TRILLION ENERGY INTERNATIONAL INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the years ended December 31, 2022 and 2021
(Stated in United States dollars)

TABLE OF CONTENTS

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This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide readers of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. This MD&A was prepared effective May 1, 2023.

Our MD&A should be read in conjunction with our audited consolidated financial statements of Trillion Energy International Inc., ("Trillion Energy", the "Company", "we", and "our") and the related notes thereto for the years ended December 31, 2022 and 2021. Unless otherwise noted, all currency amounts are in US dollars.

The audited consolidated financial statements for the year ended December 31, 2022, are prepared in accordance with IFRS. The Company previously prepared its financial statements, up to and including December 31, 2021, in accordance with accounting principles generally accepted in the United States ("US GAAP"). Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at December 31, 2022, together with the comparative period data for the year ended December 31, 2021. In preparing the financial statements, the Company's opening consolidated statement of financial position was prepared as at January 1, 2021, the Company's date of transition to IFRS. Refer to Note 2(s) in the audited consolidated financial statements for more details relating to the first-time adoption of IFRS.

Caution Regarding Forward-Looking Statements

Certain statements in this report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. Several risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and the Company does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of the Company are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements, and information herein, including financial information, is based on certain assumptions relating to the business and operations of the Company. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the audited consolidated financial statements, are the responsibility of management. In the preparation of these consolidated financial statements, estimates are sometimes necessary to make a determination of the future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed interim consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Overview

Trillion Energy International Inc. and its consolidated subsidiaries, (collectively referred to as the "Company") is a Canadian based oil and gas exploration and production company with operations primarily in Turkey. Effective January 2022, the corporate headquarters moved to Suite 700, 838 West Hastings Street, Vancouver, B.C., coinciding with the redomicile of the Company from Delaware to British Columbia, a move which was approved by shareholders in November 2021. The Company's shares trade on the Canadian Securities Exchange under the symbol "TCF" where it was recently added the CSE 25 Index. The Company also trades on the OTCQB under the symbol "TRLEF" and the Frankfurt exchange under the symbol Z62.

On or about January 21, 2022, the Company redomiciled from Delaware, United States to British Columbia, Canada by way of an amalgamation transaction with the Company's British Columbian subsidiary (the "Repatriation Transaction"). Pursuant to the Repatriation Transaction, for every one common stock of Trillion Energy International Inc., the shareholders have received one common share of Trillion Energy Inc. The Company continued to operate under the name of Trillion Energy International Inc. after the Repatriation Transaction.

As a result of the Repatriation Transaction, the Company met the definition of a foreign private issuer, as defined under Rule 3b-4 of the Securities Exchange Act of 1934, as amended.

Developments of the Business

Trillion Energy International Inc. an oil and gas producer in Europe. The Company's current focus is on increasing conventional natural gas production at its SASB field located in the Black Sea, Turkey where it has initiated a multi-well development drilling program "the SASB Development Program". In addition, it produces oil from the Cendere field, a long-term low decline oil field. It also has an exploration license in Bulgaria which is currently inactive, which is a coal bed methane generated natural gas prospect.

During 2022, the Company raised gross proceeds of CAD $41 million from one non-brokered and one brokered financing, to fund the SASB Development Program.

During September 2022, the Company commenced the SASB Development Program drilling its first well, Akcakoca South, which was completed and tested during October 2022. The well flow tested at 5-6 million cubic feet per day (mmcf/d) (gross 100% interest) and was then put on production. During November 2022 the Company recompleted the Akcakoca-3 Well which was then tested at 5-6 mmcf/d (gross 100% interest).

The Company successfully drilled West Akcakoca 1 and Guluc 2 wells during the first quarter of 2023, each which were put into production in March 2023. The Company is currently drilling the Bayhanli well, which is expected to be completed in May 2023. Each of the new wells are expected to take an average of 45 days to drill for new drills, 35 days for side-tracks and 15 days for reentries of existing wells. The wells are being drilled and or recompleted using the Uranus jack up drilling rig under contract from a rig provider located in Romania.

To date, three out of four wells completed at SASB to date have been prospective resources, which have now been converted into reserves as a result of successful drilling. The Company's proved and probable conventional natural gas reserves have increased significantly, which according to its most recent third party update report on reserves, now total 63.3 BCF at SASB effective January 31 2023 compared to 20.1 BCF as at December 31 2021.

Turkey

The Company primarily operates in Turkey, where it owns two key assets; an interest in the producing Cendere oil field ("Cendere") and a natural gas field located in the South Akcakoca Sub-Basin ("SASB" or the "SASB Gas Field"). Cendere is a mature long-term low decline oil field. The second asset is the SASB natural gas field, a producing shallow water development to which the Company is currently focused on increasing production by drilling new wells.

Cendere

The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey all except certain wells. At December 31, 2022, the gross oil production rate for the producing wells in Cendere was 673 bbls/day (barrels per day); the average daily 2022 gross production rate for the field was 681 bbls/day. At the end of December 2022, oil was sold at a price of approximately US$83.24 per barrel ("bbl"). At December 31, 2022, the Cendere field was producing 110 barrels of oil per day net to the Company; and averaged 102 barrels per day during 2022 net to the Company. On October 13, 2022, the joint production lease the Company holds in the region was extended to July 6, 2031.

