G2 ENERGY CORP.
(FORMERLY G2 TECHNOLOGIES CORP.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

This discussion and analysis of financial position and results of operations is prepared as at December 30, 2022 and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2022, of G2 Energy Corp.(formerly G2 Technologies Corp.)("GTOO" or the "Company"). The audited consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All references to dollar amounts are in Canadian dollars unless otherwise noted. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This MD&A contains statements which are, or may be deemed to be, "forward-looking information" which are prospective in nature. Often, but not always, forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding the Company's future plans and expectations relating to the Company's future operations and transactions.

Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including assumptions relating to the Company will be able to continue its progress as currently planned and will not have to make additional changes to any proposed business plan, that the Company will have access to capital if required, that all necessary approvals and arrangements will be obtained, renewed and/or finalized in a satisfactory manner in order to continue developing the Company's projects, and that the Company's equipment will operate at expected levels. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the Company's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Important risks that could cause the Company's actual results, revenues, performance or achievements to differ materially from the Company's expectations include, among other things:

(i) risks related to the ability of the Company to obtain contractors, if required,

(ii) that the Company will be able to generate sufficient cash flow to continue as a going concern,

(iii) risks related to production activity

(iv) risks related to availability of capital on satisfactory terms,

(v) changes in the market prices of oil and gas which could affect the profitability of the Company's operations and financial condition;

(vi) risks related to governmental regulations, including taxation statutes;

Risks related to the Company includes political, economic, and regulatory instability and other risks found in the risk section of this report. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

G2 EnergyCorp. (formerly G2 Technologies Corp.) (the "Company" or "G2") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act. The Company was previously engaged in the business of mineral exploration and the acquisition of mineral property assets in Ontario through its subsidiary, Brigadier. The Company has since terminated all of its mineral property interests.

On January 16, 2017, the Company entered into a Share Exchange Agreement with G2BE Canada Inc. ("G2BEC"), a private British Columbia company incorporated on May 30, 2014 for a reverse-takeover transaction whereby the Company would acquire all of the issued and outstanding common shares in the capital of G2 (the "Transaction").

Up until the disposition of all the Company's then operating subsidiaries on March 31, 2020, the Company was in the business of manufacturing, marketing, and distributing softwood pellets for consumer and industrial customers and arranging transactions between buyers and sellers of alternative energy products.

On June 1, 2022, the Company acquired the Masten Unit ("Masten") and changed its business to that of an oil and gas producer.

On June 9, 2022, the Company changed its name to G2 Energy Corp. and traded under ticker symbol "GTOO".

The Company's registered office and head office is located at Suite 430 – 744 West Hastings Street, Vancouver BC, V6C 1A5.

KEY BUSINESS EVENTS – YEAR ENDED JUNE 30, 2022

- Acquisition of Masten oil and gas asset.

Terms of Purchase of Masten

USD$4,000,000 was the total upfront cash acquisition cost (the "Purchase Price") for Masten, of which USD$400,000 was paid in cash by G2 and at total USD$3,600,000 was financed through a secured loan from the Sellers and a secured debenture from an arm's length party (see below for details). Within 90 days after the closing date, G2 is also obligated to issue to the Sellers USD$300,000 worth of G2's common shares at a price of the greater of: (i) USD$0.25 (CAD$0.32) per common share, and (ii) the closing market price of G2's common shares on the CSE on the trading day prior to the date of issuance of the shares, subject to regulatory approval, if required. G2 also agreed to issue to the Sellers performance shares equal to USD$400,000 (the "Performance Shares") at a price per share equal to the average closing market price of G2's common shares on the CSE for the three (3) trading days prior to the date of issuance of the Performance Shares, subject to regulatory approval, if required. The Performance Shares are issuable within 90 days of the achievement of either of two triggering events (a "Triggering Event") described below, provided that a Triggering Event occurs between the closing date of the acquisition and the second (2nd) anniversary of the closing date (the "Earnout Period"):

(i) G2 obtains an average increase of 50% or more in daily oil production of Masten, compared to the average daily oil production for a period of 30 consecutive days prior to the closing cate, over a period of three (3) consecutive months during the Earnout Period; or

(ii) (ii) an average price USD$80.00 per barrel as quoted for West Texas Intermediate per the New York Mercantile Exchange over a period of 120 consecutive days during the Earnout Period.

