Avila Energy Corporation

Form 51-102F1
Management's Discussion and Analysis

For The Three and Six Months Ended June 30, 2022 and 2021

GENERAL

Management's Discussion and Analysis ("MD&A" or "Report") of the financial condition of Avila Energy Corporation. ("Avila" or the "Company") and results of operations of the Company for the three and six months ended June 30, 2022, has been prepared by management in accordance with the requirements under National Instrument 51-102 as of August 24, 2022 (the "Report Date"). The Report should be read in conjunction with the Unaudited Interim March 31, 2022 Financial Statements and the Condensed Audited Financial Statements for the years ended December 31, 2021, and 2020 (collectively, the "Financial Statements"). The Financial Statements are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and Avila's accounting policies as described in the notes to the Financial Statements. All dollar amounts in the Report are in Canadian dollars unless otherwise noted.

This MD&A has been prepared by management and approved by the Board of Directors on August 24, 2022.

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements by the Company are not guarantee of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A.

Additional information about the Company and its business activities is available on SEDAR at **www.sedar.com**.

FORWARD LOOKING INFORMATION

Some statements contained in this MD&A constitute forward looking statements including, without limitation, anticipated developments in the Company's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in those statements are reasonable, but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward looking statements as the plans, intentions, or expectations upon which they are based might not occur. The Company undertakes to update any forward-looking information should the material factors or assumptions change resulting in a material change to the statements made.

For the purposes of calculating unit revenues and costs, natural gas is converted to a barrel of oil equivalent (BOE) using six thousand cubic feet equal to one BOE unless otherwise stated. A BOE is a very approximate comparative measure that, in some cases, could be misleading if used in isolation.

DESCRIPTION OF BUSINESS

The Company is reporting company registered in Alberta under the Business Corporations Act and has its records and principal address located at 5940 Macleod Trail, Suite 500, Calgary, Alberta.

On December 3, 2021, the Company changed its name to Avila Energy Corporation, formerly known as PetroViking Energy Inc.

On March 17, 2021, the Company completed the acquisition of mineral rights that resulted in the Company holding a 50% interest in 7,680 acres of mineral rights, (3,840 acres net) within its currently held mineral rights in West Central Alberta. Upon the completion of this acquisition in the 4th quarter of 2021 the Company advanced it's evaluation of the assets, identifying an additional 15 possible drilling locations of which 5 locations (2.5 Net) have been booked, increasing significantly both Proven and Probable reserves. The Gross Purchase Price was $285 per acre, with the total net cost to Petro Viking, being $747,640 including administrative fees from its Joint Venture partner of approximately $10,000. The mineral rights acquired are strategically located within a proven region where the mineral rights acquired are economically producing from the Belly River, Viking, Ellerslie, Duvernay and Wabamun.

On June 14, 2021, the Company entered into a binding agreement for the purchase of interest in 53,835 Acres, 43,935 (Net) of mineral rights (the "Acquisition").

The Purchase Price for the Acquisition is being satisfied by way of the issuance of 44,440,000 Class A common shares (the "Common Shares") at $0.60 per share and 30,000,000 convertible preferred shares (the "Convertible Shares") convertible at a price of $0.80 per share. The Convertible Shares will have a term of five years (5) and earn an accruing annual dividend at a rate of two percent (2%), payable upon conversion. The Conversion of the Convertible Shares at the election of the holder can only occur after one of three milestones has been achieved: a) the Company exceeds the production rate of 3,000 BOE/d, b) the Common Shares trade at a volume weighted average price (VWAP) of more than $1.00 per share for twenty (20) consecutive business days or c) the second-year anniversary since the issuance of the Common Shares has occurred. At maturity upon the fifth anniversary of their issuance, the Convertible Shares shall automatically be redeemed on a 1:1 basis along with any accrued dividends by the issuance of Common shares.

