RESSOURCES ET ÉNERGIE SQUATEX

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX-MONTH PERIOD ENDED

SEPTEMBER 30, 2023

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November 14, 2023

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Squatex Energy and Ressources Inc ("Squatex" or the "Company") constitutes the management's review of factors that affected the Company's financial performance for the six-month period ended on September 30, 2023, in comparison with data from the same period last year. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and should be read in conjunction with the condensed interim unaudited financial statements for the six-month period ended on September 30, 2023 and with the audited annual financial statements of the Company for the year ended on March 31, 2023. The Company's condensed interim unaudited financial statements for the six-month period ended on September 30, 2023, are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board ("IFRS") including comparative figures. Results are reported in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This report contains statements that are to be considered forward-looking statements. Such statements relate to future events or future economic performance of Squatex and involve risks, uncertainties and other known and unknown factors that may appreciably affect the results, performance or achievements against this or implications Squatex statements. Actual events or results could differ. Forward-looking statements include words or phrases such as "anticipates", "believes", "plans" or other words or phrases suggesting future outcomes of the infringement. Squatex disclaims any intention and undertakes no obligation to update such statements unless otherwise required by law.

DESCRIPTION OF BUSINESS

Squatex is incorporated under the Canada Business Corporations Act and its securities trade under the symbol "SQX" on the Canadian Securities Exchange (CSE). Until now, the exploration and development of oil and gas properties in Quebec have been the Company's main activities. Since the adoption in April 2022 of Bill 21 on the hydrocarbon, a law to put an end to the exploration and production of hydrocarbons on oil and gas exploration properties in Quebec, Squatex must redirect its activities towards other resources or energies. As part of the achievement of its objectives, the Company will be called upon to enter into partnership agreements in order to reduce the risks and costs of its projects. Squatex is currently considering alternative exploration activities in the energy sector.

HIGHLIGHTS

The Government of Quebec recently adopted, in April 2022, Bill 21 on hydrocarbon to prohibit all exploration and exploitation of oil and gas and to abolish all hydrocarbon exploration permits already issued on its territory.

The management of Resources & Energy Squatex Inc, together with its partner Petrolympic Ltd (“Petrolympic”), had instituted in 2019, through its attorneys, a lawsuit against the Government of Quebec which was filed in Superior Court, district judiciary of Quebec. This action is still ongoing.

During the six-month period ended September 30, 2023, Squatex carried out the necessary follow-up on current files, including one visit to verify the status of the Massé No.2 drilling site. No field exploration work has been carried out.

SUMMARY OF LAND POSITIONS

As of September 30, 2023, Squatex, like all other oil and gas license holders, had its 36 licenses revoked in April 2022 by the Government of Quebec. These were totaling an area of 6,560.93 km2 (1,621,205 acres) to be explored in the Appalachian Basin of Quebec over territories of the St. Lawrence Lowlands and of the Lower St. Lawrence/Gaspé.

Squatex had as exploration partner Petrolympic Ltd (30% interest) on all of its exploration permits. Canbriam Ltd had also won a 60% interest in an area of 80.0 km2 (19,768 acres) overlapping two Squatex permits in the Lowlands.

EXPLORATION ACTIVITIES

During the six-month period ended September 30, 2023, Squatex carried out the necessary follow-up on its files, including one visit to verify the status of the Massé No.2 drilling site, but did not carry out any field exploration work on his permits.

EXPLORATION EXPENSES INCURRED

For the six-month period ended September 30, 2023, Squatex spent $ 2,000 ($ 9,216 for the six-month period ended September 30, 2022) on its exploration permits. Of these amounts, Squatex does not expect to receive tax credits relating to resources.

TECHNICAL DISCLOSURE

The technical disclosures appearing under the title "Highlights" and "Exploration Activities" were prepared by Paul Laroche, P. Eng, M. Sc., who is a qualified person under National Instrument 51-101.

EXEMPTIONS FROM OBLIGATIONS

On April 12, 2022, Bill 21 was adopted by the National Assembly of Quebec. This Act puts an end to all oil and gas research and exploration activities in Quebec. However, Squatex retains the obligation under the law to abandon the Massé No.2 stratigraphic drilling.

