Shoal Point Energy Ltd.

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Annual Management Discussion and Analysis

For the Year Ended

January 31, 2023

The following Management Discussion and Analysis of Shoal Point Energy Ltd. ("Shoal Point" or the "Company") was prepared as of May 30, 2023 and should be read in conjunction with the annual audited consolidated financial statements for the year ended January 31, 2023. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company may be found on SEDAR at www.sedar.com, and on the Company's website at www.shoalpointenergy.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of oil and natural gas; success of exploration activities; cost and timing of future exploration and development; the estimation of oil and natural gas reserves and resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- *The Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic resources;*
- *Management's assessment of future plans for the Humber Arm oil-in-shale, Newfoundland, Canada;*
- *Management's economic outlook regarding future trends;*
- *The Company's ability to meet its working capital needs at the current level in the short term;*
- *Expectations with respect to raising capital;*
- *Sensitivity analysis on financial instruments may vary from amounts disclosed; and*
- *Governmental regulation and environmental liability.*

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

COMPANY PROFILE

Shoal Point Energy Ltd. (the "Company") was incorporated on December 22, 2006 under the Business Corporations Act (Alberta). The Company was incorporated for the purpose of acquisition, exploration and development of oil and natural gas properties in Canada and later expanded its area of interest to include the United States. The Company's administrative office is located at suite 203 – 700 West Pender Street, Vancouver, B.C. V6C 1G8. On October 26, 2010, the Company filed articles of continuance in Ontario. On November 23, 2010, the Company began trading on the CNSX (now the CSE) under the symbol SHP. On February 27, 2023, the Company filed articles of continuance to British Columbia.

CORPORATE

On August 26, 2022, the Company announced that Robert Millar has joined Board of the Company. Mr. Millar graduated from Simon Fraser University with a Bachelor of Arts in Economics and in 1981 he graduated with a LLB from the University of British Columbia. He practiced law continuously from 1982 with predecessor firms to, and with, Fasken Martineau DuMoulin LLP until his retirement from Fasken Martineau DuMoulin in February of 2022. Mr. Millar specialized in the areas of commercial litigation, insolvency law and corporate reorganizations during his legal career.

SHARE CONSOLIDATION

Effective April 3, 2023, the Company consolidated its common shares on the basis of one new common share for every two old common shares issued and outstanding at that time. All references to share and per share amounts in this MD&A have been retroactively restated to reflect the share consolidation.

EXPLORATION ACTIVITIES AND OUTLOOK

Newfoundland, Canada

On June 12, 2014, the Company issued an updated NI 51-101 compliant resource estimate, with an effective date of March 31, 2014, and is available on the Company web site at www.shoalpointenergy.com. The report is also available on SEDAR at www.sedar.com.

The following table contains estimates of Total Undiscovered Petroleum Initially in Place (PIIP) and estimates of Prospective (Recoverable) Resources contained in the Humber Arm Allochthon formation within the Exploration License that Shoal Point Energy has rights to in western Newfoundland:

Resource Class				Gross Low MMstb	Gross Best MMstb	Gross High MMstb	Working Interest Low MMstb	Working Interest Best MMstb	Working Interest High MMstb
			Cumulative Production	0	0	0	0	0	0
			Remaining reserves	0	0	0	0	0	0
			Surface loss/shrinkage	0	0	0	0	0	0
		Total Commercial		0	0	0	0	0	0
			Contingent resources	0	0	0	0	0	0
			Unrecoverable	0	0	0	0	0	0
		Total sub-commercial		0	0	0	0	0	0
	Total discovered PIIP			0	0	0	0	0	0
			Prospective resources	177.3	428.4	908.6	177.3	428.4	908.6
			Unrecoverable	2,874.5	6,119.7	10,889.7	2,874.5	6,119.7	10,889.7
	Total undiscovered PIIP			3,051.8	6,548.1	11,798.3	3,051.8	6,548.1	11,798.3
Total PIIP				3,051.8	6,548.1	11,798.3	3,051.8	6,548.1	11,798.3

Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market, facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. The Province of Newfoundland and Labrador currently has a moratorium on hydraulic fracturing in place. The prospective resource estimates referred to herein have not been risked for either the chance of discovery or the chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

The Low Estimate represents the P_{90} values from the probabilistic analysis (i.e. the value is greater than or equal to the P_{90} value 90% of the time), while the Best Estimate represents the P_{50} values and the High Estimate represents the P_{10}. Actual resources may be greater or less than those calculated.