Sellers' Secured Promissory Note

The Sellers financed a portion of the Purchase Price for the acquisition of the Masten with a secured loan by promissory note (the "Note") in the principal amount of US$1,600,000 with the following terms:

• Primary security by deed of trust over all of the property and assets of G2 TX1, including the oil and gas leases;

• Assignment of production from Masten, including proceeds of the sale of products;

• Three (3) year maturity;

• 10% interest per annum;

• Principal and interest to be paid in 35 equal monthly installments of USD$51,627 and the balance in the 36th month;
• G2 TX1 has the right to prepay the Note, subject to a minimum total interest payment of USD$160,000;

In connection with the acquisition of Masten, G2 has agreed to issue 5,000,000 common shares to an arm's length finder and share purchase warrants entitling the finder to purchase 3,000,000 Common Shares at price of $0.30 per Common

Share for two years from the date of issuance. All common shares of G2 issued to the Sellers and the finder are subject to a hold period of four months and one day from the date of issuance of the shares

Cloudbreak Discovery PLC – Secured Debenture

Cloudbreak Discovery PLC ("Cloudbreak") financed a portion of the Purchase Price for the Masten acquisition with a US$2,000,000 secured debenture (the "Debenture") having the following terms:

• Secondary security over all of the property and assets of G2 TX1 ranked in second position behind the Sellers' Note and security;

• Pledge of 100% of the issued common shares of G2 TX1, which are held by another subsidiary of G2;

• Guarantee by the Company of all of G2 TX1's obligations under the Debenture;

• Two (2) year maturity;

• 12% interest per annum payable quarterly;

• Accrued interest is convertible to common shares of G2 at Cloudbreak's option. The conversion price will be based on the closing price of G2's shares on the last trading day of the applicable calendar quarter end, subject to regulatory approval, if required;

• G2 TX1 may prepay the Debenture in whole or in part and only after the date that is 12 months after the closing date, including an interest premium payment equal to 18 months' interest on the principal amount less the amount of interest received by Cloudbreak before the date of prepayment;

• G2 issued 6,500,000 share purchase warrants to Cloudbreak with an exercise price of C$0.30 per share exercisable for two (2) years from the closing date, with G2 having the right to accelerate the expiry date of the warrants if the closing price of the common shares on the CSE trades above $0.60 for a period of 10 consecutive trading days;

• 3.25% overriding royalty on production from Masten;

• Cloudbreak has the right for two (2) years to provide debt financing for future acquisitions of properties by G2 or G2 TX1 within an area of interest and area of influence set out in the Debenture, and if Cloudbreak waives or fails to timely respond to notice from the Issuer, Cloudbreak will be entitled to a 1% overriding royalty on all oil and gas and other substances produced and sold from the applicable area of interest property.

The Sellers, Cloudbreak, the Company and G2 TX1 entered into an intercreditor agreement providing that until the Sellers' Note has been repaid in full, Cloudbreak's liens and security interests in any asset of G2 TX1 is subordinate to the Sellers' liens and security interests. In addition, any event of default under the Note and the Seller's deed of trust will constitute an event of default under the Debenture.

- Subsequent to year ended June 30, 2022

On September 21, 2022, the Company signed a purchase and sale agreement with a Texas company to acquire Bridwell Oil Company's Masten lease. The consideration of the acquisition is the cash sum of US$200,000. As at December 30, 2022, the transaction has not closed.

MASTEN OIL AND GAS ASSET

Overview

Willrich Energy Advisors (an independent third party Petroleum Engineering and Geology firm, qualified reserves evaluator) prepared a Reserve Report on Masten, dated effective January 1, 2022 (the "Report") in accordance to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The Report is available for review under the Company's profile on SEDAR www.sedar.com. The technical information and data in this news release have been extracted from the Report. This appraisal in the Report evaluates G2's Proved Developed Producing (PDP) and Probable Undeveloped (PrUD) reserves. The table below summarizes G2's net oil and gas reserves and cash flows generated using the requested price deck. Results shown below are presented for your information and should not be construed as our estimate of fair market value. As of July 1, 2022 (updated from January 1, 2022), G2's net total proved and probable reserves have been estimated to be as follows:

