WEDGEMOUNT RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 31, 2023

(Expressed in Canadian Dollars)

Report Date – December 22, 2023

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Wedgemount Resources Corp. (the "Company") for the three months ended October 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended October 31, 2023 and the Company's audited consolidated financial statements and related notes thereto for the year ended July 31, 2023. All amounts disclosed in this MD&A are expressed in Canadian dollars, unless otherwise noted.

MANAGEMENT'S RESPONSIBILITY

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting and the interpretations of the International Financial Reporting Interpretations Committee. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events such as the sufficiency of the Company's current working capital, anticipated cash flow or its ability to raise necessary funds, and the Company's plans and expectations for its operations and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

FORWARD-LOOKING STATEMENTS (cont'd…)

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; the outbreak of an epidemic or a pandemic, including the outbreak of the novel coronavirus (COVID-19), or other health crisis and the related global health emergency affecting workforce health and wellbeing, regional or country-wide lock-downs to contain the spread of COVID-19, travel restrictions and disruptions to supply chains; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

BUSINESS OVERVIEW

The Company is focused on the acquisition, optimization and exploitation of producing oil and gas assets in the Permian Basin of west central Texas. In fiscal 2023, the Company acquired the Willowbend and Millican properties. It subsequently acquired the TCS property. The Company's head office and registered and records office address is 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol WDGY and on the OTCQB under the symbol WDGRF.

Willowbend Property

On March 31, 2023, the Company completed the acquisition of a 100% working interest in the Willowbend oil and gas property located 55km south of the city of Abilene, Runnels County, Texas. Willowbend consists of 5 leases hosting 11 wells producing from the Gardner formation and one injection well.

(Expressed in Canadian Dollars)

BUSINESS OVERVIEW (cont'd…)

Willowbend Property (cont'd…)

On March 31, 2023, the Company completed the acquisition of a 100% working interest in oil and gas assets ("Willowbend"), located in the Permian Basin of west Texas. The acquisition of Willowbend was completed for total cash consideration of USD $1,500,000 ($2,029,418) plus transactions costs of $19,940. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. Fair value of consideration paid is allocated to assets and liabilities acquired.

The fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Cash consideration	$	2,029,418
Transactions costs	$	19,940
	$	**2,049,358**
Allocated as follows:		
Inventory	$	56,388
Oil and gas properties	$	2,398,790
Decommissioning obligations		(405,820)
	$	**2,049,358**

Since the closing of the Willowbend acquisition, the Company has been active optimizing both the production and ultimate recovery of oil and gas from each of the leases. In particular, chemical treatments on near wellbore formations and surface facilities for all eleven producing wells has been completed. The treatments work to break down paraffins, asphaltenes and scale which inhibit the flow of oil through the formation, well and flow lines. Storage facilities, pumps, surface flow lines, separators, electrical power and access roads have also been significantly upgraded. Four wells including McBeth 1A, McBeth 6, Davis 3 and Pirtle 5 have been brought back on production after being shut-in by the previous operator.

During November 2023, the Company commenced its largest ever field program which includes chemical well stimulations and significant additions to oil storage and surface oil processing facilities. It's anticipated that the program will be completed prior to December 31, 2023. The intention of the program is threefold: to increase production, enhance ultimate oil recoveries and to reduce oil processing time to sales quality. Both the Davis 3 and Pirtle 4 wells have undergone stimulations and are currently flowing back and being tested.

Millican Property

On March 28, 2023, the Company completed the acquisition of a 100% working interest in the Millican oil and gas property, located in Runnels County, Texas approximately 5km from the Willowbend property. The Millican property consists of seven leases over 2000 acres hosting seven wells producing from the Gardner formation.

(Expressed in Canadian Dollars)

BUSINESS OVERVIEW (cont'd…)

Millican Property (cont'd…)

The acquisition of Millican was completed for total cash consideration of USD $160,000 ($219,086). The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. Fair value of consideration paid is allocated to assets and liabilities acquired.

The fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Cash consideration	$	219,086
	$	**219,086**
Allocated as follows:		
Oil and gas properties	$	440,888
Decommissioning obligations		(221,802)
	$	**219,086**

Since the closing of the Millican acquisition, the Company has undertaken optimizations through chemical treatment similar to that completed for the Willowbend property. Storage facilities, pumps, surface flow lines, separators, electrical power and access roads have also been upgraded. The Rogers #6 well, shut-in by the previous operator, has been brought back into production.

During November 2023, as is the case with the Willowbend property, the Company commenced additional chemical well stimulations and additions to oil storage and surface oil processing facilities.

TCS Property

On November 1, 2023, the Company completed the acquisition of a 100% working interest in the TCS oil and gas property located in Runnels County, Texas, approximately 3km from the Company's Willowbend property. TCS consists of nine leases covering 1200 acres and include nine producing oil wells and one injector well. The acquisition of TCS was completed for a total consideration of USD $650,000 comprised of USD $50,000 in cash and a USD $600,000 vendor take back loan ("VTB"). The VTB loan bears interest at 10% per annum and will be repaid from 50% of the net cash flows of the acquired assets over a period of 24 months.

Subsequent to the closing of the transaction, the Company commenced surface and sub surface optimization of the producing and injector wells in order to increase production and reduce operating costs. Future work anticipated to commence in January 2024 will include chemical treatments, well stimulations and workovers similar to the Company's other Runnel's County properties.

EXPLORATION AND EVALUATION ASSETS

Eagle Property

On September 23, 2020, subsequently amended on December 9, 2021, the Company entered into an option agreement (the "Eagle Agreement") with ArcWest Exploration Inc. ("ArcWest") to acquire an initial 60% percent interest ("First Option") in and to certain mineral claims located in northern British Columbia which are collectively known and described as the Eagle Property ("Eagle"). To acquire Eagle, the Company must make cash payments totaling $110,000, fund a total of $2,050,000 in exploration expenditures, and issue a total of 1,350,000 common shares by December 31, 2024. In fiscal 2022, the Company wrote off the carrying value of $146,000 on the Eagle property.

Cookie property

On May 26, 2021, subsequently amended on August 30, 2021 and June 27, 2022, the Company entered into an option agreement (the "Cookie Agreement") with DL Cooke & Associates Ltd. ("DL Cooke") to acquire a 100% percent interest in and to certain mineral claims located in the southern Toodoggone copper belt of north-central British Columbia which are collectively known and described as the Cookie property ("Cookie"). To acquire Cookie, the Company must make cash payments totaling $210,000, fund a total of $1,075,000 in exploration expenditures, and issue a total of 1,900,000 common shares by May 26, 2026. In fiscal 2023 and in fiscal 2021, the Company acquired additional contiguous claims by staking. In fiscal 2023, the Company wrote off a carrying value of $223,927 on the Cookie property as the Company terminated the option agreement.

Friendly property

On May 27, 2021, the Company entered into an option agreement (the "Friendly Agreement") with Electrum Resource Corporation ("Electrum") to acquire a 100% percent interest in and to certain mineral claims located in south-central British Columbia which are collectively known and described as the Friendly Lake-Deer Lake copper-gold property ("Friendly"). To acquire Friendly, the Company must make cash payments totaling $775,000, fund a total of $6,750,000 in exploration expenditures, and issue a total of 5,000,000 common shares by May 27, 2026. In fiscal 2022, the Company wrote off the carrying value of $240,000 on the Friendly property.

Exploration and evaluation expenditures

There were no exploration and evaluation expenditures for the three months ended October 31, 2023.

(Expressed in Canadian Dollars)

EXPLORATION AND EVALUATION ASSETS (cont'd…)

Exploration and evaluation expenditures (cont'd…)

The cumulative exploration and evaluation expenditures are as follows:

Property	**Eagle**	**Cookie**	**Friendly**	**Total**
Accommodation and transportation	$ 96,789	$ 19,334	$ 22,113	$ 138,236
Assay	5,681	22,501	9,504	37,686
Community relations	8,700	-	-	8,700
Equipment and supplies	20,459	14,003	20,429	54,891
Fieldwork	37,344	-	-	37,344
Geology	108,535	118,000	157,420	383,955
Geophysics	204,799	-	-	204,799
Logistics and support	-	30,766	-	30,766
Property maintenance	-	1,774	-	1,774
	482,307	206,376	209,466	898,151
BCMETC	(69,216)	(17,205)	(111)	(86,532)
	$ 413,091	$ 189,173	$ 209,355	$ 811,619

(Expressed in Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information for the most recent eight quarters. The amounts presented have been prepared in accordance with IFRS for all quarters.