SASB

The Company's interest in SASB is 49%. SASB has several natural gas fields, four production platforms plus 18 kilometers of subsea pipelines connecting the gas fields to an onshore gas processing facility. SASB is located off the North West coast of Turkey in the Black Sea. Total gross production to date from the four fields is over 43 billion cubic feet ("Bcf").

The Company commenced the SASB Development Program during September 2022, at which time the Uranus Rig mobilized to the license block from Romania. The drilling rig was then positioned at the Akcakoca platform upon which it drilled South Akcakoca, Akcakoca-3, Akcakoca West and Guluc 2. The initial work program involves seven wells (two workovers and five new directional wells) all which will be put on production during the program upon successful completion, thus generating revenue for the company. The second part of the SASB Development Program involves up to an additional 10-13 wells (including recompletions, sidetracks and new wells), which in part will be identified based on the results of the first wells and further G&G work that is presently ongoing. The SASB Development Program will substantially boost production for the near future. Wells are expected to produce additional gas for between three and thirteen years each based on the SASB Development Program.

As at December 31, 2022 the gross gas production rate for SASB was 6 MMcfd, representing production from the Akcakoca South and Akcakoca-3 wells. As at March 31, 2023 the gross gas production rate for SASB was 12.6 MMcd. The current average daily 2023 gross production rate for the field is 7.75 MMcfd. Gas production rates have increased significantly between September 2022 and April 2023 due to the completion of 3 wells and 1 recompletion, each well which is now producing.

At the outset of 2022, the Company secured the Uranus Jackup rig to drill a minimum of five new wells and two recompletions (the "Initial Program"). The Company is now on its fifth well and is negotiating for an extension of the rig contract based on the Company's plans to drill additional wells. The rig rate is currently USD $95,000/day. The duration of the work program is expected extend into 2024 and the Company expects to exit 2023 with about 13 producing wells in total at SASB.

It is the Company's plan to drill the wells more or less continuously to reduce mobilization costs and take advantage of high gas prices, by bringing one new well into production every 45 days or so throughout the duration of 2023 into 2024, thereby significantly ramping up the Company's production during that time frame.

Currently natural gas is currently being sold at about US$14.14/MMCF domestically in Turkey. The average monthly natural gas sale price year to date for 2022 was approximately US$22.18 per Mcf. The gas price was approximately US$31.41 per Mcf for the months of October, November and December 2022. During the first quarter of 2023, gas prices decreased as a result of the acute gas shortage easing in the region.

The Company also plans to evaluate exploration opportunities around the SASB development license area, which is currently 12,385 hectares. The Company is currently reprocessing the existing 3D seismic with new technology and gathering additional data to determine and propose new exploration work programs in and around the SASB block. Such new technology is expected to improve the resolution of the data, define new exploration targets and delineate new reserves and resources on SASB.

Bulgaria license

In October of 2010, the Company was awarded an exploration permit for the "Vranino 1-11 Block", a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Counsel of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the "License Agreement"). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company's work programs for the permit area and the Company completes an environmental impact assessment ("EIA"). The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to the approval of the Bulgarian regulatory authorities.

During the fall of 2022, the Company consulted with local counsel and an environmental consultant but was unable to determine whether it would be able to obtain the license. In October and November 2022, management made repeated efforts to obtain a visa to visit Bulgaria and seek clarification on the status of the license, however the visa applications were declined. The Company thus determined it would dispose of the Bulgaria property and that it would obtain the options to do so. As a result, the Company recorded an impairment loss of $3,101,343 during the year ended December 31, 2022.

Strategic Focus

Our focus currently is increasing oil and gas production during times of high oil and gas prices and in particular, our natural gas reserves at the SASB gas field in Turkey, which we expect will generate significant cash-flow and profits for the Company. Further development beyond the first seven wells will be significantly funded from free cash flow from earlier wells, and our plan is to further develop the fields as approvals and funds are on hand and as the rig schedule may allow.

Overall Performance

2022 was a transformative year for the Company. The Company raised funds through the completion of several private placements and a prospectus round, raising gross proceeds of approximately $41.5M CAD (US$31M) to fund its drilling operations at the SASB gas field in Turkey that commenced in September 2022.

Revenues increased for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase is primarily due to an increase in the price of natural gas and from new production wells coming on in the fourth quarter of 2022.

Net loss increased over the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to the impairment of the Bulgaria property and an increase in operational expenses due to the ramp up of drilling operations, staffing, and stock compensation.

The Company's cash flow for the year ended December 31, 2022 yielded a net decrease of $100,929 primarily due to the cash used in expenditures related to the upfront costs to the drilling program, but which was partially offset by the cash raised from the closing of private placements and a prospectus during the period. During the year ended December 31, 2021, the Company yielded a net increase of cash for $824,278, primarily from proceeds received on the exercise of warrants, options, and loan proceeds received.

The Company's total assets increased as a result of the closing of the various financings completed during the year which was then invested into drilling operations and inventories.

The following table sets forth selected financial information for the Company for the years ended December 31, 2022 and 2021 and should be read in conjunction with the Company's consolidated financial statements and related notes thereto for such periods.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are expressed in United States dollars. The consolidated financial statements for the year ended December 31, 2022 are the first that the Company has prepared in accordance with IFRS (see Note 2 for details on First-Time Adoption of IFRS in the consolidated interim financial statements).