ENVIRONMENTAL RESPONSIBILITY

The Company is subject to government environmental protection laws and regulations. Environmental consequences are very difficult to identify in terms of results, time and impacts. To the best of its knowledge, Squatex conducts its operations in a manner that is consistent with government environmental legislation and regulations.

RISKS AND UNCERTAINTIES

Squatex's long-term commercial success depends on its ability to find, acquire, develop and commercially exploit new alternatives in the energy sector. Oil and gas exploration licenses having been revoked in April 2022. The future increase in Squatex's reserves will depend not only on its ability to prospect and develop new alternatives, but also on its ability to select and acquire the appropriate activities. In addition, even if such acquisition or equity opportunities are identified, Squatex may decide that, depending on current market conditions, acquisition and participation or pricing arrangements result in acquisitions or stakes are unprofitable.

REGULATORY IMPACT

The energy industry is subject to elaborate controls and regulations put in place by the various levels of government for prices, royalties, land holdings, production quotas, imports and export of oil and gas and environmental protection.

The energy industry is currently subject to environmental regulation pursuant to various federal and provincial laws. The laws include restrictions and prohibitions on the issue or the release of various substances produced or used for certain operations of the industry, which have impact on facilities location and the extent to which the exploration and development are allowed. In addition, the legislation requires the resignation and revaluation of wells and facilities to be carried out to the satisfaction of provincial authorities. Violation of these laws can result in fines and penalties, suspension or revocation of permits and authorizations necessary for the operation of a business and liability for damage caused by pollution. In Quebec, environmental compliance matters are governed, since September 21, 1972, by law, entitled Environmental Quality Act (the “Quebec Act Environmental Protection“). The Quebec law on environmental protection imposes requirements of environmental protection, information and surveillance. In addition, it sets up a process of impact assessment and wider public consultation on matters of environmental assessment and enforcement.

FUTURE FUNDING NEEDS AND GOING CONCERN

The Company will need additional financing in the future to continue its activities. If financing is obtained by issuing new shares, control of Squatex may be affected and shareholders may suffer additional dilution.

DEPENDENCE OF KEY PERSONNEL

The success of the Company depends largely on the quality of management. The loss of these people, or inability to interest equivalent qualified people could have a material adverse impact on operations and business prospects of the Company.

MARKETING

The Company operates in a competitive environment where raw materials prices depends of many factors that are beyond control of the Company. The prices of the different types of energy have fluctuated greatly in the past. Oil prices are based on supply and demand at international level and political events, including the Middle East and in Russia, may have an important influence on oil prices and supply globally. The price of natural gas sold in interprovincial and international trade is determined by negotiation between buyers and sellers. The price received by a natural gas producer depends, partly, on the prices of competing fuels, like natural gas produced, the access to downstream transport, the length of contracts, the climatic conditions and the balance of supply and demand. Any decrease in the price of oil and natural gas could have a material adverse effect on future operations and financial position of the Company and the level of expenses incurred to continue operations. All these factors are beyond control of the Company.

GROWTH MANAGEMENT

The Company may be subject to risks associated to its growth, including restraints and pressure on its internal systems and controls. The ability of the Company to conduct an effective growth management will require to implement and continuously improve its operating systems and financial reporting and to enhance, develop and manage his basic labor. The inability of the Company to face growth could have a material adverse impact on its business, operations and prospects.

SELECTED FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2023, 2022 AND 2021

	2023	2022	2021
EXPLOITATION	**$**	**$**	**$**
Net exploration and evaluation expenses	-	8,253	15,153
Net loss and total comprehensive loss	- 150,649	- 192,707	- 323,594
Net and comprehensive loss per basic and diluted share	- 0.0012	- 0.0016	- 0.0026

ANALYSIS OF OPERATING RESULTS

REVENUE

During the six-month period ended September 30, 2023, no activity generated by Squatex has produced income.

