

During the years ended December 31, 2019, the Company issued 3,800,000 of stock options and 585,000 of restricted stock units (“RSUs”) under the 2013 Plan.

During the year ended December 31, 2020, the company issued 4,070,000 stock options, 34,130,133 warrants and 2,425,000 restricted stock units (“RSUs”).

The following table provides a summary of the number of securities to be issued upon exercise of outstanding stock options, warrants and RSU's as of December 31, 2020 under our equity compensation plan:

	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)
Equity compensation plans approved by security holders (2013 Plan)	11,900,000	\$ 0.11	Variable*
Warrants	35,865,312	\$ 0.10	Unrestricted*
Total	47,765,312		

*Subject to 10% rolling maximum more fully described in the 2013 Plan. As of March 31, 2021, the 10% rolling maximum is 14,398,782.

Recent Sales of Unregistered Securities

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during 2020 and 2019.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 7. 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
- Recent Accounting Pronouncements
- Forward-Looking Statements.

Our MD&A should be read in conjunction with our Consolidated Financial Statements and related Notes in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Executive Summary

Trillion Energy International Inc. is focused on its oil and gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

Turkey

The Company owns interests in the producing Cendere oil field and producing South Akcakoca Sub-Basin ("SASB") gas field in Turkey. 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 and 123 bopd (barrels oil per day) net to the Company.

The SASB field potentially holds significant upside through exploitation of reserves and resources where significant infrastructure is in place to realize same. At December 31, 2020, the gross gas production rate for the 3 producing wells in SASB was 0.738 MMcfd; the average daily 2020 gross production rate for the field was 1.07 MMcfd. At the end of February 2021, gas is currently sold at a price of approximately US\$5.72 per MCF. The low net back is a result of relatively lower production levels being incurred due to natural decline, down approximately 96% since peak production rates occurred during 2011, given no new wells have been drilled since 2011. The Company anticipates that as new wells come online, the netback will increase substantially as will production. The Company plans to drill the discovered undeveloped gas pools on to production as well as low risk prospective targets adjunct to the gas fields. The Company is in discussions with offshore rig drilling companies to determine cost and timing of the SASB development drilling program which is anticipated to commence in the third quarter of 2021.

Bulgaria License

In October of 2010, the Company was awarded an exploration permit for the “Vranino 1-11 Block”, a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Council of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the “License Agreement”). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company’s work programs for the permit area. The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to the approval of the Bulgarian regulatory authorities.

Bulgaria

Strategic Focus

Our focus currently is obtaining funding to produce our reserves in our oil and gas fields in Turkey, which we expect will generate significant cash-flow and profits for the Company. Further development is contingent upon receiving further funding, and our plan is to further develop the fields when funding is received. The SASB contains significant upside potential and is the focus of development in the near term.

Results of Operations

The following summary of our results of operations should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2020 and 2019, which are included herein.

Revenue

For the year ended December 31, 2020, the Company had oil and gas revenue of \$2,584,266, compared to \$3,915,799 for the year ended December 31, 2019. Oil and gas revenue denominated in Turkish Liras was ₺17,982,881 for the year ended December 31, 2020, compared to ₺22,244,942 for the year ended December 31, 2019. Production levels decreased by 6.6% year over year. Additionally, revenue also decreased due to the devaluation of the Turkish Lira compared to the U.S. dollar of approximately 18% over the comparable period.

Expenses

For the year ended December 31, 2020, the Company incurred production expenses related to its PPE Turkey operations of \$2,378,626 (2019 - \$2,593,180), depletion charges of \$239,002 (2019 - \$302,094), depreciation expense of \$37,633 (2019 - \$76,413) and asset retirement obligation accretion expense of \$377,197 (2019 - \$417,965). Accretion of asset retirement costs decreased by \$40,768 for the year ended December 31, 2020 primarily due to the decrease in the asset retirement obligation cost base from the revisions to SASB field on December 31, 2019. Depreciation decreased by \$38,780 for the year ended December 31, 2020 primarily due to the accelerated depreciation of leasehold improvements after terminating an office lease arrangement in the prior year. Production expenses and depletion charges decreased by \$214,554 and \$63,092, respectively, primarily due to devaluation of the Turkish Lira compared to the U.S. dollar of approximately 18% over the comparable period and decreased production levels from the prior year.

For the year ended December 31, 2020, the Company had stock-based compensation of \$410,555, compared to \$437,725 for the year ended December 31, 2019. The expense for the year ended December 31, 2020 included \$246,255 for the grant of 4,070,000 stock options under the 2013 Option Plan and \$164,300 for the grant and vesting of 2,425,000 RSU’s.

For the year ended December 31, 2020, the Company had general and administrative expenses of \$2,352,383, compared to \$1,781,860 for the year ended December 31, 2019. \$1,368,410 in expenses were from the North American head office. In general & administrative expenses in the North American operations, \$650,478 was for consulting and management fees, \$45,719 for legal and professional fees and \$137,934 for audit and financial services. Turkey general and administrative expenses accounted for \$977,183 of the total general and administrative for 2020.

Other Income (Expense)

For the year ended December 31, 2020, the Company had net other expenses of \$322,154, compared to other income of \$9,944 for the year ended December 31, 2019. For the year ended December 31, 2020, other income (expense) consisted primarily of the loss from the change in fair value of derivative liability, interest expense, and the provision for the loan receivable, partially offset by foreign exchange gain. For the year ended December 31, 2019, other income (expense) consisted primarily of interest expense and foreign exchange loss, partially offset by other income and interest income.

Net Loss

Our net loss for the year ended December 31, 2020 was \$3,533,284, compared to \$1,683,493 for the year ended December 31, 2019 for the reasons explained above.

Liquidity and Capital Resources

The following table summarizes our liquidity position as of December 31, 2020 and 2019.

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 202,712	\$ 863,017
Working capital (deficiency)	(1,057,725)	391,237
Total assets	6,487,261	7,297,185
Total liabilities	7,929,696	5,497,278
Stockholders' equity	(1,442,435)	1,799,907

Cash Used in Operating Activities

Net cash used in operating activities for the year ended December 31, 2020 was \$1,625,303, compared to \$176,317 cash used in operating activities for the year ended December 31, 2019. The current year loss of \$3,533,284 was offset by \$1,571,758 in net non-cash items and \$336,223 in changes in working capital items. This compares to a prior year loss of \$1,683,493, offset by \$1,323,960 in net non-cash items and \$535,850 in changes in working capital items.

Cash Used in Investing Activities

Net cash used for investing activities for the year ended December 31, 2020 was \$78,809, compared to \$48,064 used for the year ended December 31, 2019. Oil and gas properties expenditures decreased to \$5,084 from \$37,449 in 2019.

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.

Net cash provided by financing activities for the year ended December 31, 2020 was \$1,003,333, compared to \$113,843 for the year ended December 31, 2019. Cash provided by financing activities in the current year was mainly from the issuance of common shares, partially offset by repayment of loans payable. This compares to the prior year where cash provided by financing activities was from issuance of common stock, partially offset by repayment of loans payable.

Future Operating Requirements

Based on our current plan of operations we estimate that we will require approximately US\$9,000,000 to pursue our plan of operations over the next 12 months. We plan to spend approximately \$9,000,000 on drilling wells in SASB. We also plan to improve our working capital surplus by paying off accounts payable by \$500,000. We will require approximately \$500,000 for general and administrative expenses.

Subsequently, we plan to drill 15 more wells the timing of the drilling operations at our current interest (currently 49%), we project we will incur up to an additional \$16 to \$25 million in capital expenditures over the next 12 months to enable us to conduct such operations.

Over the next 12-24 months, we will require an additional \$10 million for drilling on SASB.

As of December 31, 2020, the Company had unrestricted cash of \$202,712. The Company is plans to raise additional capital to fund future exploration and 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.