Selected Annual Information

	For the years ended December 31		
	2022 $	**2021 $**	**2020 $**
Total revenue	9,375,029	3,700,727	2,584,266
Net loss attributable to the Company	(6,121,754)	(4,893,126)	(3,533,284)
Net loss per share (basic and diluted)	(0.02)	(0.03)	(0.04)

	As at		
	December 31, 2022 $	**December 31, 2021 $**	**December 31, 2020 $**
Total assets	37,018,219	6,521,629	6,487,261
Total current liabilities	11,045,750	1,489,747	2,058,050
Total non-current liabilities	5,346,538	9,493,112	11,216,444

Results of Operations

Three months and year ended December 31, 2022 compared to the three months and year ended December 31, 2021

The net loss for the three months ended December 31, 2022 decreased by $1,125,741 compared to the net loss for the three months ended December 31, 2021 with a net loss of $1,771,950 recognized during the three months ended December 31, 2022 as compared to a net loss of $2,897,691 for the three months ended December 31, 2021.

The net loss for the year ended December 31, 2022, increased by $1,228,628 compared to the net loss for the year ended December 31, 2021 with a net loss of $6,121,754 recognized during the year ended December 31, 2022 as compared to a net loss of $4,893,126 for the year ended December 31, 2021.

Factors contributing to the net income/loss for the three-months and year periods included the following:

Revenue

Revenues increased by $4,921,958 from $863,703 for the three months ended December 31, 2021 to $5,785,661 for the three months ended December 31, 2022, and increased by $5,674,302 from $3,700,727 for the year ended December 31, 2021 to $9,375,029 for the year ended December 31, 2022. The increase is primarily due to an increase in the price of oil and gas in 2022 compared to 2021 coupled with production increases at the SASB gas fields. The Company realized new revenue streams from drilling its first well, Akcakoca South, which was completed and tested during October 2022 and recompleting the Akcakoca-3 Well during November 2022.

Expenses

For the three months ended December 31, 2022, the Company incurred production expenses related to its Turkey operations of $1,563,006 (2021 - $608,735), depletion charges of $1,239,271 (2021 - $72,528), depreciation expense of $88,518 (2021 - $10,978) and asset retirement obligation accretion expense of $116,768 (2021 – $23,119). Production expenses increased by $954,271 as a result of the Company commencing production on newly capped wells in Q4 of 2022. Depletion increased by $1,166,743 as a result of the increase in production levels and increase in carrying value on the SASB property, while depreciation expenses increased due to the purchase of additional motor vehicles in Q3 of 2022. The change in accretion of asset retirement costs of $93,649 was recognized due to a change in estimate in 2022 to increase in the expected retirement date by 10 years.

For the three months ended December 31, 2022, the Company had general and administrative expenses of $1,776,927, compared to $828,501 for the three months ended December 31, 2021. The increase is primarily due to an increase in salaries and wages of $1,417,968 primarily due to an increase in employees working the oil and gas operations and drilling programs in Turkey. There were also increases in advertising expenses of $137,319 which is in line with the Company's increased financing activities. $884,401 (2021 – $549,555) in expenses were from the North American head office and $892,526 (2021 - $278,946) for the Turkey office.

For the three months ended December 31, 2022, the Company recorded stock-based compensation of $623,905 compared to $175,075 for the three months ended December 31, 2021. The increase is due to the grant of 7,210,000 stock options, and the accrual for the obligation to issue RSUs to various directors and officers of the Company pursuant to employment contracts and agreements between the parties.

For the three months and year ended December 31, 2022, the Company determined it would dispose of its Bulgarian oil and gas property recognized a loss on the impairment of $3,101,343 (2021 - $Nil).

For the year ended December 31, 2022, the Company incurred production expenses related to its Turkey operations of $3,567,875 (2021 - $2,617,118), depletion charges of $1,451,032 (2021 - $415,686), depreciation expense of $145,035 (2021 - $31,768) and asset retirement obligation accretion expense of $264,075 (2021 - $91,983). Production expenses for the year ended December 31, 2022 increased as compared with the comparative period in 2021 as a result of the Company commencing production on newly capped wells in Q4 of 2022. Depletion increased by $1,035,346 as a result of an increase in production levels, while depreciation expenses increased due to the purchase of additional equipment during the year ended December 31, 2022. Accretion of asset retirement costs increased by $172,092 for the year ended December 31, 2022, primarily due to a change in the estimated time to retirement as well as a change to the risk-free discount rate.

For the year ended December 31, 2022, the Company had general and administrative expenses of $6,397,500, compared to $3,162,934 for the year ended December 31, 2021. The increase is primarily due to an increase in salaries and compensation of $2,713,966 primarily due to an increase in employees working the oil and gas operations and drilling programs in Turkey. Increases in advertising expenses of $490,462, professional fees of $175,667 correspond with the Company's increased financing activities and production ramp up. $3,578,868 (2021 – $2,183,008) in expenses were from the North American head office and $2,818,632 (2021 - $979,926) for the Turkey office.

For the year ended December 31, 2022, the Company recorded stock-based compensation of $2,118,917 compared to $336,366 for the year ended December 31, 2021. The increase is due to the grant of 2,560,000 stock options, and the accrual for the obligation to issue RSUs to various directors and officers of the Company pursuant to employment contracts and agreements between the parties.