It was subsequently determined that the Transaction was considered a "fundamental change" within the meaning of Canadian Securities Exchange ("CSE"). As a result, the Company's stock was suspended by the CSE on September 9, 2021, while the Company provided additional information relating to the Transaction

On November 24, 2021, the Company received conditional approval for the closing of the Acquisition announced on June 14, 2021 from the CSE. The Company anticipates all remaining conditions to be achieved including the delivery of shareholders' consent resolution to approve the Acquisition.

At December 31, 2021, the NPV 10% discounted evaluation of $3,801,600 compared to December 31, 2020 - $2,859,800 represents a year over year increase of 133%. For more detailed analysis the reader is encouraged to review the Oil and gas annual disclosure filing for the Company (Form 51-101 F1 and F2) filed on SEDAR.COM

In addition in accordance with requirements of the "fundamental change" associated with the Acquisition announced on June 14th 2021 the Company commissioned its QRE Deloitte LLP per the regulatory requirements and conditions of the Canadian Stock Exchange "the CSE" and the Alberta Securities Commission "the ASC" an additional Independent Qualified Evaluation of the Acquisition underway whereby an audit of reserves and future net revenues derived therefrom, of the Petroleum and Natural Gas assets of the interests being Acquired in accordance with the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**"). As required, these reserves and future net revenues were estimated using forecast prices and costs (before and after income taxes) according to the requirements of National Instrument 51-101 ("**NI 51-101**"). The effective date of this evaluation is December 31, 2021. This Evaluation was performed by the Company's QRE, Deloitte LLP who determined that under NI 51-101 only 18 (net) drilling locations of the proposed 147 locations currently met the criteria of either Proven or Probable reserves as defined in the current COGE handbook. The Acquisition including these 18 wells costing a total of $14.3 million was determined to have a net present value discounted at 10 percent (NPV10%) of $26.866 million. The Company as a Joint Venture partner with the seller and continues to participate in the operation as a partner while it completes the review and final approval of the Acquisition.

In the first half of 2022 the Company will become the benefactor of these operations including the consolidation of its natural gas facilities in the region the tie-in of 1 cased and standing natural gas well and the completion of two oil wells and the construction and tie in the associated facility which went into production, March 15, 2022. The initial results 30 days results for the two wells being more than 300 boe/d (or 150 boe/d per well) with average production being 50% oil and 50% natural gas and liquids at a capital cost of $1,500,000 net for the activities either completed or currently in progress.

On June 25, 2022, the Company participated in a Joint Venture by acquiring a 7% interest in oil and gas properties in the northeast British Columbia Area. The acquired oil and gas interest was valued at $1,825,525; the purchase was $500,000 and the assumption of $1,293,522 in discounted decommissioning liabilities. The transaction was accounted for as business combination under IFRS 3 - "Business Combinations" as the assets met the definition of a business. This acquisition contributed no revenues, royalties or direct operating expense from June 25 to June 30, 2022. Resulting in no net income.

Subsequent to the end of the reporting period **o**n July 26, 2022, the Company announced its election to assume 100% of the interests and activities of its Joint Venture in northeast British Columbia (the "NEBC Property") in, and for, the fiscal year ended December 31, 2022.

DISCUSSION OF OPERATIONS

The following is a summary of the significant events and transactions that occurred during the three and six months ended June 30, 2022:

Results of operations for the three and six months ended June 30, 2022:

Net income for the three months ending June 30, 2022, was $250,752 (2021 – $100,324) and for the six months ended June 30, 2022, net income was $309,231 (2021 – $(120,520)). The increase in net income for the period was primarily an increase in oil and gas revenues and a small gain of $32,003 from an acquisition.

Gross Oil and gas revenue and volume for the three months period ended June 30, 2022, was $752,428 (2021 – $82,688). While the volume produced was 145 boe/d (2021 – 40.6 boe/d) prior to shrinkage due to processing and transportation resulting in sales volumes of 13,195 boe (2021 – 3,691 boe) for an average of $58.86/boe or $9.81/mcf. (2021 – $22.44/boe or $3.74/mcf).