In November of 2013, the Minister of Natural Resources announced that applications for hydraulically fracturing wells would not be accepted which effectively imposed a moratorium. Our property may require hydraulic fracturing to achieve commercial production. In October 2014, the Government of Newfoundland appointed five members to the Newfoundland and Labrador Hydraulic Fracturing Review Panel ("NLFRP") to study the socio-economic and environmental impacts of hydraulic fracturing in western Newfoundland. The report was made public on May 31, 2016. The Company is disappointed in the report, which recommends, among other things, significant further study before hydraulic fracturing could be considered.

The Company submitted a summary planning document to the applicable regulators in Newfoundland and Labrador (“C-NLOPB”) which did not involve hydraulic fracturing. The Board of the C-NLOPB met on July 25, 2017 and voted to reject our application to re-enter and test an existing well. The Company has received a written response as to why the planning document was rejected.

The EL 1070 in Newfoundland is considered to be an exploration and evaluation asset, as it is still in the exploration stage.

After assessing the C-NLOPB decision, the Company, on April 10, 2019, submitted a letter to the Board proposing to do other work on exploration license 1070 ("EL 1070") while remaining in diligent pursuit of well 3K-39. The proposal was rejected by the C-NLOPB, and no substantive expenditure on further exploration has been planned; accordingly, the previously capitalized cost of $2,176,303 was written off during the year ended January 31, 2020.

Based upon a preliminary and unaudited review, the Company estimates that it has incurred oil and gas investigation and drilling expenses exceeding $41,000,000 in the period January 1, 2010 through January 31, 2023.

Management of Shoal Point continues to believe EL 1070 in Western Newfoundland represents a tremendous economic opportunity for the shareholders of the Company. The Humber Arm Allochthon also represents an opportunity for the people of Western Newfoundland to develop a significant oil industry that will create jobs and generate revenues for the government from both royalties and taxes.

Shoal Point Energy holds tenure in EL 1070 by virtue of its "diligent pursuit" of well 3K-39. The Canada Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB), in a letter to then partner Black Spruce Exploration Corp. dated April 12, 2013, extended the target date for recommencing operations on EL 1070 until a reasonable time period following the completion of the regulatory approval process. On July 23, 2014 the Company delivered the end of well report for the 3K-39Z to the C-NLOPB and delivered the first end of well report for the 3K-39 on August 21, 2014. The Company continues to provide regular activity updates to the C-NLOPB.

Subsequent to January 31, 2023, the Company has been engaging with the Government of Newfoundland and Labrador regarding compensation for its frustrated efforts to develop its hydrocarbon assets on the west coast of Newfoundland. While the Company is pursuing compensation from the Government of Newfoundland and Labrador, to date the government of Newfoundland and Labrador has declined to enter into negotiations with the Company regarding compensation and there is no certainty that a settlement will be reached.

Mount Evans, Kansas, USA

On June 7, 2019, the Company entered into a farm in agreement with Shelby Resources LLC in the Mount Evans prospect in Kansas. The farm in agreement has a five-year term.

Pursuant to the terms of the agreement, the Company would earn a 65% working interest of an 80% net revenue interest by paying US$75,000 (paid), financing a 3D seismic shoot over approximately 5,700 acres at an estimated cost of US$420,000 (paid), and drilling the first well to casing point to a depth of approximately 4,700 feet or the bottom of the Arbuckle Formation for an estimated cost of US$135,000 (paid). Completing and equipping the first well and all operations on subsequent wells would be paid for by the Company proportionate to its 65% working interest. The Area of Mutual Interest was 121 square miles. During the year ended January 31, 2020 the Company completed all earn-in requirements earning a 65% working interest in the joint venture.

The Mount Evans project is considered to be an exploration and evaluation asset, as it is still in the exploration stage.