Stock Based Compensation

We have a stock-based compensation plan covering our employees, consultants, and directors. See the Notes to the Consolidated Financial Statements.

Contractual Obligation and Commercial Commitments

See the Executive Summary of this MD&A relating to our commitment under the Bulgarian License.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) applied on a consistent basis. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management’s estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe that our critical accounting policies and estimates include the following:

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 land acquisition costs, geological and geophysical charges, carrying charges on non-productive properties and costs of drilling both productive and non-productive wells. General and administrative costs are not 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. Natural gas reserves and production are converted to equivalent barrels of crude oil based on relative energy content. 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 are 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 alter the rate of depletion and depreciation.

Stock-based compensation

The Company accounts for share-based compensation under the provisions of ASC 718 “Compensation – Stock Compensation”. ASC 718 requires that all stock-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. We use the Black-Scholes option-pricing model to estimate the fair value of the options on the date of each grant. The Black-Scholes option-pricing model utilizes highly subjective and complex assumptions to determine the fair value of stock-based compensation, including the option’s expected term and price volatility of the underlying stock.

Recent accounting pronouncements

A summary of recent accounting pronouncements is presented in Note 2 of our Annual Consolidated Financial Statements for the year ended December 31, 2020 within this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS

TRILLION ENERGY INTERNATIONAL INC.

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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, 2020 and 2019, 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, 2020 and 2019 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/ Harbourside CPA, LLP
(formerly Buckley Dodds, LLP)

We have served as the Company’s auditor since 2019

Vancouver, British Columbia
March 31, 2020

TRILLION ENERGY INTERNATIONAL INC.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 202,712	\$ 863,017
Account receivables	773,311	637,145
Prepaid expenses and deposits	24,302	30,035
Note receivable	-	50,671
Total current assets	<u>1,000,325</u>	<u>1,580,868</u>
Oil and gas properties, net	5,346,916	5,574,295
Property and equipment, net	128,257	45,116
Restricted cash	11,763	96,906
Total assets	<u>\$ 6,487,261</u>	<u>\$ 7,297,185</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,496,510	\$ 1,170,568
Loans payable - current	549,424	14,304
Operating lease liability - current	12,116	4,759
Total current liabilities	<u>2,058,050</u>	<u>1,189,631</u>
Asset retirement obligation	4,010,624	3,633,427
Loans payable	17,730	546,729
Convertible debt	11,027	48,033
Derivative liability	1,804,572	79,458
Lease liability	27,693	-
Total liabilities	<u>7,929,696</u>	<u>5,497,278</u>
Stockholders' equity:		
Common stock; authorized: 250,000,000 shares, par value \$0.00001; issued and outstanding: 125,339,156 shares	1,253	876
Additional paid-in capital	27,508,468	27,031,125
Stock subscriptions and stock to be issued	15,342	23,052
Accumulated other comprehensive loss	(490,172)	(311,104)
Accumulated deficit	<u>(28,477,326)</u>	<u>(24,944,042)</u>
Total stockholders' equity	<u>(1,442,435)</u>	<u>1,799,907</u>
Total liabilities and stockholders' equity	<u>\$ 6,487,261</u>	<u>\$ 7,297,185</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,	
	2020	2019
Revenue		
Oil and gas revenue	\$ 2,584,266	\$ 3,915,799
Cost and expenses		
Production	2,378,626	2,593,180
Depletion	239,002	302,094
Depreciation	37,633	76,413
Accretion of asset retirement obligation	377,197	417,965
Stock-based compensation	410,555	437,725
General and administrative	2,352,383	1,781,859
Total expenses	5,795,396	5,609,236
Loss before other income (expense)	(3,211,130)	(1,693,437)
Other income (expense)		
Provision for loan receivable	(54,008)	
Interest income	13,026	29,780
Interest expense	(85,100)	(44,628)
Accretion of convertible debt discount	(34,586)	(6,101)
Foreign exchange gain (loss)	58,196	(4,232)
Other income	2,513	60,637
Change in fair value of derivative liability	(199,789)	2,498
Gain (loss) on debt settlement	(22,406)	(28,010)
Total other income (expense)	(322,154)	9,944
Net loss	\$ (3,533,284)	\$ (1,683,493)
Loss per share, basic and diluted	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding basic and diluted	96,770,433	83,850,414
Other comprehensive loss		
Foreign currency translation adjustments	\$ (179,068)	\$ (180,444)
Comprehensive loss	\$ (3,712,352)	\$ (1,863,937)

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL 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, 2018	83,360,966	\$ 834	\$ 26,220,157	\$ 41,302	\$ (130,660)	\$ (23,260,549)	\$ 2,871,084
Issuance of common stock	439,423	4	56,438	(40,750)	-	-	15,692
Stock issued for debt settlement	3,393,434	34	339,309	-	-	-	339,343
Restricted stock unit grants and vesting	585,000	6	58,494	-	-	-	58,500
Stock-based compensation expense	-	-	379,225	-	-	-	379,225
Returned to treasury	(150,000)	(2)	(22,498)	22,500	-	-	-
Currency translation adjustment	-	-	-	-	(180,444)	-	(180,444)
Net loss	-	-	-	-	-	(1,683,493)	(1,683,493)
Balance, December 31, 2019	87,628,823	\$ 876	\$ 27,031,125	\$ 23,052	\$ (311,104)	\$ (24,944,042)	\$ 1,799,907
Issuance of common stock	24,804,666	248	56,968	(7,710)	-	-	49,506
Stock issued for debt settlement	7,502,334	75	8,165	-	-	-	8,240
Stock issued for services	2,485,000	25	6,238	-	-	-	6,263
Restricted stock unit grants and vesting	2,425,000	24	164,276	-	-	-	164,300
Stock-based compensation expense	-	-	246,255	-	-	-	246,255
Options exercised	320,000	3	19,652	-	-	-	19,655
Broker's warrant	-	-	(25,404)	-	-	-	(25,404)
Conversion of debentures	173,333	2	1,193	-	-	-	1,195
Currency translation adjustment	-	-	-	-	(179,068)	-	(179,068)
Net loss	-	-	-	-	-	(3,533,284)	(3,533,284)
Balance, December 31, 2020	125,339,156	1,253	27,508,468	15,342	(490,172)	(28,477,326)	(1,442,435)

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,	
	2020	2019
Operating activities:		
Net loss for the period	\$ (3,533,284)	\$ (1,683,493)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	410,555	437,725
Stock issued for services	114,491	-
Depletion	239,002	302,094
Depreciation	37,633	76,413
Accretion of asset retirement obligation	377,197	417,965
Accretion of convertible debt discount	34,586	6,101
Change in fair value of derivative liability	199,789	(2,498)
Unrealized foreign exchange loss	1,813	16,537
Accrued interest	80,278	41,613
Loss on settlement of debt	22,406	28,010
Provision for loan receivable	54,008	-
Changes in operating assets and liabilities:		
Accounts receivable	(234,969)	24,153
Prepaid expenses and deposits	5,733	266,792
Accounts payable and accrued liabilities	565,459	244,905
Net cash provided by (used in) operating activities	<u>(1,625,303)</u>	<u>176,317</u>
Investing activities:		
Property and equipment expenditures	(73,725)	(10,615)
Oil and gas properties expenditures	(5,084)	(37,449)
Net cash used in investing activities	<u>(78,809)</u>	<u>(48,064)</u>
Financing activities:		
Proceeds from stock subscriptions received	1,004,228	15,692
Proceeds from loans payable	83,651	46,283
Repayment of loans payable	(59,177)	(71,227)
Lease payments	(25,369)	-
Proceeds from convertible debt	-	123,095
Net cash provided by financing activities	<u>1,003,333</u>	<u>113,843</u>
Effect of exchange rate changes on cash and cash equivalents	(44,669)	(180,444)
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(745,448)</u>	<u>61,652</u>
Cash, cash equivalents and restricted cash, beginning of year	959,923	898,271
Cash, cash equivalents and restricted cash, end of year	<u>\$ 214,475</u>	<u>\$ 959,923</u>
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents, end of period	\$ 202,712	\$ 863,017
Restricted cash, end of period	11,763	96,906
Cash, cash equivalents and restricted cash, end of period	<u>\$ 214,475</u>	<u>\$ 959,923</u>
Non-cash investing and financing activities:		
Accounts payable and debt settled by issuance of shares	\$ 355,087	\$ 339,343
Initial recognition of right-of-use asset	\$ 57,919	\$ 4,759
Asset retirement revaluation	\$ -	\$ 810,667