Reserve Category	Net as of Light and Medium Oil (Bbl)	Reserves 7/1/2022 Natural Gas (Mcf)	Future Net Income, $	Present Worth of FNI Discounted @ 10%/Annum, $	Present Worth of FNI Discounted @ 15%/Annum, $
Forecast Price					
Proved Producing	310,650	459,230	10,330,790	5,599,020	4,379,060
Total Proved	310,650	459,230	10,330,790	5,599,020	4,379,060
Probable Undeveloped	303,350	373,680	17,360,790	6,448,350	4,361,140
Total Probable	303,350	373,680	17,360,790	6,448,350	4,361,140
Total Proved + Probable	614,000	832,910	27,691,580	12,047,370	8,740,200

There is at least 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves and at least 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves. Future net income (FNI) is after deducting estimated operating and future development costs, severance and ad valorem taxes, but before Federal income taxes. Total net Proved and Probable Reserves are defined as those natural gas and hydrocarbon liquid Reserves to G2's interests after deducting all shrinkage, royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon payout of specified monetary balances. All Reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to those classifications defined in the Canadian Oil and Gas Evaluation Handbook ("COGEH"). All hydrocarbon liquid Reserves are expressed in United States barrels ("Bbl") of 42 gallons. Natural gas Reserves are expressed in thousand standard cubic feet ("Mcf") at the contractual pressure and temperature bases. All monies are expressed in United States dollars.

OVERALL PERFORMANCE

Results of Operations for the year ended June 30, 2022 and 2021

The following table sets forth selected financial information of the Company for the last two fiscal years. This financial information has been prepared using IFRS:

	Year ended June 30,		
	2022	2021	2020
REVENUES	**$ 228,943**	$ -	$ 569,983
COST OF SALES	**(70,012)**	-	(513,478)
GROSS PROFIT	**158,931**	-	56,505
OPERATING EXPENSES			
Consulting and management fees	**(735,306)**	(505,373)	(405,476)
Corporate development fees	**(1,148,612)**	(37,374)	-
General and administrative	**(272,615)**	(119,858)	(576,210)
Other operating expenses	**(477,515)**	(287,537)	(296,900)
Share-based compensation expense	**(135,780)**	(83,819)	-
TOTAL OPERATING EXPENSES	**(2,769,828)**	(1,033,961)	(1,278,586)
NET LOSS BEFORE OTHER (EXPENSES) INCOME	**(2,610,897)**	(1,033,961)	(1,222,081)
OTHER (EXPENSES) INCOME			
Other expense	**-**	-	480,966
Foreign exchange gain (loss)	**60,769**	2,025	-
Finance (expense), income	**(58,817)**	(27,006)	-
Loss on disposal of property interest	**(586,564)**	-	-
(Loss) gain from settlement of liabilities	**-**	189,593	-
TOTAL OTHER (LOSS) INCOME	**(584,612)**	164,612	480,966
NET LOSS FOR THE YEAR	**(3,195,509)**	(869,349)	480,966
Tax provision	**(936)**	-	-
NET (LOSS) FOR THE YEAR	**(3,196,445)**	(869,349)	(741,115)
BASIC/DILUTED (LOSS) EARNINGS PER SHARE	**(0.08)**	(0.07)	(0.20)
DIVIDENDS	**-**	-	-
TOTAL ASSETS	**7,787,900**	258,269	67,839
NON CURRENT FINANCIAL LIAIBLITIES	**5,129,068**	31,527	356,776

**Other operating expense – this expense consists of professional fees, travel and wages and benefits*

Revenue – revenue was $228k for the year ended June 30, 2022 compared to $nil in the previous fiscal year 2021, and $569k in fiscal year 2020. As at March 31, 2020, the Company disposed all of its operating subsidiaries with wood pellets operation. During the current fiscal year, the revenue was derived from oil and gas sales.

Cost of sales – cost of sales was $70k for the year ended June 30, 2022 compared to $nil in the previous fiscal year 2021, and $513k in the fiscal year 2020. As at March 31, 2020, the Company disposed all of its operating subsidiaries. As a result, there are no further revenue in the current fiscal year. During the current fiscal year, the cost of sales was derived from oil and gas operations.

Consulting and management fees – these fees were $735k for the year ended June 30, 2022 compared to $505k in the previous fiscal year 2021, and $405k in fiscal year 2020. The consulting fees were higher due to consulting fees related to corporate development initiative related to medical technologies. The remaining fee was mostly related to President's consulting fees.