Other Income (Expense)

For the three months ended December 31, 2022, the Company had other income of $1,588,375 compared to other expense of $2,042,458 for the three months ended December 31, 2021. Other income for the three months ended December 31, 2022 consists mainly of the a gain on net monetary position of $1,826,495 (2021 - $Nil). This is offset by the loss on the write-off of notes and other receivables of $46,176 (2021 - $Nil) and the loss from the change in the fair value of the derivative liability of $392,131 (2021 – $2,098,208). For the three months ended December 31, 2022, the derivative liability arises from the Company's warrants which are exercisable in US dollars as they have an exercise price denominated in a currency other than the Company's functional currency of the Canadian dollar. Over the period, the value of the derivative liability decreased as a result of the exercise of 2,018,080 of the underlying warrants. The net monetary gain is a result of Turkey being designated a hyper-inflationary economy as of April 1, 2022 for accounting purposes.

For the year ended December 31, 2022, the Company had other income of $2,185,242 compared to other expenses of $1,937,998 for the year ended December 31, 2021. Other income for the year ended December 31, 2022 consists mainly of interest income of $86,739 (2021 - $46,217), a gain on the extinguishment of accounts payable of $97,051 (2021 – loss of $159,383on the extinguishment of debt), foreign exchange gain of $1,272,450 (2021 – $25,669), and gain on net monetary position of $1,826,495 (2021 - $Nil) offset by the loss from the change in the fair value of the derivative liability of $686,504 (2021 – $1,590,762) and the provision for a settlement agreement with the Company's former CFO of $285,120 (2021 - $Nil). For the year ended December 31, 2022, the derivative liability arises from the Company's warrants which are exercisable in US dollars as they have an exercise price denominated in a currency other than the Company's functional currency of the Canadian dollar. Over the period, the value of the derivative liability decreased as a result of the exercise of 4,018,080 of the underlying warrants, offset by the increase in the Company's share price from $0.15 as at January 1, 2022 to $0.35 as at December 31, 2022. The net monetary gain is a result of Turkey being designated a hyper-inflationary economy as of April 1, 2022 for accounting purposes.

Total Assets

As at December 31, 2022, total assets increased by $30,496,590 from $6,521,629 as at December 31, 2021 to $37,018,219 as at December 31, 2022. The increase in total assets was primarily a result of an increase in oil and gas properties of $28,629,181 coupled by an increase in the Company's prepaid expenses and accounts receivable. The increase in oil and gas reflect work performed in the Company's SASB fields in Turkey. The increase in prepaid expenses relates to advances made for drilling work that commenced in Q4 2022 and the increases accounts receivable reflect oil and gas receivable increases due to increases in oil prices during the fourth quarter of 2022, and the commencement of drilling in the Company' SASB fields in Turkey.

Total Non-current Liabilities

Total non-current liabilities as at December 31, 2022 decreased by $4,146,574 from $9,493,112 as at December 31, 2021 to $5,346,538 as at December 31, 2022. The decrease in total non-current financial liabilities was primarily a result of a $3,676,638 decrease in asset retirement obligation as a result of changes in estimates in risk free discount rate and estimated retirement date. This decrease was coupled with a decrease in derivative liabilities of $468,072 resulting from the exercise of underlying warrants.

In June 2022, the Company raised approximately CAD$20.5 million under a short form prospectus (including over-allotment option). Below is a reconciliation of the use of proceeds, which did not materially differ from the Company's budgeted use of proceeds.

Expenditure	(CAD$)
The Initial Drilling Program (SASB gas fields)	17,920,000
General working capital purposes	2,582,360
Total	**20,502,360**

Summary of Quarterly Results

The financial information in the following tables summarizes selected financial information for the Company for the last eight quarters which was derived from annual financial statements prepared in accordance with IFRS and are expressed in United States dollars.

	December 31, 2022 ($)	September 30, 2022 ($)	June 30, 2022 ($)	March 31, 2022 ($)
Revenue	5,785,661	1,077,770	1,497,973	1,013,625
Net Income (Loss)	(1,771,950)	(2,464,875)	46,246	(1,931,175)
Net Income (Loss) per share (basic and diluted)	(0.00)	(0.01)	(0.0)	(0.01)
Net and comprehensive income (Loss)	(3,051,624)	(4,096,807)	(820,751)	(1,789,064)

	2021			
	December 31, 2021 ($)	September 30, 2021 ($	June 30, 2021 ($)	March 31, 2021 ($)
Revenue	863,703	879,207	1,013,255	944,562
Net Income (Loss)	(2,897,691)	5,447,192	1,912,161	(9,354,788)
Net Income (Loss) per share (basic and diluted)	(0.02)	0.04	0.01	(0.07)
Net and comprehensive income (Loss)	(3,135,281)	5,513,386	1,808,934	(9,437,405)

Summary of Results During Prior Eight Quarters

Net loss decreased for the three months ended December 31, 2022, by $692,925 compared to the three months ended September 30, 2022, from a net loss of $2,464,875 to a net loss of $1,771,950. The increase is primarily due to an increase in revenues during the quarter due to an increase in the price of oil and gas in 2022 compared to 2021 coupled with production increases at the SASB gas fields

Net loss increased for the three months ended September 30, 2022, by $2,511,121 compared to the three months ended June 30, 2022, from a net income of $46,246 to a net loss of $2,464,875. The increase is primarily due to $1,410,291 in stock-based compensation recognized in the three months ended September 30, 2022 as a result of the grant of options and accrual of RSUs compared to $Nil for the three months ended June 30, 2022. This is coupled with a decrease of $420,203 in revenue as a result of reduced gas production in the month of September.