See accompanying notes to consolidated financial statements

TRILLION ENERGY INTERNATIONAL INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(Expressed in U.S. dollars)

1. Organization

Trillion Energy International Inc. and its consolidated subsidiaries, (collectively referred to as the “Company”) is a U.S. based oil and gas exploration and production company. Effective April 10, 2020, our corporate headquarters moved from Suite 700, 838 West Hastings Street, Vancouver, B.C., Canada to Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:14, 06450, Oran, Cankaya, Ankara, Turkey. The Company also has a registered office in Canada and Bulgaria. The Company was incorporated in Delaware in 2015.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation and Going Concern

Consolidation

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 Park Place Energy Corp., Park Place Energy Inc., Park Place Energy Bermuda, BG Exploration EOOD, and Park Place Energy Turkey. All 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.

Going Concern

The Company has suffered recurring losses and negative cash flows from operations. 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.

The recent outbreak of the coronavirus, also known as “COVID-19”, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures has had an adverse impact on global economic conditions as well as on the Company’s business activities. The extent coronavirus has caused a modest drop in economic activity and oil and gas prices, due to reduced demand. The Company has implemented work from home measures for its employees in its offices in Canada and Turkey. The coronavirus has caused delay in realizing the Company’s funding efforts. To which the coronavirus may impact the Company’s business activities in the future will depend on future developments, such as the ultimate geographic spread of the disease, vaccine approvals and effectiveness, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are presently in the process of being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company’s plans moving forward.

(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, leases, convertible debt 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 Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). The Company adopted this standard using the 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 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 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) 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.

(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) Long-Lived Assets

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.

(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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, account receivables, note receivable, restricted cash and accounts payable and accrued liabilities approximate their fair values because of their immediate or short-term to maturity.

The carrying value of loans payable, operating lease liability and convertible debt, less any unamortized discounts, approximate their fair value due to minimal changes in interest rates and the Company’s credit risk since initial recognition.

The Company’s derivative liability is measured at its fair value at the end of each reporting period and is categorized as Level 2 in the fair value hierarchy.

(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, 2020, and 2019, 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, 2020 and 2019. 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 (loss). The functional currency of the Company’s Bulgarian operations is the Bulgarian Lev. The functional currency of the Company’s Turkish operations is 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.

The Company records restricted stock units at the grant date fair value and recognizes the related expense evenly over the vesting period. In circumstances where the restricted stock units vest on the date of grant, the expense would be immediately recognized on grant.

(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.

(o) New Accounting Pronouncements

Adopted in the Current Year

In June 2016, FASB issued ASU 2016-13, Measurement of Credit Loss on financial Instruments. ASU 2016 13 replaces the current incurred loss impairment methodology with the expected credit loss impairment model, which requires consideration of a broader range of reasonable and supportable information to estimate expected credit losses over the life of the instrument instead of only when losses are incurred. This standard applies to financial assets measured at amortized cost basis and investments in leases recognized by the lessor. The Company adopted ASU 2016-13 on January 1, 2020 with no impact on the interim condensed consolidated financial statements.

Other recent accounting pronouncements issued by 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 interim condensed consolidated financial statements.

3. 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.

4. Oil and Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2019	3,117,229	3,533,703	6,650,932
Expenditures	–	37,449	37,449
Asset retirement revaluation	–	(810,667)	(810,667)
Depletion	–	(302,094)	(302,094)
Foreign currency translation change	(1,325)	–	(1,325)
December 31, 2019	\$ 3,115,904	\$ 2,458,391	\$ 5,574,295
Expenditures	–	5,084	5,084
Depletion	–	(239,002)	(239,002)
Foreign currency translation change	6,539	–	6,539
December 31, 2020	3,122,443	2,224,473	5,346,916

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 118 bopd (barrels oil per day) net to the Company. During February 2021, the Company's average net oil was 139 bopd at 96% water cut.

At December 31, 2020, the Cendere field was producing 150 barrels of oil per day, net to the PPE Turkey Companies; and averaged 118 barrels of oil equivalent per day during 2020 net to the PPE Turkey Companies. The field started to produce water during the first year of production. As of February 28, 2021, 20.88MMbbls of oil have been produced from the Cendere Field.

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. 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.

5. Property and equipment

	Right-of-use asset	Leasehold improvements	Other equipment	Total
January 1, 2019	\$ –	44,476	61,679	106,155
Adoption of Topic 842	50,065	–	–	50,065
Additions	19,193	–	–	19,193
Depreciation	(16,839)	(44,476)	(15,098)	(76,413)
Disposals	(47,660)	–	–	(47,660)
Foreign currency translation change	–	–	(6,224)	(6,224)
December 31, 2019	4,759	\$ –	\$ 40,357	\$ 45,116
Additions	57,919	85,319	387	143,625
Depreciation	(11,999)	(17,064)	(8,570)	(37,633)
Disposals	–	–	(11,981)	(11,981)
Foreign currency translation change	(10,870)	–	–	(10,870)
December 31, 2020	\$ 39,809	68,255	20,193	128,257

6. Note Receivable

In April 2015, the Company loaned BGN 92,667 (\$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 (\$625,000 at December 31, 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 December 31, 2020, due to the uncertainty around the collectability of the loan, the entire amount has been provisioned for and the Company recognized a loss of \$54,008.

7. Loans Payable

As at	December 31, 2020	December 31, 2019
Unsecured, interest bearing loans at 10% per annum	\$ 184,235	\$ 317,981
Unsecured, interest bearing loans at 12% per annum	309,806	141,914
Unsecured, interest bearing loan at 13.25% per annum	41,533	–
Unsecured, interest bearing loan at 20.5% per annum	25,625	46,283
Non-interest bearing loans	5,955	54,855
Total loans payable	567,154	561,033
Current portion of loans payable	(549,424)	(14,304)
Long term portion of loans payable	\$ 17,730	\$ 546,729

Loans bearing interest, accrue at 10% and 12% per annum are all unsecured.

On August 2, 2019, Garanti Bank extended a long-term loan to Park Place Turkey Limited in the amount of £300,000 (or approximately \$53,600). The loan matures on August 2, 2022 and bears interest at 20.5% per annum. Principal and accrued interest are paid monthly.

On February 4, 2020, Garanti Bank extended a long-term loan to Park Place Turkey Limited in the amount of £500,000 (or approximately \$83,500). The loan matures on February 4, 2022 and bears interest at 13.25% per annum. Principal and accrued interest are paid monthly.

8. Leases

The Company leases certain assets under lease agreements. On January 1, 2020, the Company entered into a one-year lease for office space, which the Company elected the short-term lease measurement and recognition exemption. On January 3, 2020, the Company entered into a five-year lease for an office space that was classified as an operating lease on recognition.

During the year ended December 31, 2020, the Company recognized operating lease expense of \$20,279 (2019 – \$20,279), which is included in general and administrative expenses. As of December 31, 2020, the Company’s leases had a weighted average remaining lease term of 4 years. Operating right-of-use assets have been included within property and equipment as follows:

Right-of-use asset	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Beginning balance	\$ 4,759	\$ -
Additions, cost	57,919	18,345
Accumulated amortization	(11,999)	(13,586)
Foreign exchange	(10,870)	
Net book value	<u>\$ 39,809</u>	<u>\$ 4,759</u>

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.