Corporate development fees – these fees relate to corporate development initiatives that occurred during the current year. Unlike prior year, the Company is currently seeking a business to acquire.

General and administrative expenses – general and administrative expenses were $272k in the current year ended

June 30, 2022, compared to $119k in fiscal year 2021, $576k in fiscal year 2020. The key driver for the lower expenses were due to the disposition of operating subsidiaries on November 29, 2019 and March 31, 2020. The Company no longer had to pay overhead related the operations in Poland. However, the expenses increased from prior year due to oil and gas operations.

Other operating expenses – other operating expenses were $477k in the current year ended June 30, 2022 compared to $287k in fiscal year 2021, $297k in fiscal year 2020. In the current fiscal year, professional fees were higher due to professional fees paid to new senior management. This impact was netted against the decrease in travel and administrative wages.

Other income/expenses – other expense was $584k in the current year ended June 30, 2022, compared to $162k in the previous fiscal year ended 2021, $481k in the fiscal year 2020. Other expenses were mainly interest related to the debts from the acquisition of the oil and gas asset, and $586k of a non-cash loss on disposal of property interest due to the recognition of Cloudbreak's royalty.

Assets and liabilities – the total assets and liabilities were higher in the current year ended June 30, 2022 when compared to fiscal 2020, 2019. This was mainly driven by the closing of private placements.

Quarterly Information

	June 30, 2022 $	March 31, 2022 $	December 31, 2021 $	September 30, 2021 $
Total Assets	7,787,900	1,267,533	979,743	994,358
Working Capital (Deficiency)	(784,098)	477,878	294,578	104,781
Revenue	228,943	-	-	-
Gross Profit (Loss)	158,931	-	-	-
Net Loss	(2,160,295)	(376,893)	(438,029)	(221,228)
Earnings (Loss) Per Share	(0.04)	(0.02)	(0.01)	(0.01)

	June 30, 2021 $	March 31, 2021 $	December 31, 2020 $	September 30, 2020 $
Total Assets	258,269	473,429	77,785	74,548
Working Capital (Deficiency)	71,272	358,561	(920,014)	(967,841)
Revenue	-	-	-	-
Gross Profit (loss)	-	-	-	-
Net Loss	(283,244)	(303,666)	(54,996)	(227,443)
Loss per Share	(0.02)	(0.02)	(0.00)	(0.00)

Total assets – the trend for the last eight comparative quarters for assets has been declining in nature. In the past fiscal year June 30, 2019, the assets fluctuated depending on the timing of debt or equity financing. In the current fiscal year, the downward trend was due to the use of cash and the assets significantly decreased as at March 31, 2020, when the Company disposed all of its operating subsidiaries in Poland. As at June 30, 2021, the Company further decreased its assets due to write off of GST receivables. As at June 30, 2022, upon completion of the acquisition of the Masten asset, the Company has significantly increased its assets to $7.7M.

Working capital deficiency – working capital for fiscal 2019 was in an increasing trend as the Company began operating in Poland. The working capital deficiency was consistent at around $1.4 million to $1.6 million throughout the majority of fiscal 2019 and 2020. This changed on March 31, 2020 as the operating subsidiaries in Poland were disposed. This significantly improved the working capital deficiency as material amount of liabilities were deconsolidated as a result of the disposition. Working capital deficiency worsened as at June 30, 2020 through December 31, 2020 as the Company took out a loan to pay for corporate expenditure for corporate development and public company management. As at June 30, 2021, the Company's working capital improved due to the closing of private placement and settling liabilities through shares and cash. By June 30, 2022, due to the acquisition of the Masten assets and the oil and gas asset was in ramp up stage, the working capital deficit significantly increased.

Revenue and gross margin – revenue fluctuated on quarter to quarter basis over the fiscal year 2019 and 2020. On average, the Company does approximately $300-400k in sales on a quarterly basis. The differences from quarter to quarter were mainly driven by timing differences. The trend over the last two fiscal 2019 and 2020 has been a declining one due to challenging economic environment. The fluctuating cost and thin margin resulted the business decision to dispose the operating subsidiaries in Poland. As a result, there are no revenues since March 31, 2020 to March 31, 2022. Upon acquisition of the Masten asset during the quartered ended June 30, 2022, the Company has once again earned revenue (through its oil and gas assets).

