Shoal Point Energy Ltd.

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Annual Management Discussion and Analysis

For the Year Ended

January 31, 2024

The following Management Discussion and Analysis ("MD&A") of Shoal Point Energy Ltd. ("Shoal Point" or the "Company") was prepared as of May 29, 2024 and should be read in conjunction with the annual audited consolidated financial statements for the year ended January 31, 2024. The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca, 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.

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.

Effective February 29, 2024, 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.sedarplus.ca.

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 $60,000,000 in the period January 1, 2007 through January 31, 2024.

Included in accounts payable and accrued liabilities at January 31, 2024 is $369,133 (2023 - $218,646) due to Natural Resources Canada for research fund.

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.

In early 2023, the Company attempted to engage with the Government of Newfoundland and Labrador regarding compensation for its frustrated efforts to develop its hydrocarbon assets on the west coast of Newfoundland. In November 2023, the Company filed a Statement of Claim in the Supreme Court of Newfoundland and Labrador against His Majesty the King in Right of Newfoundland and Labrador ("Newfoundland"). The claim seeks damages of at least $483,000,000 against Newfoundland for de facto expropriating and constructively taking the Company's interest in certain exploration lands, among other claims. There is no certainty that the claim will be successful or 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 had a five-year term.

Pursuant to the terms of the agreement, the Company earned a 65% working interest of an 80% net revenue interest by paying US$75,000, financing a 3D seismic shoot over approximately 5,700 acres at an estimated cost of US$420,000, 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. Completing and equipping the first well and all operations on subsequent wells were paid for by the Company proportionate to its 65% working interest. The Area of Mutual Interest was 121 square miles.

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

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 $2,797 (2023 – $48,473) was received for disposal of equipment, net of reclamation cost during the year ended January 31, 2024.

Pratt County, Kansas, USA

On March 10, 2022, the Company 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 gave 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.

In April 2022, the Company exercised its option to participate in the second Pratt County prospect. Total acquisition and drilling costs of approximately US$32,000 allowed the Company to earn a working interest of 6.5% of an 81% net revenue interest in the well and possible offset locations.

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

In September 2023, the Company disposed its interest in the third Pratt County prospect for US$19,500.

A total of six wells commenced drilling in 2022. The Pratt County project is considered a developed oil and natural gas property, as it has been determined to meet certain technical feasibility and commercial viability thresholds as determined by management.

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. The Company wrote down the remaining capitalized cost, resulting in an impairment of $7,438 during the year ended January 31, 2024. During the year ended January 31, 2024, the Company recorded $30,650 (2023 – $48,614) in revenues.

OVERALL PERFORMANCE

As at January 31, 2024, the Company's cash and cash equivalents position was $28,197 compared to $16,239 at January 31, 2023 as a result of a private placement completed during the year which was offset by the operating costs. The Company relies on equity financings to fund its operations. At January 31, 2024, the Company's working capital deficit was $635,142. 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 the Pratt County project in Kansas, of which the Company had earned a 6.5% working interest of an 81% net revenue interest. The Company will continue to focus on the maintenance of its interest in EL 1070.

SELECTED ANNUAL INFORMATION

	Jan 31 2024	Jan 31 2023	Jan 31 2022
Total Revenues	$ 30,650	$ 48,614	$ -
Net loss	(599,508)	(911,690)	(2,002,845)
Comprehensive loss	(600,826)	(901,117)	(2,007,816)
Loss per share	(0.02)	(0.04)	(0.12)
Total Assets	149,637	130,126	132,829
Total Liabilities	783,383	503,354	242,791

SUMMARY OF QUARTERLY RESULTS

Quarterly Financial Information

For the three months ended	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023
Revenues (in thousands)	$ 7	$ 5	$ 9	$ 10
Net loss (in thousands)	$ 135	$ 53	$ 298	$ 114
Net loss per share (basic & fully diluted)	$ 0.00	$ 0.00	$ 0.02	$ 0.00
Total assets (in thousands)	$ 150	$ 199	$ 174	$ 207
Shareholders’ equity (deficiency) (in thousands)	$ (624)	$ (515)	$ (458)	$ (217)