Net loss decreased for the three months ended June 30, 2022 by $1,977,421 compared to the three months ended March 31, 2022 from a net loss of $1,931,175 to a net income of $46,246. The decrease is primarily due to a loss from the change in fair value of derivative liabilities of $568,773 recognized for the three months ended March 31, 2022 compared to a gain of $207,603 from the change in fair value of derivative liabilities recognized for the three months ended June 30, 2022, representing a total change of $776,376. Foreign exchange rates also fluctuated such that a gain of $449,745 was recognized for the three months ended June 30, 2022 compared to a loss of $121,125 was recognized for the three months ended March 31, 2022. Revenues increased by $484,348 primarily as a result of fluctuating oil sales prices between Q1 2022 and Q2 2022.

Net loss decreased for the three months ended March 31, 2022 by $966,516 compared to the three months ended December 31, 2021 from a net loss of $2,897,691 to a net loss of $1,931,175. The increase is primarily due to a loss from the change in fair value of derivative liabilities of $2,098,208 recognized for the three months ended December 31, 2021 and a loss of $568,773 from the change in fair value of derivative liabilities recognized for the three months ended March 31, 2022, representing a total change of $1,529,435. The loss from the change in the fair value of derivative liabilities for the quarter ended December 31, 2022 includes the adjustment for the prior period restatement – see Note 25 to the audited consolidated financial statements.

Net loss increased for the three months ended December 31, 2021 by $8,344,883 compared to the three months ended September 30, 2021. This is mainly attributable to the loss from the change in fair value of derivative liability of $2,098,208 from a gain of $6,205,914 for the three months ended September 30, 2021.

Net income increased for the three months ended September 30, 2021 by $3,535,031 compared to the three months ended June 30, 2021. This is mainly attributable to an increase in the gain from the change in fair value of derivative liability of $3,173,786 from $3,032,128 for the three months ended June 30, 2021 to $6,205,914 for the three months ended September 30, 2021. The increase is a result of the Company's decreasing share price as at September 30, 2021 compared to June 30, 2021 which is used to re-value the derivative liability at period end. Revenues decreased by $134,048 primarily as a result of fluctuating oil sales prices between Q2 2021 and Q3 2021.

A net income of $1,912,161 was recorded for the three months ended June 30, 2021 compared to a net loss of $9,354,788 for the three months ended March 31, 2021, representing a change of $11,266,949. This is mainly attributable to an increase in the gain from the change in fair value of derivative liability of $11,762,724 from a gain of $8,730,596 for the three months ended March 31, 2021 to $3,032,128 for the three months ended June 30, 2021. The increase is a result of the Company's decreasing share price as at June 30, 2021 compared to March 31, 2021 which is used to re-value the derivative liability at period end. Revenues increased by $68,693 primarily as a result of fluctuating oil sales prices between Q1 2021 and Q2 2021.

Liquidity and Capital Resources

The following table summarizes our liquidity position in USD:

	December 31, 2022	December 31, 2021
Cash	926,061	1,026,990
Working capital (deficit)	(4,819,052)	342,551
Total assets	37,018,219	6,521,629
Total liabilities	16,392,288	10,982,859
Stockholders' equity (deficiency)	20,625,931	(4,461,230)

During the year ended December 31, 2022, working capital deficit was $4,819,052 in comparison to working capital of $342,551 as at December 31, 2021. The $5,161,603 decrease in working capital is attributable to an increase in expenditures related to the Company's drilling activities in 2022.

The Company expects it will be fully funded for its next 12 months of operations, which includes continuation of drilling of multiple wells at SASB utilizing funds generated through a private placement and prospectus raise for approximately $41.5M CAD (US$31M) in gross proceeds received in 2022 plus funds received in April 2023, from a CAD $15 million private placement offering of convertible debenture units (the "Debentures") and cashflow from revenues generated From wells at SASB.

Operating, Investing and Financing Activities

The chart below highlights the Company's cash flows:

	December 31, 2022	December 31, 2021
Net cash provided by (used in):		
Operating activities	7,031,965	(1,869,543)
Investing activities	(37,427,683)	(181,845)
Financing activities	30,115,258	2,655,666
Effect of exchange rate on cash and cash equivalents	179,531	220,000
Increase (decrease) in cash, cash equivalents, and restricted cash	(100,929)	824,278

Cash Used in Operating Activities

Net cash provided by operating activities for the year ended December 31, 2022, was $7,031,965, compared to $1,869,543 cash used in operating activities for year ended December 31, 2021. The current period loss of $6,121,754 was offset with $6,870,824 in changes in working capital items and $6,282,895 in net non-cash items for the year ended December 31, 2022. This compares to a loss of $4,893,126, coupled by $3,576,891 in net non-cash items and offset by $553,308 in changes in working capital items for the year ended December 31, 2021.