Net loss – net loss in a quarterly basis typically fluctuate in nature as revenue and costs are not consistent throughout the year. On an average basis, the average loss per quarter in fiscal 2019 was approximately $500k. This was relatively consistent through first quarter of 2020. Cost cutting initiatives began in the rest of fiscal 2020 to lower the overall burn rate corporate wide; this ultimately led to the decision of disposing the operating subsidiaries in Poland. As a result, the net loss for the March 31, 2020 quarter was lower due to a non-cash gain on the disposition of operating subsidiaries. Net loss for three months ended June 30, 2020 was higher as there is no further revenue to fund the general overhead costs of the Company. Net loss for the three months ended December 31, 2020 and September 30, 2020 were lower than previous quarter (June 30, 2020) as it continues to cut cost. The losses in the current quarter ended June 30, 2021 were higher due to increase in corporate development activities upon closing of private placement in February 2021. The net loss between September 30, 2021 to March 31, 2022 were consistent aside from minor timing difference as the Company was operating as a shell. The net loss significantly increased in quarter ended June 30, 2022 as the Company acquired an oil and gas asset and was still in the process of ramping up production.

Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged as at June 30, 2022.

Liquidity and Capital Resources

	Year ended June 30,		
	2022	**2021**	2020
Net Cash Used In Operating Activities	**(2,157,745)**	**(1,346,925)**	(619,636)
Net Cash Used In Investing Activities	**(3,201,843)**	**-**	(10,745)
Net Cash Flow From Financing Activities	**5,402,409**	**1,502,499**	613,309
Effects of exchange rate changes on cash	**-**	**-**	14,401
Change in Cash During the year	**42,821**	**155,574**	(2,671)
Cash, Beginning of year	**159,077**	**3,503**	6,174
Cash, End of year	**$ 201,898**	**$ 159,077**	$ 3,503

Operating Activities: Cash used in operating was $2.1M in the current year ended June 30, 2022, when compared with $1.3M in fiscal 2021, $619k in fiscal 2020. The increase in burn rate was due to the operating oil and gas asset, which was not present in the previous years.

Investing Activities: Cash used in investing was $3.2M in the current year ended June 30, 2022, when compared with $nil in previous fiscal year 2021, $11k in fiscal year 2020. This was driven by the transaction cost related to the Masten acquisition.

Financing Activities: Cash inflow from financing was $5.4M in the current year ended June 30, 2022 when compared to $1.5M in the previous fiscal year 2021, $613k in fiscal year 2020. This was mainly driven by $2.7M private placement and $2.5M Cloudbreak debenture (US$2.0M) that was closed during the current fiscal year and the $1.6M private placement that was closed in February 2021, which did not occur in fiscal 2020

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2022, the Company had a negative cash flows from operations, had an accumulated deficit of $17,276,596 (June 30, 2021 - $14,080,151). Furthermore, the Company incurred a net loss of $3,196,445 during the period ended June 30, 2022 (2021 - $869,349). The Company has suffered recurring losses and negative cash flows from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non productive. Management believes that actions taken to secure additional funding for the reworking of its existing infrastructure will provide the resources for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty, and any adjustments required could be material.

Related Party Transactions

The Company's related parties (CEO, CFO, Directors (together as "Insiders") and companies controlled by Insiders) include its subsidiaries and key management.

a) As of June 30, 2022, the Company owed $67,520 (June 30, 2021 - $235) to the President of the Company and a company, Blue Amber Enterprise Ltd. ("Blue Amber"), controlled by the President of the Company.

b) As of June 30, 2022, the Company owed an aggregate of $54,114 (June 30, 2021 - $3,150) to four Directors of the parent Company. The amounts owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

c) During the year ended June 30, 2022, the Company recorded management fees of $332,070 (2021 - $321,731) to the President of the Company and a company (Blue Amber Enterprise Ltd.) controlled by the President of the Company.

d) During the year ended June 30, 2022, the Company recorded consulting fees of $180,000 (2021 - $138,000) to a company (Samina Capital Ltd.) controlled by the Chief Financial Officer of the Company.

e) During the year ended June 30, 2022, the Company recorded directors fees of $166,649 (2021 - $8,000) to Directors of the Company, , which are included in consulting and management fees..

f) As of June 30, 2022, the Company owed $329,467 (June 30, 2021 - $13,845) to various related parties. This includes a $259,029 unsecured non interest bearing loans from the President and Chief Financial Officer and $70,438 owing to the CFO and his related company which is due on demand and bears no interest.

g) For the year ended June 30, 2022, companies controlled by directors, directors and officers subscribed to $166,000 for 1,535,000 common shares (2021 - $150,000 for 1,500,000 common shares) through various private placements.

h) For the year ended June 30, 2022, stock based compensation related to stock options granted to directors and officers was $127,159 (2021 - $76,834).