On December 17, 2020, the Company announced that its first well in the Mount Evans project had not performed as expected. On September 13, 2021, the Company announced that it and its partner elected to plug and abandon the second well (which commenced drilling in February 2021) and the third well (which commenced drilling in September 2021), at the Mount Evans project at a total depth of 4,415 feet. Due to the under performance of the wells at the Mount Evans project, the Company had decided to abandon the project and had written off the previously capitalized cost of $1,494,834 during the year ended January 31, 2022. The wells have been plugged and a net recovery of $48,473 was received for disposal of equipment, net of reclamation cost during the year ended January 31, 2023.

Pratt County, Kansas, USA

On March 10, 2022, the Company announced that it has committed to participate in the first of three oil and gas prospects in Pratt County, Kansas, operated by Shelby Resources LLC. Participation in the first prospect gives the Company the option of participating in the other two prospects in the package. The Company received a 6.5% working interest in the prospect in exchange for acquisition and drilling costs of approximately $50,000. The first well commenced drilling on March 22, 2022. On August 29, 2022, the Company announced that production tested significant gas flows along with oil. The well is currently shut in awaiting a connection with a gas pipeline located 3 miles away.

On April 14, 2022, the Company announced that it has exercised its option to participate in the second Pratt County prospect. Total acquisition and drilling costs of approximately US$32,000 allows the Company to earn a working interest of 6.5% of an 81% net revenue interest in the well and possible offset locations. On June 2, 2022, the Company announced that the second Pratt County well has commenced drilling. On August 29, 2022, the Company announced that the second well is currently flowing oil with no pump assist.

On May 10, 2022, the Company exercised its option to participate in the third Pratt County prospect. Total acquisition costs of approximately US$19,500 allow the Company to earn a working interest of 6.5% of an 81% net revenue interest in the well and possible offset locations.

The Pratt County project is considered a developed oil and natural gas properties, as they have been determined to meet certain technical feasibility and commercial viability thresholds as determined by management.

On July 4, 2022, the Company announced that production casing was being installed on the third well in Pratt County, and that an attempt was being made to complete the well as a commercial producer. On August 29, 2022, the Company announced that the bottom zone of the third well produced water and is now isolated and completion operations are underway on next potential pay zone up the hole. The fourth well in Pratt County was spudded in late July and is undergoing completion operations.

On October 17, 2022, the Company announced that the fifth well was spudded and drilling has commenced. On October 31, 2022, the Company announced that production casing was being installed on the fifth well, and that an attempt was being made to complete and equip the well as a commercial producer.

On November 21, 2022, the Company announced that drilling has commenced on the sixth well in Pratt County. On December 7, 2022, the Company announced that the sixth well has been plugged and abandoned.

On March 14, 2023, the Company provided an update on its Pratt County, Kansas operations. Completion operations and installation of a gas pipeline were hampered by intermittent extreme weather conditions in Kansas from December to February. The gas pipeline was nearing completion and will undergo hookup and pressure testing by pipeline company Superior Pipeline Kansas LLC. One well has been awaiting installation of the gas pipeline and one well has been a good performer, having produced 7,700 barrels of oil cumulatively to date from less than 2 feet of net pay. This initial zone has now been isolated and completion operations and testing are currently underway on the next potential pay zone up the hole. One well was plugged and abandoned, and three wells have had disappointing results from completion operations. Evaluation of these three wells is still underway.

On April 13, 2023, the Company announced that the initial well of the Pratt County project has been connected by a spur line into Superior Pipeline's gathering system and gas production has commenced. The well is currently producing gas on a restricted choke size at about 250 MCF per day.

Due to the under performance of the wells at the Pratt County project, the Company had decided to write down the previously capitalized cost to $7,343, resulting in an impairment of $378,609 during the year ended January 31, 2023. During the year ended January 31, 2023, the Company recorded $48,614 (2022 – $nil) in revenues. An impairment test was carried out on the Company's Pratt County project on January 31, 2023. The recoverable amount was based on its fair value less cost to sell and the fair value was determined based on net revenue recovered from the producing wells subsequent to January 31, 2023.

OVERALL PERFORMANCE

As at January 31, 2023, the Company's cash and cash equivalents position was $16,239 compared to $46,601 at January 31, 2022 as a result of a private placement completed during the period which was offset by the operating costs and oil and natural gas acquisition and exploration costs incurred.