Period Ended		Three months ended October 31, 2023		Three months ended July 31, 2023		Three months ended April 30, 2023		Three months ended January 31, 2023
Revenue	$	197,856	$	189,769	$	46,455	$	Nil
Net income (loss) from continuing operations	$	(201,478)	$	116,088	$	(813,997)	$	(561,099)
- per share[1]	$	0.00	$	0.00	$	(0.03)	$	(0.02)
Net income (loss) and comprehensive income (loss)	$	(208,437)	$	117,906	$	(813,997)	$	(561,099)
- per share [1]	$	0.00	$	0.00	$	(0.03)	$	(0.02)
Total assets	$	5,523,660	$	5,161,708	$	3,059,647	$	853,949
Total non-current financial liabilities	$	Nil	$	Nil	$	Nil	$	Nil
Cash dividends declared - per share	$	Nil	$	Nil	$	Nil	$	Nil

Period Ended		Three months ended October 31, 2022		Three months ended July 31, 2022		Three months ended April 30, 2022		Three months ended January 31, 2022
Revenue	$	Nil	$	Nil	$	Nil	$	Nil
Loss from continuing operations	$	(99,552)	$	(539,216)	$	(169,230)	$	(346,220)
- per share[1]	$	(0.00)	$	(0.02)	$	(0.01)	$	(0.01)
Loss and comprehensive loss	$	(99,552)	$	(539,216)	$	(169,230)	$	(346,220)
- per share [1]	$	(0.00)	$	(0.02)	$	(0.01)	$	(0.01)
Total assets	$	532,777	$	617,085	$	1,012,475	$	1,136,964
Total non-current financial liabilities	$	Nil	$	Nil	$	Nil	$	Nil
Cash dividends declared - per share	$	Nil	$	Nil	$	Nil	$	Nil

1. Fully diluted income (loss) per share was not calculated as the effect was anti-dilutive.

(Expressed in Canadian Dollars)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS: QUARTERLY

During the three months ended October 31, 2023, the Company had revenue of $197,856 (2022 - $Nil) and incurred a loss and comprehensive loss of $208,437 (2022 - $99,552). Revenue consisted of oil and gas sales of $255,230 (2022 - $Nil), net of royalties of $57,374 (2022 - $Nil).

The table below explains the significant changes in expenditures, for the three months ended October 31, 2023 as compared to the corresponding three months ended October 31, 2022.

Expenses	Change in Expenses	Explanation for Change
Accretion	Increase of $9,743	The Company recorded an accretion charge on its decommission liabilities. There were no decommissioning liabilities in the prior period.
Consulting	Increase of $35,728	The Company has persons to review and manage the operations pertaining to the exploration for and the development of petroleum and natural gas in the U.S.A. that were not involved in the prior period.
Foreign exchange	Increase of $130,370	The Company's operations now include the U.S.A., which results in exchange differences between the CAD and USD dollar.
Loan interest	Increase of $34,494	The Company borrowed $985,000 during the prior year with a current interest rate of 15%; there was no borrowing in the comparative prior period. This amount consists of interest and a portion of the fair value of warrants granted on the loans.
Operating	Increase of $270,040	The Company completed the acquisition of oil and gas properties at the end of the prior year and operations have now commenced.
Travel	Increase of $9,819	The Company's projects are in Texas and travel to site occurs on an as needed basis.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was $554,060 as at October 31, 2023 (July 31, 2023 - $950,618). The Company had a working capital surplus (deficit) of $(371,645) as at October 31, 2023 (July 31, 2023 - $357,671). The Company's cash position consists of funds received from the issuance of its common shares and funds received from loans payable, less expenditures. The cash spent during the current period was primarily attributable to general working capital and operations on its projects.