Gross Oil and gas revenue and volume for the six months period ended June 30, 2022, was $1,267,723 (2021 – $101,701). While the volume produced was 147.3 boe/d (2021 – 24 boe/d) prior to shrinkage due to processing and transportation resulting in net sales volumes of 26,661 boe (2021 – 4,340 boe) for an average of $47.55/boe or $7.93/mcf. (2021 – $23.43 per boe and $3.91/mcf).

Net operating income for the six months period ended June 30, 2022, was $596,401 (2021 $52,144) and NOI ($/boe) was $22.37 (2021 – $12.01).

Details related to the Company's oil and gas operations, please refer to the "**Summary of Quarterly Results"** section.

Other

The Company has advanced 611890 Alberta Inc. as follows:

May 21, 2020	611890 Alberta Inc.	224,966	Participation in developed and undeveloped mineral rights
November 6, 2020	611890 Alberta Inc.	122,500	Participation in developed and undeveloped mineral rights
December 3, 2020	611890 Alberta Inc.	35,000	Participation in developed and undeveloped mineral rights
January 18, 2021	611890 Alberta Inc.	250,000	Participation in developed and undeveloped mineral rights
January 22, 2021	611890 Alberta Inc.	50,000	Participation in developed and undeveloped mineral rights
February 20, 2011	611890 Alberta Inc.	20,000	Participation in developed and undeveloped mineral rights
March 8, 2021	611890 Alberta Inc.	(747,640)	Applied to 50% Acquisition of undeveloped mineral rights in March 2021 RFP
March 11, 2021	611890 Alberta Inc.	500,000	Participation in developed and undeveloped mineral rights
March 12, 2021	611890 Alberta Inc.	247,640	Participation in developed and undeveloped mineral rights
September 7, 2021	611890 Alberta Inc.	200,000	Participation in developed and undeveloped mineral rights
September 7, 2021	611890 Alberta Inc.	200,000	Cash Call – Sept 20, 2021
September 15, 2021	611890 Alberta Inc.	100,000	Cash Call – Sept 20, 2021
September 21, 2021	611890 Alberta Inc.	300,000	Cash Call – Oct 4, 2021
October 1, 2021	611890 Alberta Inc.	100,000	Participation in developed and undeveloped mineral rights
October 5, 2021	611890 Alberta Inc.	300,000	Participation in developed and undeveloped mineral rights
October 29, 2021	611890 Alberta Inc.	200,000	Participation in developed and undeveloped mineral rights
December 31,2021	611890 Alberta Inc.	(515,863)	Capitalized expenditures incurred as at December 31, 2021
March 31, 2022	611890 Alberta Inc.	(369,670)	Allocation of funds to P&NG
April 30, 2022	611890 Alberta Inc.	600,000	Cash Call Joint Venture
May 31, 2022	611890 Alberta Inc.	500,000	Cash Call Joint Venture
June 22, 2022	611890 Alberta Inc.	1,900,000	Cash Call Joint Venture
June 30, 2022	611890 Alberta Inc.	(1,026,754)	Allocation of funds to P&NG

At December 31, 2021 the Independent Evaluation of the Acquisition prepared by the Company's QRE Deloitte LLP was determined to be on 10% discounted NPV of $26.9 million. This evaluation was based on a Capital Commitment of $ 14,300,000 for the drilling of in capital being allocated to the acquisition in 2022. At June 30, 2022, the Company had advanced $3.190 million dollars in the Joint Venture with the Company posting closing expecting to be producing 2,000 BOE/d (net).

DISCUSSION OF OPERATIONS (Continued)

The advances will be used for the Company's participation in mineral rights pursuant to the Joint Venture Agreement dated January 1, 2020, between the Company and 611890 Alberta Inc, and expenditures related to the Acquisition dated June 14, 2021, between the Company and 611890 Alberta Inc.