The Company relies on equity financings to fund its operations. At January 31, 2023, the Company's working capital deficit was $402,565. The Company has decided to abandon the wells at the Mount Evans project in Kansas, of which the Company had earned a 65% working interest of an 80% net revenue interest, and will also continue to focus on the maintenance of its interest in EL 1070. The Company has decided to pursue other opportunities in the state of Kansas by participating in oil and gas prospects in Pratt County, Kansas, operated by Shelby Resources LLC.

SELECTED ANNUAL INFORMATION

	Jan 31 2023	Jan 31 2022	Jan 31 2021
Total Revenues	$ 48,614	$ -	$ -
Net loss	(911,690)	(2,002,845)	(326,467)
Comprehensive loss	(901,117)	(2,007,816)	(370,247)
Loss per share	(0.02)	(0.06)	(0.02)
Total Assets	130,126	132,829	1,374,710
Total Liabilities	503,354	242,791	152,222

SUMMARY OF QUARTERLY RESULTS

Quarterly Financial Information

For the three months ended		January 31, 2023		October 31, 2022		July 31, 2022		April 30, 2022
Revenues (in thousands)	$	49	$	-	$	-	$	-
Net loss (in thousands)	$	490	$	147	$	195	$	80
Net loss per share (basic & fully diluted)	$	0.01	$	0.00	$	0.00	$	0.00
Total assets (in thousands)	$	130	$	485	$	538	$	604
Shareholders' equity (deficiency) (in thousands)	$	(373)	$	119	$	147	$	341

For the three months ended		January 31, 2022		October 31, 2021		July 31, 2021		April 30, 2021
Revenues (in thousands)	$	-	$	-	$	-	$	-
Net loss (in thousands)	$	1,653	$	68	$	51	$	231
Net loss per share (basic & fully diluted)	$	0.02	$	0.00	$	0.00	$	0.00
Total assets (in thousands)	$	133	$	1,737	$	1,726	$	1,754
Shareholders' equity (in thousands)	$	(110)	$	1,508	$	1,586	$	1,620

Results of Operations

During the year ended January 31, 2023, the Company recorded a net loss of $911,690 ($0.02 per share) compared to a net loss of $2,002,845 ($0.06 per share) for the 2022 fiscal year. During the year ended January 31, 2023, the Company had revenues of $48,614 from operations but incurred lease operating expenses of $7,789, resulting in a gross profit of $40,825 compared to $nil for 2022. The Company also received $415 from interest and other income (2022 - $10,094). The net loss during the year ended January 31, 2023 was lower, as an oil and natural gas impairment of $378,609 was recorded for the current year in comparison to impairment of $1,494,834 during 2022.

Overall, excluding oil and natural gas impairment, share-based compensation and depreciation, the loss from operations for the year ended January 31, 2023 was $424,370 compared to the loss of $339,820 for 2022.

Property investigation cost

The Company incurred $92,174 in exploration and evaluation cost during the year ended January 31, 2023, compared to $113,277 during the 2022 fiscal year. As the Company wrote off all previously capitalized cost related to the Mount Evans project in 2022, all exploration and evaluation cost related to the project was expensed in 2023.

Oil and natural gas property impairment
In 2022, the Company wrote off the previously capitalized cost of $1,494,834 related to the Mount Evans project, as no substantive expenditure on further exploration had been planned and the Company had abandoned the project. The impairment recorded for the current fiscal year was $378,609 related to the Pratt County project.

Management salaries
The Company incurred $80,432 in management salaries during the year ended January 31, 2023, compared to $51,142 during the 2022 fiscal year. The 2023 expense was higher because an employee worked nine months during the 2022 fiscal year compared to only one and a half months during 2022.

Office, general and administrative
The Company incurred $174,921 in office, general and administrative expenses during the year ended January 31, 2023, compared to $114,057 during the 2022 fiscal year. The 2023 expense was higher, because there was an overpayment refund from the Company's transfer agent during 2022, higher accounting fees were incurred as a result of higher volume of transactions in 2023, the Company also incurred interest expense on amounts owed to Natural Resources Canada during 2023, and the fees charged by the transfer agent for its annual AGM were higher in 2023 compared to 2022.