Contractual Obligations and Commitments

The Company had no significant commitments or contractual obligations with any parties related to executive compensation, consulting arrangements, or other matters other than disclosed in Note 15 in the financial statements for year ended June 30, 2022.

Contingencies

Civil Claim against the Company

On July 22, 2019, the Company served with a notice of civil claim, filed on July 11, 2019 with the Supreme Court of British Columbia, by Plaintiffs under the Class Proceedings Act, RSBC 1996, c 50, naming the Company as a defendant along with 86 additional defendants, in connection with allegations of the inappropriate use of the exemption from prospectus requirements contained in Section 2.12 of National Instrument 45-106 Prospectus Exemptions, and the disclosure records of the Company in respect of distributions of securities to consultants using such exemption. Honourable Madam Justice Adair has been assigned as the Judicial Management Judge in the above noted matter under the Class Proceedings Act. As of the date of approval of the financial statements, no legal decision has been made.

The Company also had a regulatory hearing submission before the B.C. Securities Commission ("BCSC") in respect of the allegation of misuse of the exemption from prospectus requirements contained in section 2.12 of National Instrument 45-106 and connected agreements with consultants of the Company. On April 29, 2021, BCSC filed a Notice of Discontinuance in the Supreme Court of British Columbia whereby proceedings against the Company were discontinued.

Michael Tietz, Duane Loewen against the Company

Related to the civil claim noted above, the Company also has a claim outstanding with Michael Tietz and Duane Loewen. The plaintiff has no specified its claim amount and the proposed class proceeding has not been certified. For greater clarity, the British Columbia supreme court has not yet given permission to the plaintiff to pursue any claim against the Company.

TriVsta Oil Co. LLC ("Trivista")

On September 7, 2021, the Company paid a deposit ("Deposit") of $506,880 (US$400,000) to TriVista Oil Co. LLC ("TriVista') as part of a purchase and sale agreement. On October 21, 2021, the Company provided a Default Notice as the Company alleged certain title defects, defaults and misrepresentation by TriVista. The Company has demanded the escrow agent to release the Deposit back to the Company. As at October 28, 2022, there's no resolution and the Company is in the process of obtaining the Deposit back through legal channels.

Off Balance Sheet Arrangements

As at June 30, 2022 and the date of this report, the Company does not have any, and during the periods presented we did not have any, off-balance sheet arrangements, other than the contractual obligations and commitments described above.

Proposed Transactions

The Company does not have any proposed transactions as at June 30, 2022 and the date of the report, other than as disclosed elsewhere in this document.

Outstanding Share Data

As at June 30, 2022 and the date of this report, the Company had no preferred shares issued and outstanding.

As at June 30, 2022 and the date of this report, the Company had the following outstanding share data:

	Common shares outstanding	Warrants outstanding	Stock options outstanding
As at June 30, 2022	**50,786,085**	**45,934,850**	**3,750,000**
August 30, 2022 – Masten contingent shares	1,200,000	-	-
October 14, 2022 – Private placement	700,000	350,000	-
October 20, 2022 – Private placement	5,725,000	2,862,600	
As at date of this report	**58,411,085**	**49,147,450**	**3,750,000**

On August 30, 2022, the Company issued 1,200,000 common shares as part of the Masten acquisition.

On October 14, 2022, The Company closed a non-brokered financing of $70,000 through the issuance of 700,000 of units. Each unit comprise of one common share and one half share purchase warrant (exercise price of $0.20 with a 2 year life).

On October 21, 2022, The Company closed a non-brokered financing of $572,500 through the issuance of 5,725,000 of units. Each unit comprise of one common share and one half share purchase warrant (exercise price of $0.20 with a 2 year life).

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company’s overall strategy with respect to capital risk management remains unchanged as at June 30, 2022.