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)	$ 0.02	$ 0.00	$ 0.00	$ 0.00
Total assets (in thousands)	$ 130	$ 485	$ 538	$ 604
Shareholders’ equity (deficiency) (in thousands)	$ (373)	$ 119	$ 147	$ 341

Results of Operations

During the year ended January 31, 2024, the Company recorded a net loss of $599,508 ($0.02 per share) compared to a net loss of $911,690 ($0.04 per share) for the 2023 fiscal year. During the year ended January 31, 2024, the Company had revenues of $30,650 from operations but incurred lease operating expenses of $19,531, resulting in a gross profit of $11,119 compared to $40,825 for 2023. The Company also received $842 from interest and other income (2023 - $415). The net loss during the year ended January 31, 2024 was lower, as an oil and natural gas impairment of $7,438 was recorded for the current year in comparison to impairment of $378,609 during 2023.

Overall, excluding oil and natural gas impairment, share-based compensation and depreciation, the loss from operations for the year ended January 31, 2024 was $524,406 compared to the loss of $424,370 for 2023.

Property investigation cost
The Company incurred $192,331 in exploration and evaluation cost during the year ended January 31, 2024 which were expensed, compared to $92,174 during the 2023 fiscal year. As the Company wrote off all previously capitalized cost related to the Mount Evans project in 2022 and the Pratt County project in 2023, all exploration and evaluation cost has been expensed.

Oil and natural gas property impairment
In 2023, the Company wrote off the previously capitalized cost of $$378,609 related to the Pratt County 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 $7,438 related to the remaining balance of the Pratt County project.

Management salaries
The Company incurred $48,392 in management salaries during the year ended January 31, 2024, compared to $80,432 during the 2023 fiscal year. The 2023 expense was higher because an employee worked half a month during the current year compared to nine months during 2023.

Office, general and administrative
The Company incurred $195,993 in office, general and administrative expenses during the year ended January 31, 2024, compared to $174,921 during the 2023 fiscal year. The 2024 expense was higher, as a result of higher fees charged by the transfer agent related to share consolidation completed during the current year, the interest expense incurred on the amount owing to Natural Resources Canada and the reversal of forgiveness of government loan of $10,000.

Share-based compensation
The Company incurred $67,908 in share-based compensation during the year ended January 31, 2024, compared to $108,271 incurred during the 2023 fiscal year. A total of 1,270,000 stock options were granted during the 2024 fiscal year compared to 662,500 stock options granted in the 2023 fiscal year. The 2024 compensation expense was lower due to lower share price and exercise price.

FOURTH QUARTER

Excluding depreciation and impairment, there were $128,031 of administrative expenses during the fourth quarter of fiscal 2024, compared to the $152,336 expended in the fourth quarter of fiscal 2023. The administrative expenses during the fourth quarter of fiscal 2024 were lower than those incurred in 2023. Lower management salaries were incurred in the fourth quarter of fiscal 2024 because the Company had one less employee in 2024. Higher professional fees were incurred in the fourth quarter of fiscal 2023, primarily due to costs associated with participation in the oil and gas prospects in Pratt County, Kansas, operated by Shelby Resources LLC.

FINANCING ACTIVITIES

On March 22, 2022, the Company closed a non-brokered private placement and issued 4,529,167 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 $0.20 with an expiry on the third anniversary of the date of closing of the transaction. A finder’s fee of $13,920 and 111,000 Finders Warrants were paid pursuant to the private placement. Each broker warrant was exercisable at $0.20 per share until March 22, 2023.

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 $0.12 for two years following completion of the private placement. A finder's fee of $5,100 and 51,000 broker warrants were paid for a portion of the placement. Each broker warrant is exercisable at $0.12 per share until April 24, 2024.