As at December 31, 2020, the Company’s lease liability is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current portion of operating lease liability	\$ 12,116	\$ 4,759
Long-term portion of operating lease liabilities	27,693	-
Total future minimum lease payments and total lease liability	<u>\$ 39,809</u>	<u>\$ 4,759</u>

Future minimum lease payments to be paid by the Company as a lessee as of December 31, 2020 are as follows:

Operating lease commitments and lease liability	<u>December 31, 2020</u>
2021	12,116
2022	12,116
2023	12,116
2024	12,116
Total future minimum lease payments	<u>48,464</u>
Discount	(8,655)
Total	<u>39,809</u>

9. 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. 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Asset retirement obligations at beginning of year	\$ 3,633,427	\$ 4,026,129
Accretion expense	377,197	417,965
Change in estimate	-	(810,667)
Asset retirement obligations at end of year	<u>\$ 4,010,624</u>	<u>\$ 3,633,427</u>

10. Convertible Debentures

On September 30, 2019, the Company closed an unbrokered private placement of convertible debt, issuing \$123,095 (\$163,000 CAD) in debentures to two investors. The convertible debentures bear interest at 10% per annum, payable annually in advance. They are convertible any time during the term of the debenture into units (each unit consists of one share and one warrant; each warrant can acquire one share at an exercise price of \$0.20 USD or \$0.25 CAD per share, based on the currency initially subscribed) at a conversion price of \$0.12 USD or \$0.15 CAD per unit, based on the currency initially subscribed. The convertible debt matures on September 30, 2021 and is secured by a general security agreement over the assets of the Company.

As the September 30, 2019 convertible debt included an embedded conversion feature denominated in Canadian dollars, the debt was determined to be a financial instrument comprising an embedded derivative representing the conversion feature with a residual host debt component. On initial recognition, the Company used the residual value method to allocate the principal amount of the debentures between the embedded derivative conversion feature and host debt components. The conversion feature was valued first with the residual allocated to the host debt component.

On initial recognition of the convertible debt granted on September 30, 2019, the Company recognized a derivative liability of \$81,956 and an offsetting convertible debt discount of \$81,956.

On July 1, 2020, the Company amended the conversion price of the convertible debentures. Under the amended terms, they are convertible any time during the term of the debenture into units (each unit consists of one share and one warrant; each warrant can acquire one share at an exercise price of \$0.12 CAD per share, or approximately US\$0.09 per share) at a conversion price of \$0.075 CAD per unit (approximately US\$0.06 per unit). In accordance with ASC 470-50-40-10, the carrying value of the debt of \$90,264 was considered to be extinguished and a new issuance of \$120,295 was recognized. A loss of \$30,031 was recognized on the extinguishment.

On initial recognition of the convertible debt amended on July 1, 2020, the Company recognized a derivative liability of \$132,184 and an offsetting convertible debt discount of \$120,295. As the fair value of the derivative liability is higher than the carrying value of the debt of \$120,095, the difference has been recognized as a loss on the extinguishment of the debt of \$11,889.

On September 15, 2020, debt in the principal amount of \$9,870 (\$13,000 CAD) was converted by the holder to 173,333 units with a fair value of \$8,840. The Company recognized a loss on the conversion of the debt of \$1,030 and a derivative liability of \$7,647 for the warrants attached to the units.

The fair value of the conversion features was determined based on the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2020
Risk-free interest rate	0.13%
Expected life (years)	1.01
Expected volatility	228%
Dividend yield	0%

A continuity of convertible debt and the embedded derivative conversion feature for the year ended December 31, 2020 is as follows:

	Host debt instrument	Embedded conversion feature	Total
Balance, January 1, 2019	\$ -	\$ -	\$ -
Issued during the period	123,095	-	123,095
Allocated to derivative	(81,956)	81,956	-
Accretion	6,101	-	6,101
Change in fair value of derivative	-	(2,498)	(2,498)
Foreign currency translation change	793	-	793
Balance, December 31, 2019	\$ 48,033	\$ 79,458	\$ 127,491
Extinguished during the period	(60,213)	(30,051)	(90,264)
Re-issued during the year	120,295	-	120,295
Allocated to derivative	(120,295)	120,295	-
Accretion	34,586	-	34,586
Change in fair value of derivative	-	(81,713)	(81,713)
Conversion	(9,870)	(7,647)	(17,517)
Foreign currency translation change	(1,509)	-	(1,509)
Balance December 31, 2020	11,027	80,342	91,369

11. Common Stock

For the year ended December 31, 2020

On June 19, 2020 the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$720,000 CAD (approximately US\$529,968) (the "Offering"). Under the Offering, the Corporation issued an aggregate of 14,400,000 units ("Units"), at a price of \$0.05 CAD per Unit (approximately US\$0.04 per Unit). Each Unit was comprised of one common share in the capital of the Corporation (each a "Common Share") and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (approximately US\$0.09) for a period of 24 months from the closing date. In addition, with the Offering, the Corporation settled a total of \$30,000 CAD (US\$22,115) in outstanding debt through the issuance to certain creditors of 600,000 Units, at a price of \$0.05 CAD per Unit (the "Debt Settlement"). Each Unit issued in the Debt Settlement consists of one Common Share and one Warrant under the same terms as the Offering.

On July 31, 2020 the Company closed a non-brokered private placement financing, by:

- issuing 933,333 units for cash at a price of \$0.06 CAD per unit (approximately US\$0.04 per unit), for proceeds of \$56,000 CAD (US\$41,298);
- issuing 2,050,000 Units for services, valued at US\$91,779; and
- issuing 6,202,334 Units for debt settlement of US\$277,289.

Each unit was comprised of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (approximately US\$0.09) for a period of 24 months from the closing date.

On July 31, 2020, the Company granted 525,000 restricted share units which vested immediately. In connection with the grant, 525,000 Common Shares with a fair value of \$29,400 were issued.

On September 4, 2020, the Company closed a private placement of 3,601,333 units at \$0.06 CAD per unit, for gross proceeds of \$216,080 CAD (approximately US\$156,538). Each unit consists of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (or US\$0.09) for a period of 24 months from the closing date. In connection with the private placement, the Company issued 149,800 broker warrants with a fair value of \$7,117. The broker warrants have the same terms as the warrants attached to the units.

On September 15, 2020, the Company issued 173,333 units with a fair value of \$11,644 in settlement of convertible debt of \$9,870. Each unit consists of one share and one warrant; each warrant can acquire one share at an exercise price of \$0.12 CAD per share, or approximately US\$0.09 per share.

On November 17, 2020, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$222,600 CAD (approximately US\$170,875) (the "November Offering"). Under the November Offering, the Corporation issued an aggregate of 3,710,000 units, at a price of \$0.06 CAD per unit (approximately US\$0.04 per unit). Each unit was comprised of one Common Share and one warrant. Each warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (approximately US\$0.09) for a period of 24 months from the closing date. In addition, the Company settled a total of \$18,000 (US\$14,140) in outstanding debt through the issuance to a creditor of 300,000 units, at a price of \$0.06 per unit. Each unit issued in the Debt Settlement consists of one Common Share and one warrant under the same terms as the November Offering.

On November 17, 2020, the Company granted 1,900,000 restricted share units which vested immediately. In connection with the grant, 1,900,000 Common Shares with a fair value of \$134,900 were issued.