NET LOSS

The net and comprehensive loss decreased from $ 192,707 for the six-month period ended September 30, 2022, to $ 150,649 for the same period ended September 30, 2023. This decrease in the loss of $ 42,058 is explained by the reduction of the professional services for $ 14,903 and the reduction of the expected credit losses of $ 8,846. Exploration and evaluation expenses net of expected tax credits also decreased by $ 9,347. Since Bill 21, which aims to put an end to oil and gas activities in Quebec, was adopted in April 2022, these costs are reduced to a minimum. Also, the interest and other bank expenses decreased by $ 21,611 since interest on amounts owed to the Minister of Energy and Natural Resources has ceased since the revocation of the permits.

QUARTERLY INFORMATIONS

	Year ended on March 31, 2024		Year ended on March 31, 2023				Year ended on March 31, 2022	
	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $
Revenue	—	—	—	—	—	—	—	—
Net results	($48 377)	($102 272)	($12 157)	($51 325)	($117 740)	($74 967)	($59 872)	($39 215)
Total assets	$9 556	$15 958	$6 866	$32 540	$12 877	$25 954	$25 902	$25 839
Total liabilities	$2 422 901	$2 380 926	$2 269 562	$2 283 079	$2 212 091	$2 107 428	$2 032 409	$1 972 474
Basic and diluted earnings per share	($0.0004)	($0.0008)	($0.0001)	($0.0004)	($0.0010)	($0.0006)	($0.0005)	($0.0003)

	ON SEPTEMBER 30, 2023	ON MARCH 31, 2023	ON MARCH 31, 2022
STATEMENT OF FINANCIAL POSITION			
Working capital (negative)	- 2,413,345	- 2,262,696	- 2,006,507
Total assets	9,556	6,866	25,902
Total liabilities	- 2,422,901	- 2,269,562	- 2,032,409
Shareholder’s deficiency	- 2,413,345	- 2,262,696	- 2,006,507

STATEMENT OF FINANCIAL POSITION

The Company's working capital deteriorated by $ 150,649 between March 31, 2023, and September 30, 2023. This is explained by the increase in due to a company under common control of $ 88,000 (for Squatex to be able to pay current expenses) and accumulated accrued interest on the amount due to a company under common control of $ 65,643 for the six-month period ended September 30, 2023.

FOR THE SIX-MONTH PERIOD ENDED	SEPTEMBER 30, 2023	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
CASH FLOW			
Cash flows from operating activities	- 85,429	- 117,310	- 129,766
Cash flows from investing activities	-	-	-
Cash flows from financing activities	88,000	115,000	75,000

LIQUIDITY

As of March 31, 2023, the Company had $ 5,180 in cash. As of September 30, 2023, the Company had $ 7,751 in cash, an increase of $ 2,571. Cash is therefore stable since the company under common control injects cash to allow Squatex to maintain a similar level of cash while paying suppliers for current and the strict minimum expenses.

GOING CONCERN

The financial statements have been prepared in accordance with IFRS and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. To determine whether the principle of going concern is valid, management takes into account all the information at its disposal concerning the Company's prospects for at least the next 12 months following the end of the period of its financial information presentation.

The Company has not yet found an oil and gas property containing deposits that are economically recoverable, the Company has not yet generated any income or positive cash flows from its operations. As of September 30, 2023, the Company had a negative working capital of $ 2,413,345 and a accumulated deficit of $ 10,270,398.

On April 12, 2022, Bill 21 was passed by the National Assembly of Quebec. This law puts an end to all oil and gas research and exploitation activities in Quebec and the government of Quebec will compensate companies that hold permits, such as Squatex. Squatex is currently considering alternative exploration activities in the energy sector.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing for the pursuit of other activities, on the compensation by the Government of Quebec and the continued support from its suppliers and the company under common control. While management has been successful in securing financing in the past, there can be no assurance that such sources of funding or initiatives will be available to the Company. These material uncertainties cast a significant doubt regarding the Company's ability to continue its operations, and accordingly, the appropriateness of the use of IFRS applicable to a going concern.

The carrying amounts and classification of assets, liabilities, revenues and expenses presented in the financial statements and the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. These adjustments could be material.