Professional fees
Professional fees increased by $61,324 to $88,985 for the year ended January 31, 2023 in comparison to $27,661 for the 2022 fiscal year, as a result of higher business activities. The professional fees incurred during the current year were primarily due to costs associated with participation in the oil and gas prospects in Pratt County, Kansas, operated by Shelby Resources LLC.

Share-based compensation
The Company incurred $108,271 in share-based compensation during the year ended January 31, 2023, compared to $176,941 incurred during 2022. 1,325,000 stock options were granted on August 29, 2022 compared to 1,050,000 stock options granted on March 5, 2021, but the 2023 compensation expense was lower due to lower share price and exercise price.

FOURTH QUARTER

Excluding depreciation and impairment, there were $152,336 of administrative expenses during the fourth quarter of fiscal 2023, compared to the $157,842 expended in the fourth quarter of fiscal 2022. The administrative expenses during the fourth quarter of fiscal 2023 were consistent with those incurred in 2022.

FINANCING ACTIVITIES

In April 2020 the Company received a loan of $40,000 through the Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. The CEBA Loan has an initial term date on December 31, 2022 (the “Initial Term Date”) and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the Initial Term Date and 5% per annum thereafter during any extended term, which is calculated daily and paid monthly. The CEBA Loan can be repaid at any time without penalty and, if at least 75% of the CEBA Loan is paid prior to the Initial Term Date, the remaining balance of the CEBA Loan will be forgiven. The Company expects to repay the CEBA Loan prior to the Initial Term Date and therefore has recorded a forgiveness of government loan for $10,000 during the year ended January 31, 2022, reducing the outstanding balance to $30,000.

On February 24, 2021, the Company closed a non-brokered private placement and issued 2,667,677 units for total gross proceeds of $373,475. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.20 with an expiry on the third anniversary of the date of closing of the transaction. The Company incurred finder’s fees of $2,550 associated with the private placement. The Company also issued 18,214 broker warrants. Each warrant was exercisable at $0.20 per share until February 24, 2022.

During the year ended January 31, 2022, the Company issued 1,062,500 common shares pursuant to exercise of warrants for total gross proceeds of $127,500.

On March 22, 2022, the Company closed a non-brokered private placement and issued 9,058,334 units for total gross proceeds of $543,500. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.10 with an expiry on the third anniversary of the date of closing of the transaction. A finder’s fee of $13,920 and 222,000 Finders Warrants were paid pursuant to the private placement. Each broker warrant was exercisable at $0.10 per share until March 22, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2023, the Company had cash and cash equivalents of $16,239 and a working capital deficit of $402,565. As at January 31, 2023, the Company’s share capital was $63,201,937 (2022 - $62,675,239) representing 45,351,583 (2022 – 36,293,249) issued and outstanding common shares without par value. The Company's deficit was $80,472,889 as at January 31, 2023 (2022 - $79,561,199).

During the year ended January 31, 2023, net cash used in operating activities was $291,181 while $273,095 was spent on oil and natural gas exploration expenditures as part of investing activity. Net cash from financing activities was $529,580 which included net proceeds received from a private placement.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. To continue as a going concern, the Company needs to raise the capital necessary to continue in its oil and natural gas exploration business and ultimately to achieve positive cash flow from operations. In the current economic market, there is no certainty that management will be successful in these efforts. The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the oil and gas industry and other industries in general could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These factors indicate the existence of a material uncertainty that may give rise to significant doubt about the Company's ability to continue as a going concern.

CAPITAL EXPENDITURES

The Company incurred oil and natural gas exploration costs of $273,095 (2022 - $306,751) during the year ended January 31, 2023.

OFF-BALANCE SHEET TRANSACTIONS

The Company has no off balance sheet transactions.

COMMITMENTS AND CONTINGENCIES

The Company was named as a defendant in a lawsuit relating to seismic data which the litigant, Geophysical Services Inc. claims was disclosed by NWest Oil & Gas Inc. ("NWest") to the Company when the Company acquired certain acreage from NWest in a prior year. Management believes the claim to be frivolous towards the Company and without merit. The Company has filed a Summary Dismissal Application with the Alberta Court. A date for hearing of this Application has not been set. No loss provision has been recorded.