LIQUIDITY AND CAPITAL RESOURCES (cont'd…)

Net cash provided by (used in) operating activities for the three months ended October 31, 2023 was $28,898 (2022 - $(90,207)) and in investing activities was $(527,957) (2022 - $nil). The Company's investing activities were the acquisition of oil and gas assets. The financing activities in the current period consisted of the issuance of share capital from warrant exercise, which provided proceeds of $142,500, which was offset by funds paid for loans payable of $40,000. There were no financing activities in the prior period.

Management estimates additional funding will be required to further operations in the upcoming twelve months. The Company is continuing to explore various potential sources of financing, but there is no certainty that any additional financings will be completed.

Loans payable

In fiscal 2023, the Company entered into a loan agreement with the President, under which USD $400,000 was loaned (the "Vanry Loan"). The Vanry Loan bears interest at a rate of 15% per annum, payable monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Vanry Loan commencing June 30, 2023 at the rate of USD $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Vanry Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Vanry Loan at any time without penalty. The Vanry Loan is secured by a pledge of the shares of WTC and a general security interest over the assets of WTC. Additionally, the Company, as further compensation, issued 275,000 warrants to the President. Each warrant is exercisable at a price of $0.30 until February 21, 2026. As at October 31, 2023, the Vanry Loan had a liability of $361,875, which includes the remaining fair value on warrants of $25,972. During the three months ended October 31, 2023, the Company accrued interest of $14,372.

Also in fiscal 2023, the Company also entered into a loan agreement with an arm's length individual, under which $450,000 was loaned (the "Loan"). The Loan bears interest at a rate of 15% per annum, payable monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Loan commencing June 30, 2023 at the rate of $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Loan at any time without penalty. The Loan is guaranteed by a general security interest over the assets of WTC. As at October 31, 2023, the Loan had a liability of $390,000. During the three months ended October 31, 2023, the Company accrued interest of $15,205.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements or transactions during the period.

(Expressed in Canadian Dollars)

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and the members of its Board of Directors.

The following summarizes the Company's related party transactions with its key management personnel.

Three months ended October 31,		2023		2022
Paid or accrued management fees to Mark Vanry, a director, President, and CEO of the Company	$	37,500	$	37,500
Paid or accrued professional fees to Lesia Burianyk, CFO of the Company		13,500		9,000
Share-based payments to Mark Vanry		20,483		1,300
Share-based payments to Cody Campbell, a director of the Company		2,325		650
Share-based payments to Richard Barth, a director of the Company		3,075		650
Share-based payments to Garry Clark, a director of the Company		2,325		650
Share-based payments to Lesia Burianyk		2,325		650
	$	81,533	$	50,400

In fiscal 2023, the Company entered into a loan agreement with its President. During the three months ended October 31, 2023, interest expense was $14,372.

As at October 31, 2023, included in accounts payable and accrued liabilities was $212,146 owing to a director, a corporation controlled by a director, and an officer.

The Company has a management services agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of an amount equal to 200% of the current annual compensation plus an amount equal to two times the average of the cash discretionary bonuses paid for the two most recently completed years will be payable.

SUBSEQUENT EVENTS

Subsequent to October 31, 2023, the Company:

a) granted 700,000 stock options at a price of $0.08 per common share, vesting on grant, expiring on December 15, 2028; and
b) cancelled 200,000 options.

SHARE CAPITAL INFORMATION

Disclosure of Outstanding Share Data as at Report Date

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding

As at the Report Date, there were 52,187,935 common shares issued and outstanding.

Stock Options

As at the Report Date, there were 3,425,000 stock options outstanding.

Warrants

As at the Report Date, there were 15,939,562 warrants outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial period and are, but are not limited to, the following:

Accounting for acquisitions

The determination of fair value of assets acquired and liabilities assumed as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including acquired oil and gas reserves and resources, exploration potential, decommissioning obligations, future operating costs and capital expenditures, future oil and gas prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided. The estimated acquisition-date fair value of property, plant and equipment ("PP&E"), including oil and gas properties, decommissioning obligations, and exploration and evaluation ("E&E") assets acquired generally require the most judgement. The determination of the estimated acquisition-date fair value of oil and gas properties involves significant estimates, including proved and probable oil and gas reserves and discount rates. The estimate of proved and probable reserves includes significant assumptions related to forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

CRITICAL ACCOUNTING ESTIMATES (cont'd…)

Cash Generating Units ("CGU's")

The Company's oil and gas properties are aggregated into cash-generating units ("CGU's"), based on the identifiable, independent group of assets ability to generate independent cash inflows. The determination of the Company's CGUs is based on management's judgments in regards to shared infrastructure, geographical proximity, resource type, similar exposure to market risk, and materiality.