Cash Used in Investing Activities

Net cash used in investing activities for the year ended December 31, 2022, was $37,427,683, compared to $181,845 used for the year ended December 31, 2021. Oil and gas properties expenditures increased to $37,712,406 from $66,122 in the comparative period and property and equipment expenditures increased to $696,929 from $180,739 in the comparative period.

Cash Provided by Financing Activities

We have funded our business to date from sales of our common stock through private placements and loans from shareholders.

Net cash provided by financing activities for the year ended December 31, 2022, was $30,115,258, compared to $2,663,300 for the year ended December 31, 2021. Cash provided by financing activities in the current period was primarily related to $30,480,614 in proceeds, net of stock issuance costs, for the issuance of stock related to private placements and warrant and option exercises offset by note repayments. In the comparative period cash from financing activities was primarily related to the issuance of common shares, partially offset by repayment of note payable.

Future Operating Requirements

Based on our current plan of operations, which includes seven additional production wells, we estimate that we will have sufficient funds to cover our plan of operations over the next 12 months and that our cash on hand of $926,061 along with our revenue generated from initial wells in the SASB Development Program and the CAD $15 million dollar debenture offering will be sufficient to fund our planned operations over the next 12 months.

Our current plan of operations is the continuation of drilling production wells at SASB to increase gas production. We expect to incur further capital expenditures in excess of USD $30 million within the next 12 months. As each of the wells is expected to generate cashflow as they are brought online and as cash receipts from production are obtained on a monthly basis, our cash position will be enhanced and capital outlays will be covered, such that increasing sales revenue will contribute positively to the Company's working capital and future anticipated capital expenditures.

Subsequent to the completion of the Initial Work Program, the Company plans to drill up to 10 or so additional wells over the next year or so using cashflow from operations generated by operations. Based on our 49% interest, we project that we will incur between USD $50 to $74 million in additional capital expenditures for our total work program of up to 14 -15 additional wells, which include a mixture of new drillings, recompletions and well extensions.

As of December 31, 2022, the Company had unrestricted cash of $926,061 and current liabilities of $11,045,750 which along with the Debenture proceeds, it anticipates is sufficient to cover its plan of operations over the next 12 months.

Transactions with Related Parties

Name	Relationship	Share based ('000)	Salary, bonuses & directors fees ('000)	Total ('000)
Arthur Halleran	Chief Executive Officer ("CEO") and director	$ 393	$ 340	$ 733
Ozge Karalli	Chief Financial Officer ("CFO")	135	80	$ 215
David M. Thompson	Director and former CFO	54	109	$ 163
Kubilay Yildirim	Chief Operating Officer ("COO") and Director	261	237	$ 498
Barry Wood	Director	60	18	$ 78
Sean Stofer	Director	21	20	$ 41

At December 31, 2022, accounts payable and accrued liabilities included $210,070 (December 31, 2021 - $13,831) due to related parties. The amounts are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2022, the Company issued 2,000,000 (2021 – 1,416,667) units with a fair value of $260,681 for the settlement of accounts payable owed to related parties in the amount of $260,681 (2021 - $70,833) resulting in no gain or loss.

During the year ended December 31, 2022, the Company paid $100,000 as a settlement payment to entered into a settlement agreement with David Thompson, under which the Company was to issue 325,000 share, 275,000 RSU's and pay cash of $110,000 in settlement of all amounts owing to him. As a result, the Company recognized a loss on the settlement of $285,120.

During the year ended December 31, 2022, the Company issued Nil (2021 - 5,146,667) common shares relating to the exercise of Nil (2021 – 4,476,667) warrants and Nil (2021 – 670,000) options held by related parties. As consideration, the Company entered into promissory note agreements with the related parties for total principal receivable by the Company of $Nil (2021 - $518,820 (CAD$648,078)). Refer to Note 18 of the accompanying condensed consolidated financial statements. As at December 31, 2022, notes receivable included $450,325 (December 31, 2021 - $517,985) due from related parties. The amounts are unsecured, bear interest at 5% per annum and mature between one to two years from grant.

Risk Management

The Company is exposed to varying degrees to a variety of financial instrument and other risks:

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. As at December 31, 2022, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents denominated in Canadian dollars and Turkish Lira. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends and evaluating reinvestment opportunities when possible. The Company does not currently hedge its foreign exchange risk. Based on current exposures as at December 31, 2022 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar or Turkish Lira against the United States dollar would result in a gain or loss of approximately $30,435 in the Company's consolidated statements of loss and comprehensive loss, respectively

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. The Company has determined that no allowance is required as all amounts outstanding are considered collectible. During the year ended December 31, 2022, the Company incurred $nil in bad debt expense (2021 - $nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding debt bears interest at fixed rates. As a result, at December 31, 2022, the Company is not exposed significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity by raising capital through the issuance of debt and equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

General risks

Petroleum and natural gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitat, as well as safety risks such as personal injury. The Company works hard to identify the potential environmental impacts of its new projects in the planning stage and during operations. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. We maintain current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

Climate change risks

Our exploration and production infrastructure and other operations and activities emit greenhouse gasses ("GHG") which may require us to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. Some of our significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

Off-Balance Sheet Arrangements

During 2018 the Company entered into an agreement to grant to a consultant of the Company a 2% (two percent) gross overriding royalty on petroleum substances produced from certain of its currently undeveloped exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria. The Grant of the royalty agreement was for services involving technical and corporate advisory services.