On December 10, 2020, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$30,000 CAD (approximately US\$23,566) (the "December Offering"). Under the December Offering, the Corporation issued an aggregate of 500,000 units, at a price of \$0.06 CAD per unit (approximately US\$0.04 per unit). Each unit was comprised of one Common Share and one warrant. Each warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (approximately US\$0.09) for a period of 30 months from the closing date. In addition, with the December Offering, the Corporation issued 35,000 units valued at \$2,100 CAD (US\$1,650), at a price of \$0.06 CAD per unit, for services. Each unit issued for services consists of one Common Share and one warrant under the same terms as the December Offering.

On December 17, 2020, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$116,200 CAD (US\$89,217) (the “December 17 Offering”). Under the December 17 Offering, the Company issued an aggregate of 1,660,000 units, at a price of \$0.07 CAD per unit (approximately US\$0.05 per unit). Each unit was comprised of one Common Share and one-half warrant. Each warrant entitles the holder to purchase one Common Share at a price of \$0.12 CAD (approximately US\$0.09) for a period of 30 months from the closing date. In addition, with the December 17 Offering, the Company settled a total of \$28,000 CAD (US\$21,498) in outstanding debt through the issuance to a creditor of 400,000 units, at a price of \$0.07 CAD per unit. In addition to this, the Company also issued 400,000 units at a price of \$0.07 CAD per unit, for services valued at \$28,000 CAD (US\$21,498). Each unit issued in the Debt Settlement and issued for services consists of one Common Share and one-half of warrant under the same terms as the December 17 Offering. In connection with the December 17 Offering, the Company issued 245,000 broker warrants with a fair value of \$18,287. The broker warrants have the same terms as the warrants attached to the units.

On December 17, 2020, the Company issued 320,000 for the exercise of stock options. In lieu of cash, the Company settled \$19,655 of outstanding debt.

For the year ended December 31, 2019

On February 15, 2019, the Company issued 112,500 units at \$0.10 per unit for gross proceeds of \$11,250, pursuant to a private placement which closed on November 12, 2018, and included in stock subscriptions and to be issued as of December 31, 2018. Each unit consisted of one common share and ½ of one share purchase warrant, 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 units at \$0.15 per unit for gross proceeds of \$22,500, pursuant to a private placement which closed on November 12, 2018, of which \$8,000 was cash and \$14,500 was included in stock subscriptions and to be issued as of December 31, 2018. Each unit consisted of one common share and one share purchase warrant, 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. On July 19, 2019, the Company retired these 150,000 common shares as the incorrect number of shares were issued. The correct amount of 100,000 of shares and warrants was re-issued on July 23, 2019 for \$15,000. The \$22,500 was transferred back to ‘stock subscriptions and stock to be issued’. As a result, at September 30, 2019, \$7,500 remains in stock to be issued.

On September 30, 2019, the Company closed a private placement of 76,923 units for gross proceeds of \$7,692 which was received in cash. Each unit consists of one common share and ½ of one share purchase warrant, resulting in the issuance of 38,462 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 September 30, 2019, the Company issued 3,393,434 units for a total of \$339,343. These units were issued to related parties (Note 16) and were used to reduce accounts payable owed to these parties. There was no gain or loss in the settlement of these accounts payable. Each unit consists of one common share and ½ of one share purchase warrant, resulting in the issuance of 1,696,717 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.

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, 2020 and 2019 is presented below:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2018	4,565,000	0.13
Granted	3,800,000	0.13
Expired	(115,000)	0.10
Outstanding, December 31, 2019	8,250,000	\$ 0.13
Granted	4,070,000	0.07
Exercised	(320,000)	0.06
Expired	(100,000)	0.19
Outstanding, December 31, 2020	11,900,000	0.11

At December 31, 2020, the Company had the following outstanding stock options:

Outstanding	Exercise Price	Expiry Date	Vested
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
3,800,000	\$ 0.12	September 19, 2024	3,800,000
2,150,000	\$ 0.06	July 13, 2025	2,150,000
1,600,000	\$ 0.08	December 17, 2022	1,600,000
11,900,000			11,900,000

As at December 31, 2020, the weighted average remaining contractual life of outstanding stock options is 3.02 years. The aggregate intrinsic value of the stock options at December 31, 2020 is \$Nil (2019 - \$Nil).

For the year ended December 31, 2020, the Company recognized \$246,255 (2019 - \$379,225) in stock-based compensation expense for options granted and vested. At December 31, 2020 and 2019, the Company has no unrecognized compensation expense related to stock options.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.17%	1.61%
Expected life (years)	3.5	5.00
Expected volatility	255%	278%
Dividend yield	0%	0%
Weighted average fair value per share	\$ 0.10	\$ 0.12

13. Warrants

A continuity of the Company's outstanding share purchase warrants for the years ended December 31, 2020 and 2019 is presented below:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2018	17,498,532	0.25
Issued	1,891,429	0.30
Outstanding, December 31, 2019	19,389,961	\$ 0.26
Issued	34,130,133	0.09
Expired	(17,654,782)	0.25
Outstanding, December 31, 2020	<u>35,865,312</u>	<u>0.10</u>

At December 31, 2020, the Company had the following outstanding share purchase warrants:

Outstanding	Exercise Price	Expiry Date
38,462	0.30	May 1, 2021
1,696,717	0.30	September 30, 2021
15,000,000	0.09	June 19, 2022
9,185,667	0.09	July 31, 2022
3,751,133	0.09	September 4, 2022
173,333	0.09	September 15, 2022
4,010,000	0.09	November 17, 2022
535,000	0.09	June 10, 2023
1,230,000	0.15	June 17, 2023
245,000	0.16	June 17, 2023
<u>35,865,312</u>	-	

As at December 31, 2020, the weighted average remaining contractual life of outstanding warrants is 1.59 years.

On June 19, 2020, in connection with a private placement and debt settlement, the Company issued 15,000,000 warrants with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$520,941 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 282%, risk-free interest rate - 0.19% and an expected remaining life - 2.0 years.

On July 31, 2020, in connection with a private placement, debt settlement, and units issued for services, the Company issued 9,185,667 warrants with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$410,666 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 260%, risk-free interest rate - 0.11% and an expected remaining life - 2.0 years.

On September 4, 2020, in connection with a private placement, the Company issued 3,751,133 warrants, of which 149,800 were broker warrants, with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$163,621 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 260%, risk-free interest rate - 0.13% and an expected remaining life - 2.0 years.

On September 4, 2020, in connection with the conversion of convertible debt, the Company issued 173,333 warrants with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$7,647 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 231%, risk-free interest rate - 0.13% and an expected remaining life - 2.0 years.

On November 17, 2020, in connection with a private placement and debt settlement, the Company issued 4,010,000 warrants with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$185,012 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 251%, risk-free interest rate - 0.22% and an expected remaining life - 2.0 years.

On December 10, 2020, in connection with a private placement units issued for services, the Company issued 535,000 warrants with an exercise price of \$0.12 CAD (approximately US\$0.09) per warrant and a contractual life of 2.5 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$25,211 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 250%, risk-free interest rate - 0.17% and an expected remaining life - 2.5 years.

On December 17, 2020, in connection with a private placement, debt settlement and units issued for services, the Company issued 1,475,000 warrants, of which 245,000 were broker warrants, with an exercise price of \$0.20 CAD (approximately US\$0.16) per warrant and a contractual life of 3 years. As the warrants have an exercise price denominated in a currency other than the Company's functional currency, they are derivative financial instruments measured at fair value at the end of each reporting period. The fair value of the derivative warrants on issuance was determined to be \$110,098 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 250%, risk-free interest rate - 0.19% and an expected remaining life - 2.5 years.

The following is a continuity of the Company's derivative warrant liability:

	Total
Balance, January 1 and December 31, 2019	\$ 79,458
Issued during the period	1,924,903
Change in fair value of derivative	(199,789)
Balance, December 31, 2020	<u>\$ 1,804,572</u>

14. Restricted Stock Units

During the year ended December 31, 2020, the Company granted 2,425,000 (2019 - 585,000) restricted stock units (“RSUs”) as consideration for management and consulting contracts. The RSUs were valued at \$164,300 (2019 - \$58,500) based on the fair market value of the closing price of the common stock of the Company at the grant date and are recognized evenly over the vesting period. Within 30 days of vesting, the RSUs are exchanged for shares of common stock of the Company.