ISSUED AND OUTSTANDING SHARE DATA AT THE REPORT DATE

At the Report date, the Company had the following securities outstanding:

For the six months ending June 30,

	2022		2021	
	#	$	#	$
Common shares	35,651,341	10,569,147	24,395,712	8,905,218
Warrants	12,984,694	3,635,714	6,534,614	1,592,400
Compensation Options (4)	200,000	49,993	-	-

During the period ending June 30, 2022, the Company did not issue common shares. The number of outstanding shares is 35,651,342

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any special purpose entities, nor is it a party to any transactions or arrangements that would be excluded from the statement of financial position.

COMMITMENTS

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian Development or Canadian Renewable Conservation Expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative consequences for investors. On December 31, 2021, the Company had met all of its obligation to incur eligible expenses pursuant to the terms of the flow-through shares financing. A total of $515,893 was spent development expenditures from which $495,500 has been renounced to shareholders holding flow-through shares.

COMPENSATION OF KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of a member of the Company's Board of Directors, corporate officers, and special advisory personnel.

The Company incurred the following transactions with directors and key management personnel during the six months ended June 30,

	2022	**2021**
	$	$
Management and consulting fees (1)	57,000	68,043
Promissory Note (2)	Nil	67,429
Interest Owing on Convertible Debenture (3)	33,316	
Legal costs (4)	15,333	50,180
Joint venture receivables (5)	596,401	-
Advances (6)	3,190,177	-

A total of $570,565 was owed to various related parties on June 30, 2022.

1. $57,000 is owed to a director and officer of the company as of June 30, 2022.
2. On September 15, 2020, the Company issued promissory notes bearing interest at 5% compounded semi-annually in the amount of $217,195 maturing on September 15, 2022, in settlement of debt with a company of which an officer of the Company is also a director. As of June 30, 2022 the promissory note was paid off.

COMPENSATION OF KEY MANAGEMENT PERSONNEL AND RELATED PARTIES (Continued)

3. On September 30, 2019, the Company entered into an Asset Purchase Agreement for the acquisition of a 50% non-operating in 50% interest in a producing oil and gas property with 611890 Alberta Inc. by issuing a $500,000 convertible secured debenture bearing and interest rate of 5% compounded semi- annually with an asset acquisition between Avila Energy Corporation. ("**AEC**" or the "**Company**") and Avila Exploration & Development Canada LTD. ("**Avila**") whereby AEC will acquire a non-operating interest of fifty percent (50%) interest into a producing oil & gas property with a current NI 51-101- *Standards of Disclosure for Oil and Gas Activities* compliant Technical Report, as more fully described in Schedule A hereto (the "**Property**") by issuing a $500,000 convertible debt instrument in the share capital of Petro to Avila.
4. A partner in the company's legal firm is also a director of the Company. Amount owed to the legal firm on June 30, 2022, was $15,333.
5. The director of the Company is also a director of the joint venture partner 611890 Alberta Inc.
6. Funds have been advanced in respect to a joint venture agreement with 611890 Alberta Inc. having a common director with the Company.

CHANGES IN ACCOUNTING POLICIES

The same accounting policies used in the preparation of the Financial Statements is the same as those used in the most recent audited annual financial statements and in the opinion of management reflects all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the years presented.

FINANCIAL INSTRUMENTS

On June 30, 2022, the Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, due to related parties, and convertible debenture liabilities. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

As of June, 2022, the Company believes that the carrying values of other receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

RISK FACTORS AND UNCERTAINTIES

Avila Energy Corporation continues to work towards becoming a carbon neutral energy producer based in Calgary Alberta to attain this goal, the Company initially acquired a 50% non-working interest in a property located in Western Alberta consisting of production, pipelines, facilities and approximately 1,280 acres of developed surface and mineral leases in December 2019. An additional undeveloped property consisting of 3,840 acres was acquired during the first quarter of 2021. The proved and probable reserves are estimated to be $3,801,600, according to the independent evaluation report provided by Deloitte, LLP dated December 31, 2021. The Company in the six months ended June 30, 2022 made a 7% participation through its Joint Venture partner in an acquisition in northeast British Columbia resulting in the addition of 6,288 acres (net) or 6,842 (gross) mineral rights.