FUNDING SOURCES

The main source of funding comes from the investment of the equity holders, the due to a company under common control, the waiver, by a company under common control, of its fees for a total period of 8 years as of March 31, 2021 and the cancellation of the contract for the president's services as of April 1st, 2021.

OFF-STATEMENT ARRANGEMENT

As of September 30, 2023, the Company does not have any off-balance sheet settlement other than significant commitments related to statutory obligations for exploration licences it hold.

TRANSACTIONS WITH RELATED PARTY

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management for services as employees. The fees charged by them or by a company controlled by them, for the six-month period ended on September 30, are presented below:

	2023	2022
	$	**$**
Net exploration and evaluation expenses for tax credits	-	10,310
Professional services	19,613	24,056
Financial expenses	65,643	54,132

As of September 30, 2023, there is an outstanding balance of $ 1,150 ($ 5,174 on March 31, 2023) resulting from these operations plus interest payable of $ 412,682 ($ 347,039 as at March 31, 2023). In addition, the due to a company under common control of $ 910,600 ($ 822,600 as of March 31, 2023) is a transaction with related party.

PROVISIONS

Annual fees of 2019-2020, 2020-2021 and 2021-2022

On July 26, 2019, the Company received a notice of payment of the annual fees from the Ministry of Energy and Natural Resources (“MENR”). These fees would amount to a total amount of $ 339,305 for the period from September 1st, 2019, to August 31, 2020, and would be shared with the partner Petrolympic Ltd. On October 31, 2020, the Company received a notice of payment of the 2020-2021 annual fees from the MENR. These annual fees would amount to a total of $ 342,599 and would also be shared with the partner Petrolympic Ltd. In November 2020, the Company paid a part of the 2020-2021 annual fees to the MENR. In August 2021, the Company received a statement of account showing the 2021-2022 annual fees from the MENR. These annual fees would amount to a total of $ 349,187 and would also be shared with the partner Petrolympic Ltd. On March 31, 2022, the Company received a statement of account showing the annual fees for 2019-2020, for 2020-2021 and for 2021-2022 and interests relating to the late payment of these fees. The Company is contesting this MENR payment notice and the statements of account and has filed legal proceedings to enforce its rights.

Without prejudice to this legal procedure, the Company has recorded, as a provision in the statement of financial position, the annual fees claimed by the MENR for the years 2019-2020, 2020-2021 and 2021-2022 (net of the payment made in November 2020) as well as the interest related thereto. As of March 31, 2023 and as of September 30, 2023, the Company recorded a specific provision of $ 1,075,234 ($ 1,056,557 as of March 31, 2022) of which $ 322,570 ($ 316,967 as of March 31, 2022) would be receivable from its partner if the Company paid these amounts.

ADOPTION OF ACCOUNTING STANDARDS

There are no new standards and interpretations which were adopted by the Company during the year.

FUTURE ACCOUNTING CHANGES

At the date of the approval of these financial statements, new standards and interpretations of the existing standards and new amendments have been published but are not yet in force and the Company has not adopted them in advance. Management anticipates that all positions will be adopted in the Company's accounting policies for the first fiscal year beginning after the effective date of the Company's accounting policies. Management does not expect that the new standards and interpretations published will have a material impact on the financial statements of the Company.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Refer to note 5 to the audited financial statements for the year ended March 31, 2023.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Refer to note 10 to the audited financial statements for the year ended March 31, 2023.

OUTSTANDING SHARES AND SECURITIES

The following table shows the number of outstanding shares as of November 14, 2023 and the total number of outstanding securities:

Common shares	123,850,656

ADDITION REQUIREMENTS FOR EMERGING ISSUERS WITHOUT SIGNIFICANT OPERATING PRODUCTS

The principal activity of the Company is oil and gas exploration and the assessment of work conducted by the Company is presented in the 51-101 report which can be found on SEDAR.

ADDITIONAL INFORMATION

This MD&A is dated November 14, 2023. This same report and more information on the Company is available on SEDAR at www.sedar.com.