Significant Accounting Policies

Please refer to the audited consolidated financial statements for the year ended June 30, 2022 which were filed on SEDAR.

Risk and uncertainties

COVID-19

The recent global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. These uncertainties have increased the risk of the Company's abilities to raise equity and debt in the capital markets.

The Company does not intend to pay dividends for the foreseeable future.

The Company has never declared or paid any cash dividends on the Company's common shares and does not intend to pay any cash dividends in the foreseeable future. The Company anticipates that it will retain all of its future earnings for use in the development of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Company's board of directors. In addition, from time to time the Company may enter into agreements that restrict its ability to pay dividends.

The price of the Company's common shares may be volatile.

The trading price of the Company's common shares has been and may continue to be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including: - changes in the market price of hospitality management systems and number of market competitors offering same or similar products; - current events affecting the economic situation and exchange rates in Canada, the United States, and internationally; - changes in financial estimates and recommendations by securities analysts; - acquisitions and financings; - quarterly variations in operating results; - the operating and share price performance of other companies that investors may deem comparable; - the issuance of additional equity securities by the Company or the perception that such issuance may occur; and - purchases or sales of blocks of the Company's common shares. Part of this volatility may also be attributable to the current state of the stock market, in which wide price swings are common. This volatility may adversely affect the price of the Company's common shares regardless of the Company's operating performance and could cause the market price of the Company's common shares to decline.

The Company may issue additional equity securities which may reduce the Company's earnings per share.

The Company has in the past issued and may continue to issue equity securities to finance its activities, including in order to finance working capital requirements, capital expenditures and acquisitions. If the Company issues additional common shares, your percentage ownership of the Company will decrease, and you may experience dilution in the Company's earnings per share. Moreover, as the Company's intention to issue any additional equity securities becomes publicly known, the common share price may be materially and adversely affected.

Holders of the Company's common shares may experience dilution when outstanding options and warrants are exercised, or as a result of additional securities offerings.

There are a number of outstanding options and warrants pursuant to which additional common shares of the Company may be issued in the future. Exercise of such options and warrants may result in dilution to the Company shareholders. In addition, if the Company raises additional funds through the sale of equity securities, shareholders may have their investment further diluted.

Commodity price risk

The prices we receive for our oil and natural gas production heavily influence our revenue, operating results, profitability, access to capital, future rate of growth and carrying value of our properties. Oil and natural gas are commodities, and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand.

Historically, the commodities markets have been volatile, and these markets will likely continue to be volatile in the future. If the prices of oil and natural gas experience a substantial decline, our operations, financial condition and level of expenditures for the development of our oil and natural gas reserves may be materially and adversely affected. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control and include the following:

- changes in global supply and demand for oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- political conditions, including embargoes, in or affecting other oil-producing activity;
- the level of global oil and natural gas exploration and production activity;
- the level of global oil and natural gas inventories;
- weather conditions;
- technological advances affecting energy consumption; and
- the price and availability of alternative fuels.

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Our revenues, operating results, profitability and future rate of growth depend primarily upon the prices we receive for oil and, to a lesser extent, natural gas that we sell. Prices also affect the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. In addition, we may need to record asset carrying value write-downs if prices fall. A significant decline in the prices of natural gas or oil could adversely affect our financial position, financial results, cash flows, access to capital and ability to grow.

Reserve recovery risk

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves and their value. Reservoir engineering is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. Because of the high degree of judgment involved, the accuracy of any reserve estimate is inherently imprecise, and a function of the quality of available data and the engineering and geological interpretation. Our reserves estimates are based on 12-month average prices, except where contractual arrangements exist; therefore, reserves quantities will change when actual prices increase or decrease. In addition, results of drilling, testing, and production may substantially change the reserve estimates for a given reservoir over time. The estimates of our proved reserves and estimated future net revenues also depend on a number of factors and assumptions that may vary considerably from actual results, including:

- historical production from the area compared with production from other areas;
- the effects of regulations by governmental agencies, including changes to severance and excise taxes;
- future operating costs and capital expenditures; and
- workover and remediation costs

For these reasons, estimates of the economically recoverable quantities of crude oil and natural gas attributable to any particular group of properties, classifications of those reserves and estimates of the future net cash flows expected from them prepared by different engineers or by the same engineers but at different times may vary substantially. Accordingly, reserves estimates may be subject to upward or downward adjustment, and actual production, revenue and expenditures with respect to our reserves likely will vary, possibly materially, from estimates.