In August 2023, the Company received a loan of $65,000 from a company controlled by the CEO of the Company. The loan bears interest at 5% per annum, is unsecured and is payable on demand. The balance of the loan payable including accrued interest of $1,629 was $66,629 at January 31, 2024 (2023 – $nil).

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, 2023 (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 expected to repay the CEBA Loan prior to the Initial Term Date and therefore recorded a forgiveness of government loan for $10,000 during the year ended January 31, 2022, reducing the outstanding balance to $30,000.

During the year ended January 31, 2024, the Company has determined that it will not repay 75% of the CEBA Loan prior to the Initial Term Date. Accordingly, the Term Date of the CEBA Loan has been extended to December 31, 2025, and the outstanding balance of the CEBA Loan has been increased back to $40,000.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2024, the Company had cash and cash equivalents of $28,197 and a working capital deficit of $645,142. As at January 31, 2024, the Company's share capital was $63,417,065 (2023 - $63,201,937) representing 25,450,792 (January 31, 2023 – 22,675,792) issued and outstanding common shares without par value. The Company's deficit was $81,072,397 as at January 31, 2024 (2023 - $80,472,889).

During the year ended January 31, 2024, net cash used in operating activities was $322,506 while $550 was spent on oil and natural gas exploration expenditures as part of investing activity. Net cash from financing activities was $337,400 which included net proceeds received from a private placement and a loan payable.

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. 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 $nil (2023 - $273,095) during the year ended January 31, 2024. As the Company wrote off all previously capitalized cost related to the Mount Evans project in 2022 and the Pratt County project in 2023 and 2024, all exploration and evaluation cost has been expensed, so no capital expenditures were incurred in the current year.

OFF-BALANCE SHEET TRANSACTIONS

The Company has no off balance sheet transactions.

SUBSEQUENT EVENTS

On April 2, 2024, the Company closed a non-brokered private placement and issued 6,176,870 units for total gross proceeds of $308,844. Each unit consisted of one share and one share purchase warrant. Each full warrant is exercisable at a price of $0.07 for three years following completion of the private placement. A finder's fee of $3,750 and 75,000 broker warrants were paid for a portion of the placement. Each broker warrant is exercisable at $0.07 per share until April 2, 2025.

In February 2024, the Company received an additional loan of $10,000 from a company controlled by the CEO of the Company. This $10,000 additional loan and the loan payable outstanding as of January 31, 2024 with a principal amount of $65,000 have been fully repaid subsequently.

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, 2024	January 31, 2023
Management salaries	**$ 46,494**	$ 46,419
Professional fees	**23,540**	18,048
Share-based compensation	**44,547**	63,328
	$ 114,581	$ 127,795

Included in accounts payable and accrued liabilities at January 31, 2024 is $46,795 (2023 - $12,170) due to a company in which the CFO of the Company is an owner and an officer of the Company.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of expenses during the reporting period and contingent assets and liabilities. Significant estimates include the recoverability of the carrying value of oil and natural gas properties, and the recognition and valuation of provisions for restoration and environmental liabilities.

The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Actual results could significantly differ from those estimates.

Significant judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company’s consolidated financial statements include the going concern assumption.

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, 2024 the Company held cash and cash equivalents of $28,197 to settle current liabilities of $743,383. The Company’s working capital deficit at January 31, 2024 was $635,142.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s loan payable and government loan payable have fixed rates of interest and do not have any significant interest rate risk.

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 one major Canadian chartered bank.

Fair Value

The carrying value of the Company's financial instruments classified under amortized cost 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 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 9 of the consolidated financial statements.

	Number Issued and Outstanding May 29, 2024	**Number Issued and Outstanding January 31, 2024**
Common Shares issued and outstanding	31,627,662	25,450,792
Warrants to purchase Common shares	15,064,631	10,197,599
Options to purchase Common Shares	2,545,000	2,545,000
Fully Diluted	49,237,293	38,193,391

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, 2024 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.sedarplus.ca.