Disclosure of Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares of which 383,875,552 were issued and outstanding as of December 31, 2022. As of the date of this MD&A, the total number of outstanding common shares was 385,960,552.

As at December 31, 2022, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

Outstanding	Exercise Price	Expiry Date	Vested
1,550,000	0.12	October 24, 2023	1,550,000
3,800,000	0.13	September 19, 2024	3,800,000
640,000	0.06	July 31, 2025	640,000
2,560,000	0.22	July 26, 2025	1,405,000
250,000	0.28	June 6, 2026	250,000
2,700,000	0.44	December 9, 2024	2,700,000
11,500,000			10,345,000

As of the date of this MD&A, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

Outstanding	Exercise Price	Expiry Date	Vested
1,550,000	0.12	October 24, 2023	1,550,000
3,600,000	0.11	September 19, 2024	3,600,000
640,000	0.06	July 31, 2025	640,000
2,560,000	0.22	July 26, 2025	1,405,000
250,000	0.28	June 6, 2026	250,000
2,350,000	0.32	December 9, 2024	2,350,000
10,950,000			9,795,000

As at December 31, 2022, the following warrants were outstanding, entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Outstanding	Exercise Price	Expiry Date
50,000	0.32 USD	June 6, 2023
21,705,438	0.33 USD	March 15, 2024
3,383,939	0.33 USD	March 16, 2024
2,954,545	0.33 USD	March 17, 2024
10,614,123	0.33 USD	March 18, 2024
21,431,754	0.33 USD	March 24, 2024
2,653,000	0.33 USD	March 28, 2024
37,643,450	0.37 USD	June 29, 2025
1,501,440	0.23 USD	June 29, 2025
101,937,689		

As of the date of this MD&A, the following warrants were outstanding, entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Outstanding	Exercise Price	Expiry Date
50,000	0.32 USD	June 6, 2023
21,705,438	0.33 USD	March 15, 2024
3,383,939	0.33 USD	March 16, 2024
2,954,545	0.33 USD	March 17, 2024
10,614,123	0.33 USD	March 18, 2024
21,431,754	0.33 USD	March 24, 2024
2,653,000	0.33 USD	March 28, 2024
37,643,450	0.37 USD	June 29, 2025
1,501,440	0.23 USD	June 29, 2025
101,937,689		

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with IFRS. The consolidated financial statements for the year ended December 31, 2022 are the first that has been prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe that our critical accounting policies and estimates include the following:

Revenue Recognition

Revenue from Contracts with Customers

The Company recognizes revenue when it satisfies its performance obligation(s) by transferring control over a product to a customer. Revenue is measured based on the consideration the Company expects to receive in exchange for those products.

Performance Obligations and Significant Judgments

The Company sells oil and natural gas products in Turkey. The Company enters into contracts that generally include one type of distinct product in variable quantities and priced based on a specific index related to the type of product.

The oil and natural gas are typically sold in an unprocessed state to processors and other third parties for processing and sale to customers. The Company recognizes revenue at a point in time when control of the oil is transferred. For oil sales, control is typically transferred to the customer upon receipt at the wellhead or a contractually agreed upon delivery point. Under the Company's natural gas contracts with processors, control transfers upon delivery at the wellhead or the inlet of the processing entity's system. For the Company's other natural gas contracts, control transfers upon delivery to the inlet or to a contractually agreed upon delivery point. In the cases where the Company sells to a processor, the Company has determined that the Company is the principal in the arrangement and the processors are the Company's customers. The Company recognizes the revenue in these contracts based on the net proceeds received from the processor.

For the Company's product sales that have a contract term greater than one year, the Company uses the practical expedient in IFRS 15 Paragraph 121(a) which states the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to an unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. The Company has no unsatisfied performance obligations at the end of each reporting period.

The Company does not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified. There is a low level of uncertainty due to the precision of measurement and use of index-based pricing with predictable differentials. Additionally, any variable consideration identified is not constrained.

Amounts Receivable

Amounts receivable consist of oil and gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company deems all accounts receivable to be collectable and has not recorded any allowance for doubtful accounts.

Exploration and Evaluation Assets

Pre-license exploration costs are recognized in the consolidated statement of operations and comprehensive loss as incurred.

The costs to acquire non-producing oil and gas properties or licenses to explore, drill exploratory wells and the costs to evaluate the commercial potential of underlying resources, including related borrowing costs, are initially capitalized as exploration and evaluation assets.

Exploration and evaluation assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered commercially viable, the related capitalized costs are charged to exploration expense.

Exploration and evaluation assets are not subject to depreciation, depletion and amortization.

When management determines with reasonable certainty that an exploration and evaluation asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is transferred to oil and gas properties.

Oil and gas properties

Oil and gas properties ("O&G") include development and productions costs, less accumulated depletion and depreciation and accumulated impairment loss. O&G are grouped into cash generating units for impairment testing. The Company has grouped its O&G into two CGUs: the Cendere Oil Field and SASB Gas Field.

When significant parts of an item of O&G have different useful lives, they are accounted for as separate items (major components).

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of O&G are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized items generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of oil ang gas properties are recognized in profit or loss as incurred.