Additionally, because some of our reserves estimates are calculated using volumetric analysis, those estimates are less reliable than the estimates based on a lengthy production history. Volumetric analysis involves estimating the volume of a reservoir based on the net feet of pay of the structure and an estimation of the area covered by the structure. In addition, realization or recognition of proved undeveloped reserves will depend on our development schedule and plans. A change in future development plans for proved undeveloped reserves could cause the discontinuation of the classification of these reserves as proved.

Property acquisition risk

Although we perform a review of properties that we acquire that we believe is consistent with industry practices, such reviews are inherently incomplete. It generally is not feasible to review in-depth every individual property involved in each acquisition. Ordinarily, we will focus our review efforts on the higher-value properties and will sample the remainder. However, even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit us as a buyer to become sufficiently familiar with the properties to assess fully and accurately their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, we often assume certain environmental and other risks and liabilities in connection with acquired properties. There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and future production rates and costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates. In addition, there can be no assurance that acquisitions will not have an adverse effect upon our operating results, particularly during the periods in which the operations of acquired businesses are being integrated into our ongoing operations.

Weather and climate

Demand for oil and gas are, to a degree, dependent on weather and climate, which impact the price we receive for the commodities we produce. In addition, our exploration and development activities and equipment can be adversely affected by severe weather, which may cause a loss of production from temporary cessation of activity or lost or damaged equipment. Our planning for normal climatic variation, insurance programs, and emergency recovery plans may inadequately mitigate the effects of such weather conditions, and not all such effects can be predicted, eliminated, or insured against.

Environmental factors

As an owner or lessee and operator of oil and gas properties, we are subject to various federal, state, local, and foreign country laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution clean-up and other remediation activities resulting from operations, subject the lessee to liability for pollution and other damages, limit or constrain operations in affected areas, and require suspension or cessation of operations in affected areas. Our efforts to limit our exposure to such liability and cost may prove inadequate and result in significant adverse effects to our results of operations. In addition, it is possible that the increasingly strict requirements imposed by environmental laws and enforcement policies could require us to make significant capital expenditures. Such capital expenditures could adversely impact our cash flows and our financial condition.

Governmental risk

Our US operations have been, and at times in the future may be, affected by political developments and by federal, state, and local laws and regulations such as restrictions on production, changes in taxes, royalties and other amounts payable to governments or governmental agencies, price or gathering rate controls, and environmental protection laws and regulations.

The U.S. federal and state income tax laws affecting oil and gas exploration, development, and extraction may be modified by administrative, legislative, or judicial interpretation at any time. Previous legislative proposals, if enacted into law, could make significant changes to such laws, including the elimination of certain key U.S. federal income tax incentives currently available to oil and gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, and (iii) an extension of the amortization period for certain geological and geophysical expenditures. The passage or adoption of these changes, or similar changes, could eliminate or postpone certain tax deductions that are currently available with respect to oil and gas exploration and development. We are unable to predict whether any of these changes or other proposals will be enacted. Any such changes could adversely affect our business, financial condition, and results of operations.

Market conditions

The financial markets are subject to fluctuation and are vulnerable to unpredictable shocks. We have a significant development project inventory, which will require substantial future investment. We and/or our partners may need to seek financing in order to fund these or other future activities. Our future access to capital, as well as that of our partners and contractors, could be limited if the debt or equity markets are constrained. This could significantly delay development of our property interests.

Liquidity and future financing risk

The Company is in the early stages of business and has not generated revenue in excess of its expenses. The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Global Economy risk

Economic slowdowns and volatility of global capital markets may from time to time make the raising of capital by equity or debt financing more difficult. The Company may be dependent upon capital markets to raise additional financing in the future while concurrently establishing a wider customer base. Access to financing may be negatively impacted by global economic downturns. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If levels of volatility and slow market conditions persist, the Company's operations, the Company's ability to raise capital and the trading price of the Company's shares could be adversely impacted.

Limited prior operating history

The Company has limited operating history, business operations and assets. There is no assurance that it will be profitable or that its investment strategy will be successful. The Company's operations are subject to all of the risks inherent in the creation of new investment activity, including a limited prior operating history.