Avila Energy Corporation is exposed to several risks in the normal course of its business that have the potential to affect its operating performance. The Company's risk exposures and the impact of the Company's financial instruments are summarized in Note 14 of the December 31, 2021, Condensed Audited Financial Statements.

RISK FACTORS AND UNCERTAINTIES (Continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

a. *Interest risk*

The Company does not have any current term debt or cash equivalents. Therefore, the Company believes it is not exposed to interest risk.

b. *Foreign currency risk*

The Company conducts its activities in Canada with Canadian dollars. Therefore, the Company believes it is not exposed to any foreign currency risk.

c. *Price risk*

The Company has exposure to price risk with regards to commodity prices. Commodity price risk is the risk that future cash flows will fluctuate as a result in commodity prices. Commodity prices for oil, and gas and liquids are impacted by world and continental/regional economic and other events that dictate the level of supply and demand.

Regarding the Company's oil and gas revenues, management has based the gross profit variances on the revenues in the last 12 months *(see Summary of Quarterly Results).*

CORONAVIRUS (COVID-19)

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic. Workforces, economies, and financial markets have all been significantly affected. As at the date of this Report, it is not possible for the Company to determine the effects of the pandemic on the Company's business or operations in the ensuing year, nor predict the duration, impact, or magnitude of the pandemic in the future. The Company continues to operate its business and adheres to Canadian Federal and Provincial emergency measures as those are developed. The Company continues to evaluate and adjust its operation activities accordingly.

RUSSIA AND UKRAINE CONFLICT

In addition, the Company has experienced significant volatility with crude oil prices since year end due to macro-economic uncertainty, due to (a) OPEC and Russia abandoning production quotas and increasing production levels; (b) demand reduction for crude oil products as a result of the COVID-19 outbreak and potential lack of storage forcing production shut-ins, and (c) the effects of the current war between Russia and Ukraine, which include significant sanctions having been imposed (and likely more to come) on Russia by NATO members, which are anticipated to reduce the supply of oil and natural gas from Russia to other countries, thereby reducing supply to the existing demand and presumptively increasing the global prices of oil and natural gas. The duration and impact of these global events remain uncertain and could impact cash flow and the Company's financial condition in the future.

RELIANCE ON KEY PERSONNEL

The Company relies on a relatively small number of directors, officers, and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does maintain a limited amount of "key employee" insurance in respect to one senior member of management.

SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial operations. For more detailed information refer to the financial statements.

	June 30, 2022	June 30, 2021	June 30, 2020
	$	$	$
Total net revenue	1,150,172	101,701	-
Total other items	(117,551)	(9,245)	-
Income/(Loss) before income taxes	309,231	(120,520)	-
Basic and diluted earnings (loss) per share	(0.01)	(0.00)	-
Comprehensive income (loss)	(309,231)	(120,520)	-
Total assets	10,603,851	2,829,143	-
Working capital (deficit)	5,269,084	323,334	-

SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency ($), and in accordance with the International Financial Reporting Standards ("IFRS").

Reporting Period	Q2– 2022 June 30	Q1– 2022 March 31	Q4 – 2021 December 31	Q3 – 2021 September 30
Total assets	10,603,851	4,613,850	4,583,826	$4,732,866
Property and equipment	3,694,901	1,196,482	837,875	773,011
Exploration and evaluation assets	1,616,201	1,616,201	1,537,296	281,600
Working capital (deficit)	5,269,084	1,467,571	1,835,527	2,277,030
Equity	4,052,330	2,736,226	2,677,747	3,222,363
Gross revenues (1)	752,428	513,110	90,457	109,182
Net revenues	706,107	445,316	38,876	59,152
Revenue ($/boe)	58.86	38.16	47.85	23.89
Total BOE for the Quarter	13,195	13,466	1,891	4,571
Oil and condensates (boe/d)	36.5	19.56	0.28	0.48
Natural gas and liquids (mcf/d)	654.2	779.0	119.2	292.4
Production costs	195,384	256,452	72,748	22,890
Total other items	32,003	-	(429,476)	-
Expenses	188,788	130,385	659,753	269,150
Income (loss) before income taxes	250,752	58,479	(1,280,237)	(14,307)
Basic and diluted income (loss) per share	0.01	0.00	(0.06)	(0.01)