Reserves

Estimating proved and probable oil and gas reserves requires significant judgment based on geological and geophysical engineering and economic data, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. Estimated changes in expected future cash flows in reported reserves can impact the impairment of assets, decommissioning obligations, the economic feasibility of exploration and evaluation assets and depletion and depreciation of property, plant, and equipment. As information becomes available, these estimates may change which could have a material impact on earnings.

Decommissioning obligations

The Company's decommissioning obligations for its operations are based on current legal requirements and expected plans for remediation. The actual costs and cash outflows may differ from these estimates due to changes in laws and regulations, site conditions, cleanup requirements, prices, and future removal technologies. In most circumstances, the retirement and remediation of the Company's assets occurs many years into the future. The amounts recorded for these decommissioning obligations and the related accretion expense require the use of estimates with respect to the amount and timing of the related cashflows, future environmental and regulatory legislation, as well as the credit-adjusted risk-free rate applied.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

CRITICAL ACCOUNTING ESTIMATES (cont'd…)

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Property, plant and equipment ("PP&E")

Oil and gas properties included in PP&E are depleted using the unit-of-production method based on estimated proved and probable oil and gas reserves determined using a number of significant assumptions, such as forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

ACCOUNTING POLICIES

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after August 1, 2025 which have not been applied in preparing these condensed interim consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IAS 1, Presentation of Financial Statements

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is effective for financial statements beginning on or after January 1, 2024, with early adoption permitted.

The Company is assessing the potential impact of the application of this standard.

FINANCIAL INSTRUMENT RISK

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at October 31, 2023, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

FINANCIAL INSTRUMENT RISK (cont'd…)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The maximum credit risk of the investments is their carrying value. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank account as required to cover current expenditures, minimizing the risk to the Company. Receivables are due from a government agency and from oil and gas marketers. The Company's policy to mitigate credit risk going forward is to maintain marketing relationships with established and reputable purchasers that are considered to be creditworthy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have sufficient cash as at October 31, 2023 to settle its current liabilities as they come due and additional funds are required to continue current operations for the upcoming twelve months.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

Foreign currency exchange risk

This risk relates to any changes in foreign currencies in which the Company transacts. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payables and accrued liabilities, and loans that are denominated in United States Dollars. The effect of a 10% change in foreign exchange rates would be approximately $62,000 for the three months ended October 31, 2023.

Interest rate risk

This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with variable interest rates, with the exception of cash. Loans payable carry fixed interest rates. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in interest rates would result in a nominal difference for the three months ended October 31, 2023.

FINANCIAL INSTRUMENT RISK (cont'd…)

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, and of oil and gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2

Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3

Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, receivables, accounts payable and accrued liabilities, and loans payable approximates their carrying values because of the short-term nature of these instruments. The long term portion of the loans payable approximates its carrying value because it bears interest at the market rate. The BC Co. shares, recorded in investment, are measured using level 3 of the fair value hierarchy. Investments classified within level 3 may have significant unobservable inputs. The investment was made shortly before the prior year end, accordingly, cost is considered to remain most representative of its fair value.

CAPITAL MANAGEMENT

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financings, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the three months ended October 31, 2023.

RISKS AND UNCERTAINTIES

The Company is is engaged in the exploration for and the development of petroleum and natural gas in the U.S.A and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business and the oil and natural gas business generally. For a discussion of risks and uncertainties which are the most applicable to the Company, please refer to the Company's audited consolidated financial statements and related notes thereto and the annual MD&A for the year ended July 31, 2023.

FORWARD-LOOKING INFORMATION

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

PROPOSED TRANSACTIONS

Currently there are no pending proposed transactions; however, the Company continues to seek new business and/or investment opportunities and to raise capital.

ADDITIONAL INFORMATION

Additional information relating to the Company, is available on the SEDAR website.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Management's Discussion and Analysis.

On Behalf of the Board of Directors,

December 22, 2023