For the year ended December 31, 2020, the Company recognized \$164,300 (2019 - \$58,500) in stock-based compensation expense for RSUs granted and vested. At December 31, 2020 and 2019, the Company has no unrecognized compensation expense related to RSUs.

	Number of restricted stock units	Weighted average fair value per award
Balance, December 31, 2018	–	–
Granted	585,500	0.10
Vested	(585,500)	0.10
Balance, December 31, 2019	–	\$ –
Granted	2,425,000	0.07
Vested	(2,425,000)	0.07
Balance, December 31, 2020	–	–

15. Related Party Transactions

At December 31, 2020, accounts payable and accrued liabilities included \$117,000 (2019 - \$58,438) due to related parties. The amounts are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2020, management fees of \$502,452 (2019 - \$482,429) and director fees of \$12,769 were incurred to related parties.

During the year ended December 31, 2020, the Company issued 3,060,000 units for the settlement of accounts payable owed to related parties in the amount of \$183,600 CAD (US\$135,415), resulting in no gain or loss. Refer to Note 12.

16. Segment Information

During the years ended December 31, 2020 and 2019, 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, 2020

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and natural gas sales	\$ –	\$ –	\$ 2,584,266	\$ 2,584,266
			2,584,266	2,584,266
Cost and expenses				
Production	–	–	2,378,626	2,378,626
Depletion	–	–	239,002	239,002
Depreciation	–	–	37,633	37,633
Accretion of asset retirement obligation	–	–	377,197	377,197
Stock-based compensation	–	410,555	–	410,555
General and administrative	6,791	1,368,410	977,182	2,352,383
Total (recovery) expenses	\$ 6,791	\$ 1,778,965	\$ 4,009,640	\$ 5,795,396
Income (loss) before other income (expenses)	\$ (6,791)	\$ (1,778,965)	\$ (1,425,374)	\$ (3,211,130)
Other income (expenses)				
Interest income	–	–	13,026	13,026
Interest expense	(172)	(70,075)	(14,853)	(85,100)
Accretion of convertible debt discount	–	(34,586)	–	(34,586)
Other income (expense)	2,513	–	–	2,513
Foreign exchange gain (loss)	(3,576)	(1,644)	63,416	58,196
Loss on debt settlement	–	(22,406)	–	(22,406)
Change in fair value of derivative liability	–	(199,789)	–	(199,789)
Provision for loan receivable	(54,008)	–	–	(54,008)
Total other income (expense)	\$ (55,243)	\$ (328,500)	\$ 61,589	\$ (322,154)
Net income (loss)	\$ (62,034)	\$ (2,107,465)	\$ (1,363,785)	\$ (3,533,284)
Long-lived assets	\$ 3,122,443	\$ –	\$ 2,364,493	\$ 5,486,936

For the year ended December 31, 2019

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and natural gas sales	\$ –	\$ –	\$ 3,915,799	\$ 3,915,799
Cost and expenses				
Production	–	–	2,593,180	2,593,180
Depletion	–	–	302,094	302,094
Depreciation	–	–	76,413	85,633
Accretion of asset retirement obligation	–	–	417,965	417,965
Stock-based compensation	–	437,725	–	437,725
General and administrative	(748)	712,872	1,069,735	1,781,859
Total (recovery) expenses	\$ (748)	\$ 1,150,597	\$ 4,459,387	\$ 5,609,236
Income (loss) before other income (expenses)	\$ 748	\$ (1,150,597)	\$ (543,588)	\$ (1,693,437)
Other income (expenses)				
Interest income	–	–	29,780	29,780
Interest expense	–	(44,628)	–	(44,628)
Accretion of convertible debt discount	–	(6,101)	–	(6,101)
Other income (expense)	–	–	60,637	60,637
Foreign exchange gain (loss)	–	(16,537)	12,305	(4,232)
Loss on debt settlement	–	(28,010)	–	(28,010)
Change in fair value of derivative liability	–	2,498	–	2,498
Total other income (expense)	\$ –	\$ (92,778)	\$ 102,722	\$ 9,944
Net income (loss)	\$ 748	\$ (1,243,375)	\$ (440,866)	\$ (1,683,493)
Long-lived assets	\$ 3,155,904	\$ –	\$ 2,560,413	\$ 5,716,317

17. Income Taxes

The Company has net operating losses carried forward of \$21,364,582 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 2020 (2019 - 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:

	2020	2019
Benefit at statutory rate	\$ (741,990)	\$ (353,534)
Permanent differences and other	(86,216)	(91,922)
Valuation allowance change	828,206	445,456
Income tax provision	<u>\$ —</u>	<u>\$ —</u>

The significant components of deferred income tax assets and liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019
Net operating losses carried forward	\$ 4,486,562	\$ 3,744,572
Oil and gas properties	77,556	77,556
Stock compensation expense	1,228,834	1,142,618
Other	233	233
Total deferred income tax assets	5,793,185	4,964,979
Valuation allowance	(5,793,185)	(4,964,979)
Net deferred income tax asset	<u>\$ —</u>	<u>\$ —</u>

18. Subsequent Events

On March 8, 2021 we closed a non-brokered private placement offering in Canada (the "Canadian Offering") at a price of CAD \$0.06 per each Unit. Each Unit is comprised of one (1) common share of the Company (the "Common Shares" and each a "Common Share") and a warrant to purchase one-half of one (1/2) Common Share (the "Warrants" and each a "Warrant"). A Warrant to purchase one (1) Common Share entitles the holder to purchase one Common Share at a price of CAD \$0.10 for a period of 24 months from the closing of the Canadian Offering. 8,015,832 Units were sold in the Canadian Offering which generated gross proceeds of CAD \$480,950 (USD \$384,760).

On March 8, 2021, the Company also closed a non-brokered private placement offering in the U.S. (the "U.S. Offering") at a price of USD \$0.05 per each Unit. Each Unit is comprised of one (1) Common Share and a warrant to purchase one-half of one (1/2) Common Share (the "Warrants" and each a "Warrant"). A Warrant to purchase one (1) Common Share entitles the holder to purchase one Common Share at a price of USD \$0.08 for a period of 24 months from the closing date of the U.S. Offering. 4,716,160 Units were sold in the U.S. Offering which generated gross proceeds of USD \$235,808.

On March 8, 2021, the Company settled a total of CAD \$265,000 (USD \$212,000) in outstanding debt through the issuance to certain creditors of 4,416,667 debt units (the "Debt Units" and each a "Debt Unit"), at a price of CAD \$0.06 per Debt Unit (the "Debt Settlement"). Each Debt Unit issued in the Debt Settlement consists of one (1) Common Share and a warrant to purchase one (1) Common Share (the "Warrants" and each a "Warrant"). A Warrant to purchase one (1) Common Share entitles the holder to purchase one Common Share at a price of CAD \$0.10 for a period of 24 months from the date of entry into the Debt Settlement.

On March 8, debt in the principal amount of \$85,410 (\$112,500 CAD) was converted by the holder to 1,500,000 units. Each unit consists of one share and one warrant; each warrant can acquire one share at an exercise price of \$0.12 CAD per share, (approximately US\$0.09 per share) at a conversion price of \$0.075 CAD per unit (approximately US\$0.06 per unit).