Notes:

1. The Company's 50% interest in revenues commenced March 2021.

SUMMARY OF QUARTERLY RESULTS (Continued)

Reporting Period	Q2 – 2021 June 30	Q1 – 2021 March 31	Q4 – 2020 December 31	Q3 – 2020 September 30
Total assets	2,829,143	2,929,359	2,679,028	1,424,418
Property and equipment	773,011	773,011	773,011	773,011
Exploration and evaluation property	281,600	281,600	281,600	281,600
Working capital (deficit)	323,334	(204,063)	(211,461)	(88,374)
Equity	1,186,714	587,066	(548,742)	(208,855)
Gross revenues	82,688	19,013	-	-
Net revenues	46,762	5,381	-	-
Revenue ($/boe)	22.44	29.32	-	-
Total BOE for the Quarter	3,691	649		
Oil and condensates (boe/d)	0.37	0.11	-	-
Natural gas and liquids (mcf/d)	236.1	42.1	-	-
Production costs	17,524	3,177	-	-
Total other items	326,856	-	(159,747)	-
Operating expenses	302,673	231,161	473,067	107,807
Income (loss) before income taxes	100,324	(220,966)	(368,895)	(36,488)
Basic and diluted income (loss) per share	0.00	(0.01)	(0.10)	(0.01)

In the event of an increase of $1 in the unit prices, the effects on gross revenue of $1,267,723 based on the six months ended June 30, 2022, would be as follows:

Product	Total production (units)	Price per Unit $	Change in unit price $	Increase / (Decrease) $
Oil and condensates (bbl)	5,074	$100.97	$1.00 / BOE	5,074
Natural gas and liquids (mcf)	129,520	$5.97	$0.25 / MCF	32,380
Total effect on gross revenue				**37,454**

In the event of a decrease of $1 in the unit prices, the effects on gross revenue of $1,267,723 based on the six months ended June 30, 2022, would be as follows:

Product	Total production (units)	Price per Unit $	Change in unit price $	Increase / (Decrease) $
Oil and condensates (bbl)	5,074	$100.97	- $1.00 / BOE	(5,074)
Natural gas and liquids (mcf)	129,520	$5.97	- $0.25 / MCF	(32,380)
Total effect on gross revenue				**(37,454)**

SUMMARY OF QUARTERLY RESULTS (Continued)

	2022		2021				2020	
Production per Quarter	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Oil and condensates (boe)	3,312.3	1761.7	25.7	43.9	34.0	9.7	Nil	Nil
Natural gas and liquids (mcf)	59,296.3	70,224	11,189	27,160.2	21,943.7	3,833.7	Nil	Nil

A barrel of oil equivalent (BOE) is determined by converting a volume of natural gas to barrels using the ratio of six (six) mcf to one (1) barrel. BOEs may be misleading, particularly if used in isolation.

LIQUIDITY, FINANCIAL CONDITION AND GOING CONCERN

The Company's cash and cash equivalents are comprised of bank deposits. On June 30, 2022, the Company had cash, accounts receivable, prepaid expenses, and short-term advances in the amount of $5,258,121. Accounts payable and accrued liabilities in the amount of $23,665 are due On July 31, 2022. June 30, 2022, the Company had a working capital of $5,292,749 (June 30, 2021 - $323,334).

SUBSEQUENT EVENTS

On July 26, 2022, the Company announced its election to assume 100% of the interests and activities of its Joint Venture in northeast British Columbia (the "NEBC Property") in, and for, the fiscal year ended December 31 2022.

DIRECTORS AND OFFICERS

Leonard Van Betuw, President and Chief Executive Officer, and Director Kyle

Appleby, Director

Thomas Valentine, Director Daniel

Lucero, Director

Michel Lebeuf, Corporate Secretary and Director Lars

Glimhagen, Chief Financial Officer