The net carrying value of oil and gas properties is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved reserves, taking into account estimated future development costs necessary to bring those reserves into production. These estimates are reviewed by independent reservoir engineers at least annually.

Stock-based compensation

Under the company's share-based compensation plans, share-based awards may be granted to executives, employees and non-employee directors. The Company grants restricted share units ("RSUs") and stock options to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services like those performed by an employee.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted, using the Black Scholes valuation model. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). For cash settled share-based compensation, the expense is determined based on the fair value of the liability at the end of the reporting period until the award is settled.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period, and the corresponding amount is represented in contributed surplus. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the consolidated statements of loss.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense or its reduction is recognized for any modification which increases or decreases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or the counterparty, any remaining element of the fair value of the award is expensed immediately or reversed through profit or loss, depending on the type of cancellation. The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share whereas anti-dilutive options are ignored.

Consideration paid to the Company on exercise of hare-based awards is credited to share capital and the associated amount in option reserve is reclassified to share capital.

Unit Offerings

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the residual method. The residual method first allocates fair value to the component with the best evidence of fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares, measured on date of issue, was determined to be the component with the best evidence of fair value. The balance, if any, was allocated to the attached warrants. Costs directly identifiable with share capital financing are charged against share capital. If the subscription is not funded upon issuance, the Company records a receivable as a contra account to shareholders' equity.

Hyperinflation in a subsidiary's functional currency

IAS 29 provides guidance on when a hyperinflation economic environment exists. When hyperinflation is deemed to exist, the subsidiary's financial statements are first restated before being translated into the consolidated financial statements. Comparative amounts are excluded from the restatement requirement when the presentation currency of the ultimate financial statements into which they will be included (USD) is non-hyperinflationary.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period. Certain non-monetary items are carried at amounts current at the end of the reporting period, such as net realizable value and fair value, so they also are not restated. All other non-monetary assets and liabilities are restated in their functional currency so that all the items presented are equivalent to their current purchasing power at the end of the current reporting period. A non-monetary item once restated, in accordance with the appropriate IFRS's, cannot exceed its recoverable amount.

Initial adoption of new accounting standards

The Company adopted IFRS for the first time effective for the year ended December 31, 2022, with a transition date on January 1, 2021. See Note 2(s) of the accompanying consolidated financial statements for the years ended December 31, 2022 and 2021 for details on the adoption.

Subsequent Events

During February and March 2023, the Company successfully drilled the West Akcakoca 1 well which discovered 55+ metres of gas pay and flow tested at a rate of 3.5 (mmcf/d)(gross 100% interest) and was put on production. During March 2023, the Company successfully drilled the Guluc-2 well which discovered 70+ metres of gas pay and flow tested at a rate of 8.83 (mmcf/d)(gross 100% interest). Guluc 2 entered long term production with an initial production rate of approximately 6 (mmcf/d)(gross 100% interest).

On April 20, 2023, the Company closed a bought deal private placement, 15,000 units of the Company ("Units") at a price of CAD$1,000 per Unit, for gross proceeds of $15,000,000 (the "Placement"). Each Unit will consist of CAD$1,000 principal amount secured convertible debenture (a "Debenture") and 1,667 common share purchase warrants of the Company (a "Warrant"). Each Warrant will be exercisable for one common share of the Company (each a "Warrant Share") at an exercise price of CAD$0.50 per Warrant Share, subject to adjustment in certain events, and shall have an expiry date of June 29, 2025. The Debentures will mature on April 30, 2025 (the "Maturity Date") and will accrue interest at the rate of 12.0% per annum, payable semi-annually in arrears beginning on October 31, 2023 (the "Interest"). At the holders' option, the Debentures may be converted into common shares of the Company ("Conversion Shares") at any time and from time to time, up to the earlier of the Maturity Date and the date fixed for redemption of the Debentures, at a conversion price of CAD$0.60 per common share (the "Conversion Price") The

Company is entitled to redeem the Debentures at 105% of par plus accrued and unpaid interest at any time following April 30, 2024.

Retrospective Restatement

Consolidated Interim Statement of Loss and Comprehensive Loss for the Year Ended December 31, 2021

	As previously reported under US GAAP	Adjustment	As restated under US GAAP
Change in fair value of derivative liability	$ 1,473,638	$ (3,064,400)	$ (1,590,762)
Net loss	(2,050,551)	(3,064,400)	(5,114,951)
Net and comprehensive loss	(2,407,791)	(3,064,400)	(5,472,191)
Basic and diluted loss per share	$ (0.01)	$ (0.02)	$ (0.03)

Consolidated Statement of Financial Position as at December 31, 2021

	As previously reported under US GAAP	Adjustment	As restated under US GAAP
Additional paid-in capital	$ 33,295,413	$ 3,064,400	$ 36,359,813
Accumulated deficit	$ (30,527,877)	$ (3,064,400)	$ (33,592,277)

In 2021, warrants which were liability classified were exercised. Upon the exercise of the warrants, the Company recorded the entirety of the value associated with the derivative liability through profit and loss as a change in the fair value of the derivative liability. To correct for the misstatement, the Company has restated the change in the fair value of the derivative liability to exclude the fair value of the shares issued upon the exercise of the warrants, are now recognized in equity as an increase to additional paid-in capital.