On March 8, 2021, the Company entered into a loan agreement (the "Loan Agreement") in respect of a loan with an arm's length third party (the "Lender") in the amount of USD \$500,000 (the "Loan"). The Loan has a term of one (1) years from the disbursement date under the Loan (the "Maturity Date") and shall bear interest at a rate of 15% per annum. Pursuant to the terms of the Loan Agreement the Company may prepay the Loan in whole or in part without any notice or penalty, except that in the event the Company repays the Loan prior to the Maturity Date, the interest paid by the Company to the Lender shall equal no less than USD \$37,500 (the "Minimum Interest"). If the Company has not paid the Minimum Interest, such amount shall be paid to the Lender to provide the Lender with an interest total equal to the Minimum Interest. In the event the Borrower has already paid the Minimum Interest amount at the time of repayment, no further interest payment shall be necessary other than amounts accrued pursuant to the Loan. In connection with the Loan Agreement, the Company issued 1,000,000 common share purchase warrants to the lender, exercisable at \$0.16 per warrant for a period of two years.

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 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 2020 and 2019. 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		
2020	\$ 42.00	\$ 2.03
2019	\$ 66.21	\$ 3.07

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, 2020	204,000	10,100,000	1,887,333
Purchased	–	–	–
Production	(43,209)	(128,223)	(64,580)
Revisions of estimates	30,209	153,223	55,746
December 31, 2020	191,000	10,125,000	1,878,500
Proved developed reserves			
December 31, 2020			
Proved developed producing	191,000	10,125,000	1,878,500
Proved developed non-producing	–	–	–
Total	191,000	10,125,000	1,878,500
Proved producing reserves			
January 1, 2019	152,574	933,751	308,199
Purchased	–	–	–
Production	(46,262)	(137,392)	(69,161)
Revisions of estimates	97,688	9,303,641	1,648,295
December 31, 2019	204,000	10,100,000	1,887,333
Proved developed reserves			
December 31, 2019			
Proved developed producing	204,000	10,100,000	1,887,333
Proved developed non-producing	–	–	–
Total	204,000	10,100,000	1,887,333

Standardized measure of discounted future net cash flows

The Standardized Measure relating to estimated proved reserves as of December 31, 2020 is shown in the table below. In our calculation of Standardized Measure, we have utilized statutory tax rates of 22% 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, (in thousands)	2020	2019
Future cash inflows	84,275	\$ 101,433
Future production costs	(17,100)	(19,751)
Future development costs	(22,874)	(23,383)
Future income tax expense	(14,778)	(11,364)
Future net cash flows	29,523	46,935
10% annual discount for estimated timing of cash flows	(2,721)	(11,641)
Standardized measure of discounted future net cash flows related to proved reserves	\$ 26,802	\$ 35,294

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)	2020	2019
Balance, beginning of period	35,294	3,785
Additions during the year	–	–
Net change in sales and transfer prices and in production (lifting) costs related to future production	(12,675)	29,616
Changes in estimated future development costs	170	(19,481)
Sales and transfers of oil and gas produced during the period	(81,682)	(1,311)
Previously estimated development costs incurred during the period	–	–
Net change due to revisions in quantity estimates	1,881	27,765
Accretion of discount	2,851	3,886
Other	79,049	(1,743)
Net change in income taxes	1,914	(7,223)
Balance, end of period	\$ 26,802	\$ 35,294

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2019 (the "Evaluation Date"). This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon that evaluation, we concluded that our disclosure controls and procedures were effective.

Therefore, we believe that our consolidated financial statements contained in our Form 10-K for the year ended December 31, 2020 fairly present our financial condition, results of operations and cash flows in all material respects.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth in by the Committee of Sponsoring Organizations of the Treadway Commission (the 2013 Framework) (COSO) in "*Internal Control - Integrated Framework*".

Our management believes that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Based on this assessment, our management concluded that, as of December 31, 2020, our internal controls over financial reporting were effective based on those criteria.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Commission that permit us to provide only the management's report in this Annual Report.

ITEM 9B. OTHER INFORMATION

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

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following table and information that follows sets forth the names and positions of our directors and executive officers as of December 31, 2020:

<u>Name</u>	<u>Current Office with Company</u>	<u>Since</u>
Arthur Halleran	President, Chief Executive Officer, Director	Director since October 4, 2011, President and CEO since September 2017
David M. Thompson	Chief Financial Officer	Director since October 29, 2013, CFO since September 2017
Barry Wood	Director	Director since December 31, 2018
Kubilay Yildirim	Director	Director since September 20, 2019

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

Dr. Halleran has been a director since October 4, 2011 and CEO since August, 2017. Dr. Halleran has a Ph.D. in Geology from the University of Calgary and has 40 years of international petroleum exploration experience. His international experience includes work in countries such as Canada, Colombia, Egypt, India, Guinea, Sierra Leone, Sudan, Suriname, Chile, Brazil, Pakistan, Peru, Tunisia, Trinidad Tobago, Argentina, Ecuador 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. Dr. Halleran currently serves as 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

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

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

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.

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

Ozge Karalli – Finance Director (Turkey) – Age 44

Mrs. Karalli began her career in Deloitte as tax compliance auditor where she was also an 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 committees of our Board of Directors.

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.

Compliance with Section 16 of the Securities Exchange Act

Section 16(a) of the Exchange Act requires the executive officers and directors, and persons who beneficially own more than ten percent (10%) of our equity securities (“10% shareholders”), to file reports of ownership and changes in ownership with the Commission. Executive officers, directors and 10% shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. We have received copies of such forms from our executive officers and directors. During the fiscal year ended December 31, 2020, these filings were made on a timely basis by our executive officers, directors and 10% shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

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, 2020;
- (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, 2020, and whose total compensation exceeds \$100,000 per; and

(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	All Other Compensation	Total
		(\$)	(\$)	(\$) ⁽¹⁾	(\$) ⁽¹⁾	(\$)	(\$)
Arthur Halleran President & CEO	2020	\$ 151,329	–	51,000	17,920	–	220,249
	2019	\$ 157,429	–	15,000	119,755	–	292,184
David M. Thompson Chief Financial Officer	2020	44,769	–	37,500	17,920	–	87,420
	2019	75,000	–	12,500	79,837	–	167,337

Notes

- (1) These columns represent the grant date fair value of stock options (or other stock-based awards) granted.

Outstanding Equity Awards as of December 31, 2020

The following table summarizes the outstanding equity awards as of December 31, 2020 for each of our Named Executive Officers:

Name	Option Awards					Option Expiration Date
	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 (\$)		
Arthur Halleran*	100,000	–	–	0.18	March 26, 2021	
	500,000	–	–	0.12	September 15, 2022	
	350,000	–	–	0.12	October 24, 2023	
	1,200,000	–	–	0.13	September 19, 2024	
	320,000	–	–	0.06	July 31, 2025	
David M. Thompson*	100,000	–	–	0.18	March 26, 2021	
	300,000	–	–	0.12	September 15, 2022	
	350,000	–	–	0.12	September 15, 2022	
	800,000	–	–	0.13	September 19, 2024	
	320,000	–	–	0.06	July 31, 2025	

*Includes management and board options

Compensation of Directors

The table below summarizes all compensation of our directors for the year ended December 31, 2020, other than Arthur Halleran and David M. Thompson, whose compensation is included in the executive compensation table above:

Name	Fees earned or paid in cash (\$)	Stock awards (\$) ⁽¹⁾	Option awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Barry Wood	—	3,000	17,920	—	12,769	33,689
Kubilay Yildirim	—	6,000	37,520	—	—	43,520

⁽¹⁾ These columns represent the grant date fair value of stock options (or other stock-based awards) granted.

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

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 the Company 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 10th September 2020 the Company entered into an amendment agreement with Arthur Halleran amending the terms of the previous agreement date 18th September 2017. Pursuant to the amendment agreement, the monthly salary increased to US\$13,000 per month. After the spudding of the first well this would increase to US\$20,000 per month and following the completion of phase III of the programme this would further increase to US\$28,000 per month.