RELATED PARTY TRANSACTIONS

	January 31, 2023	January 31, 2022
Management salaries	**$ 46,419**	$ 46,328
Professional fees	**18,048**	19,864
Share-based compensation	**63,328**	50,554
	$ 127,795	$ 116,746

Included in accounts payable and accrued liabilities at January 31, 2023 is $12,170 (2022 - $3,691) due to a company in which the CFO of the Company is an owner and an officer of the Company.

SUBSEQUENT EVENT

On April 24, 2023, the Company closed a non-brokered private placement and issued 5,550,000 units for total gross proceeds of $277,500. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.06 for two years following completion of the private placement. A finder's fee of $5,100 and 102,000 broker warrants were paid for a portion of the placement. Each broker warrant is exercisable at $0.06 per share until April 24, 2024.

CRITICAL ACCOUNTING ESTIMATES

Income taxes

Preparation of the consolidated financial statements involves determining an estimate of, or provision for, income taxes. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred taxes. Deferred taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheet as deferred tax assets and liabilities. An assessment must also be made to determine the likelihood that the Company’s future taxable income will be sufficient to permit the recovery of deferred tax assets. To the extent that such recovery is not probable, recognized deferred tax assets must be reduced to the recoverable amount. Judgement is required in determining the provision for income taxes and recognition of deferred tax assets and liabilities. Management must also exercise judgement in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with consideration to changes in the key economic indicators and up-to-date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures, of which there are none outstanding as at year end. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are cash funds derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations, and are all due within one year.

As at January 31, 2023 the Company held cash and cash equivalents of $16,239 to settle current liabilities of $473,354. The Company's working capital deficit at January 31, 2023 was $402,565.

Interest Rate Risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash in term deposits and government loan payable at fixed rates of interest.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by investing its cash with two major Canadian chartered banks.

Fair Value

The carrying value of the Company's financial instruments are considered to be representative of their fair value due to their short-term nature.

CAPITAL MANAGEMENT

The Company identifies capital as share capital and cash. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance oil and natural gas property interests.

The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources.

The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditure and the scope of operations during periods of commodity pricing decline and economic downturn.

There are no externally imposed capital restrictions and no changes in approach.

RISKS AND UNCERTAINTIES

The Company's principal activity is oil and natural gas exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic.

The Company has no significant source of operating cash flow and limited revenue from operations. The Company has not determined whether its resource properties contain reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. The property interests that the Company has or has an option to earn an interest in are in the exploration stage only. Oil and natural gas exploration involves a high degree of risk and few properties, which are explored, are ultimately developed. Exploration of the Company's properties may not result in any discoveries of commercial bodies of resources. If the Company's efforts do not result in any discovery of commercial resources, the Company will be forced to look for other exploration projects or cease operations.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the oil and gas industry and other industries in general could negatively affect the business and may make it more difficult to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of oil and natural gas exploration and as such, its prospects are largely dependent on movements in the price of oil and natural gas. Prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Company. The resource exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

ENVIRONMENTAL RISKS AND HAZARD

All phases of the Company's exploration operations are subject to environmental regulations in the jurisdictions it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests, which are unknown to the Company at present and which may have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of oil and natural gas properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in oil and natural gas operations may be required to compensate those suffering loss or damage by reason of the oil and natural gas activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of oil and natural gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new oil and natural gas properties.

OUTSTANDING SHARE DATA

For additional detail, see Note 8 of the consolidated financial statements.

	Number Issued and Outstanding May 30, 2023	**Number Issued and Outstanding January 31, 2023**
Common Shares issued and outstanding	50,901,583	45,351,583
Warrants to purchase Common shares	22,523,948	17,093,948
Options to purchase Common Shares	2,850,000	4,075,000
Fully Diluted	76,275,531	66,520,531

OFFICERS CERTIFICATION OF EVALUATION OF DISCLOSURE CONTROLS

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual financial statements for the year ended January 31, 2023 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.