The Company would issue 750,000 RSU as a signing bonus under the 2013 incentive equity plan at a deemed CAD0,075 per share. Additionally 100,000 fully vested RSU on the anniversary of the agreement. If the company achieves a cash financing of US\$5 million the Company shall issue Halleran an additional 250,000 fully vested RSU plus US\$25,000 for each US\$5,000,000 raised. Upon spudding of the first well the Company shall award Halleran with 250,000 fully vested RSU and an additional 250,000 RSU on each anniversary of the spud date. Should the company enter into any non-financing agreement during the term such as a Royalty agreement or Joint Venture which will allow SASB Phase III work programme to commence then the Company will award Halleran a cash bonus of US\$100,000.

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 the Company 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 CFO 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.

On 10th September 2020 the Company entered into an amendment agreement with David Thompson amending the terms of the previous agreement date 18th September 2017. Pursuant to the amendment agreement, the monthly salary increased to US\$10,000 per month. After the spudding of the first well this would increase to US\$18,000 per month and following the completion of phase III of the programme this would further increase to US\$25,000 per month.

The Company would issue 500,000 RSU as a signing bonus under the 2013 incentive equity plan at a deemed CAD0,075 per share. Additionally 75,000 fully vested RSU on the anniversary of the agreement. If the company achieves a cash financing of US\$5 million the Company shall issue Thompson an additional 250,000 fully vested RSU plus US\$20,000 for each US\$5,000,000 raised. Upon spudding of the first well the Company shall award Thompson with 250,000 fully vested RSU and an additional 250,000 RSU on each anniversary of the spud date. Should the company enter into any non-financing agreement during the term such as a Royalty agreement or Joint Venture which will allow SASB Phase III work programme to commence then the Company will award Thompson a cash bonus of US\$75,000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table sets forth information as of December 31, 2020 regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than 5% of our shares of common stock known to us; and
- each Named Executive Officer, each director and all of our directors and Named Executive Officers as a group.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 125,339,156 shares of common stock outstanding as of December 31, 2020.

For the purposes of the information provided below, (i) shares that may be issued upon the exercise or conversion of options, warrants and other rights to acquire shares of our common stock that are exercisable or convertible within 60 days following December 31, 2020, are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	As of December 31, 2020	
	Shares	Percent⁽¹⁾
Parvez Tyab Family Trust 1034-55 Stewart St. Toronto, Ontario, Canada	15,730,000 ⁽²⁾	13%
Arthur Halleran PO Box 1476, 6189 Lind Lake Pit Rd, Fort St. James, BC, V0J 1P0	12,080,151 ⁽²⁾	10%
David Thompson 2200 Ross Ave., Suite 4500E, Dallas, TX 75201	6,245,000 ⁽²⁾	5%
Barry Wood	1,070,000 ⁽²⁾	1%
Kubilay Yildirim	1,500,000 ⁽²⁾	1%
Named Executive Officers and Directors as a Group	20,895,151 ⁽²⁾	17%

Notes

- (1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of common shares actually outstanding on December 31, 2020.
- (2) Includes warrants, restricted stock units and/or options to acquire common stock exercisable within 60 days, as follows: Parvez Tyab Family Trust – 3,850,000 warrants; Arthur Halleran – 2,560,000 warrants and 2,470,000 options; David Thompson – 500,000 warrants and 1,870,000 options; Barry Wood – 620,000 options; Kubilay Yildirim – 1,320,000 options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except for the transactions described herein, since the beginning of our last two fiscal years, none of our directors, executive officers or principal shareholders, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction, or in any proposed transaction, in which our Company was or is to be a participant and in which the amount involved exceeds the lesser of \$120,000 or one percent (1%) of the average of our total assets at year-end for the last two completed fiscal years.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties.

Compensatory Arrangements

Compensation to all officers of the Company is paid through consulting agreements described under “Executive Compensation.” We have no other transactions, directly or indirectly, with our promoters, directors, executive officers, which have materially affected or will materially affect us.

Director Independence

No directors are considered independent directors under SEC rules and as defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules. Director Halleran and Thompson are not considered an independent director under those rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Harbourside CPA, LLP (“Harbourside”) served as our independent registered public accounting firm for the year ended December 31, 2020 and 2019. The following table shows the aggregate fees billed to us for these years by Harbourside and Whitley Penn.

	2020	2019
Audit fees	\$ 45,000	\$ 65,000
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	\$ 45,000	\$ 65,000

Audit fees consist of fees billed for professional services rendered for the audits of our financial statements, reviews of interim financial statements included in quarterly reports, services performed in connection with filings with the SEC and related comfort letters and other services that are normally provided in connection with statutory and regulatory filings or engagements.

Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Our entire Board of Directors acts as our audit committee and has assumed responsibility for the pre-approval of audit and permitted non-audit services to be performed by our Company’s independent auditor. The audit committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by the Company’s independent auditor. Thereafter, the audit committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by the Company’s independent auditor that are not encompassed by the audit committee’s annual pre-approval and are not prohibited by law.

PART IV

ITEM 15. EXHIBITS

Certificate of Incorporation and Bylaws

- 3.1 [Certificate of Incorporation^{\(1\)}](#)
- 3.2 [Amended and Restated Bylaws^{\(1\)}](#)

Material Contracts

- 10.01 [Larsen Energy Consulting Inc. Agreement dated May 1, 2013^{\(2\)}](#)
- 10.03 [Larsen Energy Consulting Inc. Agreement dated November 1, 2013^{\(3\)}](#)
- 10.04 [De-registration of 2007 stock option plan dated December 27, 2013^{\(4\)}](#)
- 10.05 [2011 Stock option plan dated November 21, 2011^{\(5\)}](#)
- 10.06 [2013 Long-Term Equity Incentive Plan effective October 29, 2013^{\(6\)}](#)
- 10.07 [First Amendment to the Larsen Energy Consulting Inc. Agreement dated August 1, 2014^{\(7\)}](#)

Certifications

- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

XBRL

- 101 The Company's Consolidated Financial Statements and related Notes for the year ended December 31, 2019 from this Annual Report on Form 10-K, formatted in XBRL (eXtensible Business Reporting Language)

Notes

- (1) Incorporated by reference from our Current Report on Form 8- A12G filed with the SEC on November 13, 2015.
- (2) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on July 18, 2013.
- (3) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on November 7, 2013.
- (4) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on January 17, 2014.
- (5) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on November 25, 2011.
- (6) Incorporated by reference from our Schedule 14A filed on September 27, 2013.
- (7) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on August 6, 2014.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRILLION ENERGY INTERNATIONAL INC.

By: /s/ Arthur Halleran

Arthur Halleran
President, Chief Executive Officer and a Director
Date: March 31, 2021

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

TRILLION ENERGY INTERNATIONAL INC.

By: /s/ Arthur Halleran

Arthur Halleran
President, Chief Executive Officer and a Director
Date: March 31, 2021

By: /s/ David Thompson

David Thompson
Chief Financial Officer
Date: March 31, 2021

By: /s/ Barry Wood

Barry Wood
Director
Date: March 31, 2021

Exhibit 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Arthur Halleran, certify that:

1. I have reviewed this Annual Report on Form 10-K of Trillion Energy International Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 31, 2021

/s/ Arthur Halleran

Arthur Halleran
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Thompson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Trillion Energy International Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 31, 2021

/s/ David Thompson

David Thompson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Arthur Halleran, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. the Annual Report on Form 10-K of Trillion Energy International Inc. for the year ended December 31, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Trillion Energy International Inc.

March 31, 2021

/s/ Arthur Halleran

Arthur Halleran
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, David Thompson, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. the Annual Report on Form 10-K of Trillion Energy International Inc. for the year ended December 31, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Trillion Energy International Inc.

March 31, 2021

/s/ David Thompson

David Thompson
Chief Financial Officer
(Principal Financial Officer)
